

Village of Mount Prospect

Presentation to Standard and Poor's

March 30, 2018

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Administration of the Village

Section 1

Administration

■ Arlene A. Juracek – Mayor

- Ms. Juracek was first elected to the Board in 2007
- Mayor Juracek is a retired utility executive
- She holds a Bachelor of Science in Mechanical Engineering from Illinois Institute of Technology and a Masters degree from Northwestern University in Management

■ Michael Cassady – Village Manager

- Mr. Cassady joined the Village in October 2015
- Prior to coming to the Village, Mr. Cassady was the Village Manager for Bensenville, Illinois from 2009 until 2015 and the Village of Palatine from 1998 to 2004. Prior to becoming the Village Manager of Bensenville, Mr. Cassady spent five years in the private sector specializing in economic development
- He holds a Bachelor's Degree in Administration of Justice from Southern Illinois University, a Master's Degree in Public Affairs from Southern Illinois University and a Master of Business Administration from Northwestern University

Administration

■ David Erb – Finance Director

- Mr. Erb joined the Village in August 2003
- Prior to coming to the Village, Mr. Erb served as the Finance Director at the Village of Morton Grove from 1998 until August 2003
- Mr. Erb has a Bachelors of Business Administration, Finance from Iowa State University and a Masters of Business Administration, Finance, from Northeastern Illinois

■ Lynn Jarog – Deputy Finance Director

- Mrs. Jarog joined the Village in 2005 as the Accounting Supervisor
- Mrs. Jarog assumed her current position in 2008
- Previously, she has served as Superintendent of Finance for the Park Ridge Park District and worked for the Northbrook Park District
- Mrs. Jarog holds a Bachelors of Science in Business Management from Northern Illinois University

Financing Plan

Section 2

Financing Plan - TIF District

- The Village of Mount Prospect – Downtown No. 1 TIF dissolved in 2016
 - Levy year 2016 new property amount includes recovered TIF incremental EAV of \$29,202,096
- The Prospect and Main TIF consists of 235 parcels over 109 acres, excluding rights-of-way. There are 61 individual PINS, totaling 19.82 acres, which were the previous Downtown TIF No. 1; these are commonly referred to as the “overlap parcels”, which were initially adopted in 1985.
- One of the main objectives of the Prospect and Main TIF is to help facilitate the redevelopment of vacant or underutilized properties. Some of the most visibly blighted properties which would benefit from TIF were included in Downtown TIF No. 1. These Key Development Parcels are vital to the success of the Prospect and Main TIF. These Key Development Parcels are in four areas:
 - The “Triangle Site”, which encompasses parcels bounded by Northwest Hwy, Main Street/Route 83, Wille Street, as well as the parcels fronting on E. Busse Avenue. 73-unit apartment mixed use development
 - Central Continental Bakery and the vacant adjacent property formerly known as Sakura restaurant site. 8,000 square foot retail development
 - The Chase Bank Building / Police & Fire block, bounded by Northwest Hwy, Emerson Street, W. Busse Avenue, and Maple Street. 200-unit apartment development
 - Central and Main – 10,000 square foot retail development
- In addition, there are three other key developmental areas brought in by the new Prospect and Main TIF. These developmental areas include:
 - Maple Street Lofts – 234 unit apartment/25K sq. ft. retail mixed use development
 - Park Terrace Rowhomes – 12-unit townhome development
 - Evergreen and Main Property – 6,000 square foot retail development
- The proposed developments are expected to generate an additional \$25 million in incremental EAV from a base EAV of \$37 million to a redeveloped \$62 million.

Financing Plan – Water/Sewer

- The Village engaged Burns & McDonnell Engineering Company, Inc. to:
 - Provide recommended capital improvements through 2025, and
 - Develop a water and sewer rate study that evaluates the financial implications of the recommended capital improvements
- The recommended capital improvement plan for all of the Village’s water and wastewater systems totals \$60.9 million
 - Approximately \$48 million of the \$60.9 million capital plan is associated with water transmission and distribution main improvements and sewer collection system improvements
 - The Village plans to issue debt for approximately \$28 million of the \$60.9 million capital plan
 - \$5 million of this 2018 financing will be allocated toward the \$28 million bonding goal
Total borrowing of approximately \$10 million to-date
 - The remainder of the capital plan will be financed by adjusted water & sewer rates as indicated below:

<u>Year</u>	<u>Water</u>	<u>Sewer</u>
2018	9%	5%
2019	8%	8%
2020	8%	8%
2021	8%	8%
2022	8%	8%
2023	8%	8%
2024	8%	8%
2025	8%	8%

- The Board approved the plan in July 2017 and has implemented the increase for 2018

Outstanding Principal – Post 2018A Bonds

Fiscal Year	Principal Outstanding	The Bonds*	Total Principal*	Cumulative Amount*	Retirement Percent*
2018	\$ 3,725,000	\$ 190,000	\$ 3,915,000	\$ 3,915,000	6.25%
2019	3,915,000	120,000	4,035,000	7,950,000	12.70
2020	4,200,000	130,000	4,330,000	12,280,000	19.61
2021	4,730,000	325,000	5,055,000	17,335,000	27.69
2022	4,960,000	360,000	5,320,000	22,655,000	36.18
2023	3,170,000	395,000	3,565,000	26,220,000	41.88
2024	2,660,000	435,000	3,095,000	29,315,000	46.82
2025	2,795,000	470,000	3,265,000	32,580,000	52.04
2026	2,910,000	510,000	3,420,000	36,000,000	57.50
2027	3,010,000	555,000	3,565,000	39,565,000	63.19
2028	3,135,000	605,000	3,740,000	43,305,000	69.17
2029	2,290,000	655,000	2,945,000	46,250,000	73.87
2030	1,355,000	705,000	2,060,000	48,310,000	77.16
2031	1,420,000	760,000	2,180,000	50,490,000	80.64
2032	1,490,000	815,000	2,305,000	52,795,000	84.32
2033	1,575,000	875,000	2,450,000	55,245,000	88.24
2034	730,000	940,000	1,670,000	56,915,000	90.90
2035	775,000	1,005,000	1,780,000	58,695,000	93.75
2036	820,000	1,080,000	1,900,000	60,595,000	96.78
2037	865,000	1,150,000	2,015,000	62,610,000	100.00
	<u>\$ 50,530,000</u>	<u>\$ 12,080,000</u>	<u>\$ 62,610,000</u>		

*Preliminary, subject to change

Proforma for the 2018A Bonds

General Obligation Bonds, Series 2018A

Water & Sewer Purpose

2% Growth

Fiscal Year (December 31)			Total Annual Debt Service Payments
	Principal	Interest	
2018	\$ 190,000	\$ 113,938	\$ 303,938
2019	120,000	189,600	309,600
2020	130,000	184,800	314,800
2021	140,000	179,600	319,600
2022	150,000	174,000	324,000
2023	165,000	168,000	333,000
2024	180,000	161,400	341,400
2025	190,000	154,200	344,200
2026	205,000	146,600	351,600
2027	220,000	138,400	358,400
2028	240,000	129,600	369,600
2029	255,000	120,000	375,000
2030	270,000	109,800	379,800
2031	290,000	99,000	389,000
2032	310,000	87,400	397,400
2033	330,000	75,000	405,000
2034	350,000	61,800	411,800
2035	375,000	47,800	422,800
2036	400,000	32,800	432,800
2037	420,000	16,800	436,800
Total DS:	\$ 4,930,000	\$ 2,390,538	\$ 7,320,538

TIF Revenue Purpose

3% Growth

		Capitalized	Total Annual Debt Service Payments
Principal	Interest	Interest	
\$ -	\$ 165,244	\$ (165,244)	\$ -
-	286,000	(286,000)	-
-	286,000	(286,000)	-
185,000	286,000	-	471,000
210,000	278,600	-	488,600
230,000	270,200	-	500,200
255,000	261,000	-	516,000
280,000	250,800	-	530,800
305,000	239,600	-	544,600
335,000	227,400	-	562,400
365,000	214,000	-	579,000
400,000	199,400	-	599,400
435,000	183,400	-	618,400
470,000	166,000	-	636,000
505,000	147,200	-	652,200
545,000	127,000	-	672,000
590,000	105,200	-	695,200
630,000	81,600	-	711,600
680,000	56,400	-	736,400
730,000	29,200	-	759,200
\$ 7,150,000	\$ 3,860,244	\$ (737,244)	\$ 10,273,000

Proposed Overall Structure

		Total Annual Debt Service Payments
Principal	Interest	
\$ 190,000	\$ 279,182	\$ 303,938
120,000	475,600	309,600
130,000	470,800	314,800
325,000	465,600	790,600
360,000	452,600	812,600
395,000	438,200	833,200
435,000	422,400	857,400
470,000	405,000	875,000
510,000	386,200	896,200
555,000	365,800	920,800
605,000	343,600	948,600
655,000	319,400	974,400
705,000	293,200	998,200
760,000	265,000	1,025,000
815,000	234,600	1,049,600
875,000	202,000	1,077,000
940,000	167,000	1,107,000
1,005,000	129,400	1,134,400
1,080,000	89,200	1,169,200
1,150,000	46,000	1,196,000
\$ 12,080,000	\$ 6,250,782	\$ 17,593,538

Estimated TIC: 3.74%
Estimated Proceeds: \$ 5,000,000

3.78%
\$ 6,500,000

3.77%
\$ 11,500,000

Water & Sewer Financings

Fiscal Year (December 31)	Annual Operating Balance (Projected Revenues - Projected Expenditures) (1) (2)	Escalating Annual Debt Service Payments (2%)				Total Annual Debt Service Payments	Coverage
		Series 2017 (3)	Series 2018A (4)	Series 2019 (5)	Series 2021 (5)		
		CM + 50 bps					
2018	\$ 1,768,100	\$ 282,363	\$ 303,938	\$ -	\$ -	\$ 586,301	3.02x
2019	2,441,600	286,131	309,600	-	-	595,731	4.10x
2020	3,858,300	296,131	314,800	615,777	-	1,226,708	3.15x
2021	4,699,000	300,531	319,600	628,088	-	1,248,219	3.76x
2022	5,620,600	304,531	324,000	638,888	521,841	1,789,260	3.14x
2023	6,630,500	313,131	333,000	653,888	532,200	1,832,219	3.62x
2024	7,736,000	321,131	341,400	667,888	544,400	1,874,819	4.13x
2025	8,943,600	328,531	344,200	680,888	555,800	1,909,419	4.68x
2026	8,943,600	335,331	351,600	692,888	566,400	1,946,219	4.60x
2027	8,943,600	338,731	358,400	708,888	576,200	1,982,219	4.51x
2028	8,943,600	347,981	369,600	723,688	590,200	2,031,469	4.40x
2029	8,943,600	356,550	375,000	737,288	598,200	2,067,038	4.33x
2030	8,943,600	364,400	379,800	753,588	610,400	2,108,188	4.24x
2031	8,943,600	371,494	389,000	768,400	626,600	2,155,494	4.15x
2032	8,943,600	374,894	397,400	781,725	635,663	2,189,681	4.08x
2033	8,943,600	387,694	405,000	798,563	648,663	2,239,919	3.99x
2034	8,943,600	392,381	411,800	813,700	660,388	2,278,269	3.93x
2035	8,943,600	401,600	422,800	832,138	675,838	2,332,375	3.83x
2036	8,943,600	410,194	432,800	848,663	689,800	2,381,456	3.76x
2037	8,943,600	418,163	436,800	863,275	702,275	2,420,513	3.69x
2038	8,943,600	-	-	880,975	718,263	1,599,238	5.59x
2039	8,943,600	-	-	896,550	732,550	1,629,100	5.49x
2040	8,943,600	-	-	-	745,138	745,138	12.00x
2041	8,943,600	-	-	-	761,025	761,025	11.75x
Total DS:		\$ 6,931,895	\$ 7,320,538	\$ 14,985,739	\$ 12,691,841	\$ 41,930,013	
Estimated TIC:		3.59%	3.73%	3.98%	3.98%		
Estimated Proceeds:		\$ 4,900,000	\$ 5,000,000	\$ 9,800,000	\$ 8,300,000	\$ 28,000,000	

(1) Per "Water and Sewer Rate Study" produced by Burns & McDonnell June 26, 2017. Project No. 91145

(2) Estimate assuming no change in the Annual Operating Balance after Fiscal Year 2025.

(3) Debt service reflects actual results from 2017 financing

(4) Rates based upon the "AAA" MMD index for February 15, 2018 and recent bond sales which PMA believes to be accurate and reliable plus 0.25%.

(5) Rates based upon the "AAA" MMD index for February 15, 2018 and recent bond sales which PMA believes to be accurate and reliable plus 0.50%.

Debt - Other

- The Village does have direct placed debt which includes the 2011B and 2012 Bonds as well as the 2012 installment notes
- All debt is fixed rate and the Village does not have any swaps
- The Village has two outstanding Installment Notes payable including one IEPA Loan (both paid off by December 2019)
- The Village does not have any lines of credit
- The Village plans to issue additional long-term new money debt throughout the next four years, including the following:
 - Approximately \$18 million for capital needs of the water and sewer system
 - Approximately \$32 million for police and fire relocation funding (see next slide for more detail)
- No contingent liabilities that are not covered by insurance

Police & Fire Relocation Financing Proforma

General Obligation Bonds: Series 2018 & Series 2019

Existing Debt Service			Net Debt Service After Proposed Financings										Total Proposed Village and Library Debt Service Levy		
Fiscal Year (December 31)	Total GO Debt Service Paid from Village and Library Property Taxes		Refunded Debt Service [Net Change in Debt Service] 2009B		Refunded Debt Service [Net Change in Debt Service] 2009C		Dated Date: October 1, 2018			Dated Date: May 1, 2019			Annual Change in Combined Debt Service	Difference vs. Current Levy Structure	
	Annual Change in Debt Service	Principal	Interest	Capitalized Interest	Principal	Interest	Capitalized Interest	Funds on Hand	Total Annual Debt Service Payments (2)						
2018	\$3,952,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$0	
2019	3,991,173	38,399	(1,125)	(1,251)	1,021,300	(1,021,300)	370,417	(370,417)	-	-	-	-	3,988,797	36,023	(2,376)
2020	4,201,415	210,242	(3,575)	(1,256)	875,400	(875,400)	635,000	(635,000)	-	-	-	-	4,196,584	207,787	(4,831)
2021	4,462,208	260,793	(4,275)	(142,218)	875,400	(729,500)	635,000	(635,000)	-	-	-	-	4,461,615	265,031	(593)
2022	4,547,535	85,327	-	(492,746)	875,400	-	635,000	(264,583)	(750,000)	495,817	-	-	4,550,605	88,991	3,070
2023	2,599,425	(1,948,110)	-	(416,221)	875,400	-	635,000	-	-	1,510,400	-	-	3,693,604	(857,002)	1,094,179
2024	1,971,725	(627,700)	-	203,620	875,400	-	635,000	-	-	1,510,400	-	-	3,685,745	(7,859)	1,714,020
2025	1,995,925	24,200	-	202,020	875,400	-	635,000	-	-	1,510,400	-	-	3,708,345	22,600	1,712,420
2026	1,998,725	2,800	-	200,220	875,400	-	635,000	-	-	1,510,400	-	-	3,709,345	1,000	1,710,620
2027	1,994,875	(3,850)	-	203,220	875,400	-	635,000	-	-	1,510,400	-	-	3,708,495	(850)	1,713,620
2028	1,999,525	4,650	-	200,820	875,400	-	635,000	-	-	1,510,400	-	-	3,710,745	2,250	1,711,220
2029	1,037,375	(962,150)	-	203,220	875,400	-	635,000	-	750,000	2,260,400	-	-	3,500,995	(209,750)	2,463,620
2030	-	(1,037,375)	-	-	1,195,000	875,400	830,000	605,000	-	3,505,400	-	-	3,505,400	4,405	3,505,400
2031	-	-	-	-	1,245,000	827,600	860,000	571,800	-	3,504,400	-	-	3,504,400	(1,000)	3,504,400
2032	-	-	-	-	1,295,000	777,800	895,000	537,400	-	3,505,200	-	-	3,505,200	800	3,505,200
2033	-	-	-	-	1,345,000	726,000	930,000	501,600	-	3,502,600	-	-	3,502,600	(2,600)	3,502,600
2034	-	-	-	-	1,400,000	672,200	965,000	464,400	-	3,501,600	-	-	3,501,600	(1,000)	3,501,600
2035	-	-	-	-	1,455,000	616,200	1,005,000	425,800	-	3,502,000	-	-	3,502,000	400	3,502,000
2036	-	-	-	-	1,515,000	558,000	1,045,000	385,600	-	3,503,600	-	-	3,503,600	1,600	3,503,600
2037	-	-	-	-	1,575,000	497,400	1,085,000	343,800	-	3,501,200	-	-	3,501,200	(2,400)	3,501,200
2038	-	-	-	-	1,640,000	434,400	1,130,000	300,400	-	3,504,800	-	-	3,504,800	3,600	3,504,800
2039	-	-	-	-	1,705,000	368,800	1,175,000	255,200	-	3,504,000	-	-	3,504,000	(800)	3,504,000
2040	-	-	-	-	1,770,000	300,600	1,225,000	208,200	-	3,503,800	-	-	3,503,800	(200)	3,503,800
2041	-	-	-	-	1,840,000	229,800	1,275,000	159,200	-	3,504,000	-	-	3,504,000	200	3,504,000
2042	-	-	-	-	1,915,000	156,200	1,325,000	108,200	-	3,504,400	-	-	3,504,400	400	3,504,400
2043	-	-	-	-	1,990,000	79,600	1,380,000	55,200	-	3,504,800	-	-	3,504,800	400	3,504,800
Total DS:	\$ 34,752,680	\$ (3,952,774)	\$ (8,975)	\$ 159,427	\$ 21,885,000	\$ 16,895,300	\$ (2,626,200)	\$ 15,875,000	\$ 11,642,217	\$ (1,905,000)	\$ (750,000)	\$ 61,016,317	\$ 95,919,448		
Estimated TIC:					4.02%			3.99%				3.98%			
Estimated Proceeds:					\$ 18,962,500			\$ 13,835,255				\$ 32,797,755			

(1) Includes BAB subsidy payments. Does not include payments made from Home Rule Sales Tax, Water & Sewer, TIF or the Library.

(2) Rates based upon the "AAA" MMD index for February 15, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.25%.

NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.

Police & Fire Relocation Financing Proforma – Cost Comparison

	New Police HQ Cost Comparisons	
	New Construction	Adaptive Reuse - Biermann
Construction Cost	\$32,000,000	\$21,597,755
FFE/ By Owner Costs	\$1,000,000	\$1,000,000
Design Fees & Soft Costs	\$2,300,000	\$1,750,000
Project Contingency	\$350,000	\$900k included above
Total Cost Without Land	\$35,650,000	\$24,347,755
Land Acquisition	\$3,702,600	\$5,120,431
Adaptive Reuse Savings		\$9,884,414

	New Fire HQ Cost Comparisons	
	New Construction	Adaptive Reuse - Rand
Construction Cost	\$10,800,000	\$7,277,000
FFE/ By Owner Costs	\$350,000	\$350,000
Design Fees & Soft Costs	\$1,002,000	\$750,000
Project Contingency	\$135,500	\$201,000
Total Cost Without Land	\$12,287,500	\$8,578,000
Land Acquisition	\$1,800,000	\$1,800,000
Adaptive Reuse Savings		\$3,709,500

Police & Fire Relocation Financing Proforma – Police/Fire Station HQ Site TIF Projections

TIF Year (1)	Year (2)	Gross TIF Revenue (3)	School Tuition Reimbursements (4)	Net TIF Revenue (5)
0	2017	\$0	\$0	\$0
1	2018	\$0	\$0	\$0
2	<u>2019</u>	\$0	\$0	\$0
3	2020	\$0	\$0	\$0
4	2021	\$0	\$0	\$0
5	<u>2022</u>	\$166,000	\$66,000	\$100,000
6	2023	\$664,000	\$143,000	\$521,000
7	2024	\$830,000	\$146,000	\$684,000
8	<u>2025</u>	\$830,000	\$148,000	\$681,000
9	2026	\$880,000	\$150,000	\$729,000
10	2027	\$880,000	\$154,000	\$726,000
11	<u>2028</u>	\$880,000	\$158,000	\$722,000
12	2029	\$934,000	\$161,000	\$773,000
13	2030	\$934,000	\$164,000	\$770,000
14	<u>2031</u>	\$934,000	\$167,000	\$767,000
15	2032	\$992,000	\$171,000	\$821,000
16	2033	\$992,000	\$174,000	\$818,000
17	<u>2034</u>	\$992,000	\$177,000	\$815,000
18	2035	\$1,052,000	\$181,000	\$871,000
19	2036	\$1,052,000	\$185,000	\$867,000
20	<u>2037</u>	\$1,052,000	\$188,000	\$864,000
21	2038	\$1,117,000	\$192,000	\$925,000
22	2039	\$1,117,000	\$196,000	\$921,000
23	<u>2040</u>	\$1,117,000	\$200,000	\$917,000
24	2041	\$1,185,000	\$204,000	\$981,000
Total 2022-2041 (Undiscounted)				\$15,273,000
2018 Present Value Discounted at 4 Percent				\$8,467,000

Notes:

- (1) The Mount Prospect Downtown TIF was established in 2017 and is scheduled to expire in 2040 with a final collection year of 2041.
- (2) Corresponding calendar year with reassessment year underlined.
- (3) Tax revenues are assumed to be collected one year after the tax year and equal to the incremental EAV multiplied by the property tax rate.
- (4) Total estimated new student spending not to exceed 40% of Gross TIF Revenue for any particular year.
- (5) Costs associated with the administration of the TIF district are not considered.

Debt – Multi-Year Financing Summary

Levy Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Collection Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Fiscal Year Ending 12/31	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Direct Debt, Beginning of Period (1)	\$ 44,120,000	\$ 50,530,000	\$ 80,580,000	\$ 107,705,000	\$ 86,835,000	\$ 82,070,000	\$ 77,060,000	\$ 73,835,000	\$ 71,110,000	\$ 68,240,000	\$ 65,245,000
Additional Borrowing - Series 2017 G.O. (W&S/TIF) (2) (3)	9,740,000	-	-	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2018 G.O. (W&S/TIF) (2) (3)	-	\$12,080,000	-	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2018 G.O. (PS) (4)	-	21,885,000	-	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2019 G.O. (W&S) (2)	-	-	9,120,000	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2019 G.O. (TIF) (3)	-	-	6,165,000	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2019 G.O. (PS) (4)	-	-	15,875,000	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2020 G.O. (PS) (4)	-	-	-	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2021 G.O. (W&S) (2)	-	-	-	-	-	-	-	-	-	-	-
Principal Paydown, Series 2009 (5)	-	-	-	-	-	-	-	(600,000)	-	-	-
Principal Paydown, Series 2009B (5)	(320,000)	(330,000)	(340,000)	(360,000)	(370,000)	-	-	-	-	-	-
Principal Paydown, Series 2009C (5)	(75,000)	(95,000)	(120,000)	(140,000)	(160,000)	(500,000)	(440,000)	-	-	-	-
Principal Paydown, Series 2011B (5)	(715,000)	(735,000)	(755,000)	(775,000)	-	-	-	-	-	-	-
Principal Paydown, Series 2012 (5)	-	-	-	-	(860,000)	(885,000)	-	-	-	-	-
Principal Paydown, 2012 Installment Notes (5)	(420,000)	(515,000)	(590,000)	-	-	-	-	-	-	-	-
Principal Paydown, Series 2013 (5)	-	-	-	(555,000)	(570,000)	(585,000)	(605,000)	(625,000)	(650,000)	(675,000)	(700,000)
Principal Paydown, Series 2014 (5)	(305,000)	(405,000)	(560,000)	(760,000)	(965,000)	(1,125,000)	(1,265,000)	-	-	-	-
Principal Paydown, Series 2016 (5)	(1,375,000)	(1,400,000)	(1,425,000)	(1,470,000)	(1,515,000)	(1,550,000)	-	-	-	-	-
Principal Paydown, Series 2016A (5)	(120,000)	(120,000)	-	-	-	-	(515,000)	(1,060,000)	(1,740,000)	(1,795,000)	(1,845,000)
Principal Paydown, Series 2017 (W&S) (5)	-	(125,000)	(125,000)	(140,000)	-	-	-	-	-	-	-
Principal Paydown, Series 2017 (TIF) (5)	-	-	-	-	(140,000)	(155,000)	(170,000)	(185,000)	(200,000)	(220,000)	(235,000)
Principal Paydown, Series 2018A (W&S) (5)	-	(190,000)	(120,000)	(130,000)	-	-	-	-	-	-	-
Principal Paydown, Series 2018A (TIF) (5)	-	-	-	-	(185,000)	(210,000)	(230,000)	(255,000)	(280,000)	(305,000)	(335,000)
Principal Paydown, Series 2018B (5)	-	-	-	-	-	-	-	-	-	-	-
Principal Paydown, Series 2019A (5)	-	-	-	(155,000)	-	-	-	-	-	-	-
Principal Paydown, Series 2019B (5)	-	-	-	-	-	-	-	-	-	-	-
Principal Paydown, Series 2019C (5)	-	-	-	-	-	-	-	-	-	-	-
Principal Paydown, Series 2020 (5)	-	-	-	-	-	-	-	-	-	-	-
Principal Paydown, Series 2021 (5)	-	-	-	-	-	-	-	-	-	-	-
Direct Debt, End of Period (1)	\$ 50,530,000	\$ 80,580,000	\$ 107,705,000	\$ 103,220,000	\$ 82,070,000	\$ 77,060,000	\$ 73,835,000	\$ 71,110,000	\$ 68,240,000	\$ 65,245,000	\$ 62,130,000
Net Direct Debt (6)	\$53,860,000	\$84,495,000	\$111,740,000	\$107,705,000	\$86,835,000	\$82,070,000	\$77,060,000	\$73,835,000	\$71,110,000	\$68,240,000	\$65,245,000
Total Governmental Funds Revenue (7)	\$72,973,339	\$76,622,006	\$80,453,106	\$84,475,762	\$88,699,550	\$93,134,527	\$97,791,253	\$102,680,816	\$107,814,857	\$113,205,600	\$118,865,880
Debt-to-Revenue Percentage	73.81%	110.28%	138.89%	127.50%	97.90%	88.12%	78.80%	71.91%	65.96%	60.28%	54.89%
Total Governmental Funds Debt Service (8)	\$4,651,547	\$5,750,289	\$6,641,154	\$7,286,819	\$8,371,464	\$8,878,521	\$7,368,231	\$7,001,181	\$7,001,181	\$7,001,181	\$7,001,181
Total Governmental Funds Expenditures (9)	\$73,156,192	\$76,814,002	\$80,654,702	\$84,687,437	\$88,921,809	\$93,367,899	\$98,036,294	\$102,938,109	\$108,085,014	\$113,489,265	\$119,163,728
Debt Service-to-Expenditures Percentage	6.36%	7.49%	8.23%	8.60%	9.41%	9.51%	7.52%	6.80%	6.48%	6.17%	5.88%
Overall Net Debt (10)	\$158,114,881	\$188,749,881	\$215,994,881	\$211,959,881	\$191,089,881	\$186,324,881	\$181,314,881	\$178,089,881	\$175,364,881	\$172,494,881	\$169,499,881
Estimated Market Value (assumes annual growth of 1.5%)	\$4,857,476,556	\$4,930,338,704	\$5,004,293,785	\$5,079,358,192	\$5,155,548,565	\$5,232,881,793	\$5,311,375,020	\$5,391,045,645	\$5,471,911,330	\$5,553,990,000	\$5,637,299,850
Debt-to-Market Value Ratio	3.26%	3.83%	4.32%	4.17%	3.71%	3.56%	3.41%	3.30%	3.20%	3.11%	3.01%

Notes:

- (1) Assumes that the principal due in the current year is paid or that the funds are set aside for payment.
- (2) Water & Sewer Bonds
- (3) Tax Increment Financing Bonds
- (4) Public Safety Bonds
- (5) Principal paid on December 1 of the fiscal year.
- (6) Net Direct Debt includes only General Obligation debt
- (7) Total Governmental Funds Revenue assumed to grow at 5% annually
- (8) Total Governmental Funds Debt Service may not include Business District Limited Tax Note
- (9) Total Governmental Funds Expenditures assumed to grow at 5% annually
- (10) Overall Net Debt includes approximately \$105 million (held constant each year) of overlapping debt shared with other taxing districts located in the Village
- (11) The analysis intentionally excludes the \$8,300,000 bond issue for water & sewer purposes anticipated to be sold in 2021. By this time, the Village will have produced three years of audits demonstrating that the water & sewer system generates sufficient coverage of the debt service payments. Beginning in FY 2021, the analysis also excludes the remaining principal maturities for all other outstanding water & sewer bonds for the same reason.

S&P Rating Criteria	
Net Direct Debt as a % of Total Govt'l Funds Revenue	
Strong:	< 30%
Above Average:	30% - 60%
Average:	60% - 120%
Below Average:	120% - 180%
Poor:	> 180%
Total Gov't funds debt service as a % of Total Gov't Funds Expenditures	
Strong:	< 8%
Above Average:	8% - 15%
Average:	15% - 25%
Below Average:	25% - 35%
Poor:	> 35%
Overall Net Debt as a % of Market Value	
Strong:	< 3%
Average:	3.1% - 9.9%
Poor:	> 10%

Debt Policy Analysis

Levy Year	2016	2017	2018	2019	2020	2021	2022	2023
Collection Year	2017	2018	2019	2020	2021	2022	2023	2024
Fiscal Year Ending 12/31	2017	2018	2019	2020	2021	2022	2023	2024
Direct Debt, Beginning of Period (1)	\$ 24,060,000	\$ 21,150,000	\$ 39,950,000	\$ 52,625,000	\$ 49,120,000	\$ 45,250,000	\$ 41,190,000	\$ 38,970,000
Additional Borrowing - Series 2017 G.O. (W&S/TIF) (2) (3)	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2018 G.O. (W&S) (2)	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2018 G.O. (PS) (4)	-	21,885,000	-	-	-	-	-	-
Additional Borrowing - Series 2019 G.O. (W&S) (2)	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2019 G.O. (TIF) (3)	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2019 G.O. (PS) (4)	-	-	15,875,000	-	-	-	-	-
Additional Borrowing - Series 2020 G.O. (PS) (4)	-	-	-	-	-	-	-	-
Additional Borrowing - Series 2021 G.O. (W&S) (2)	-	-	-	-	-	-	-	-
Principal Paydown, Series 2009 (5)	-	-	-	-	-	-	-	(600,000)
Principal Paydown, Series 2009B (5)	(320,000)	(330,000)	(340,000)	(360,000)	(370,000)	-	-	-
Principal Paydown, Series 2009C (5)	(75,000)	(95,000)	(120,000)	(140,000)	(160,000)	(500,000)	(440,000)	-
Principal Paydown, Series 2011B (5)	(715,000)	(735,000)	(755,000)	(775,000)	-	-	-	-
Principal Paydown, Series 2012 (5)	-	-	-	-	(860,000)	(885,000)	-	-
Principal Paydown, Series 2014 (5)	(305,000)	(405,000)	(560,000)	(760,000)	(965,000)	(1,125,000)	(1,265,000)	-
Principal Paydown, Series 2016 (5)	(1,375,000)	(1,400,000)	(1,425,000)	(1,470,000)	(1,515,000)	(1,550,000)	-	-
Principal Paydown, Series 2016A (5)	(120,000)	(120,000)	-	-	-	-	(515,000)	(1,060,000)
Principal Paydown, Series 2018B (5)	-	-	-	-	-	-	-	-
Principal Paydown, Series 2019C (5)	-	-	-	-	-	-	-	-
Principal Paydown, Series 2020 (5)	-	-	-	-	-	-	-	-
Direct Debt, End of Period (1)	\$ 21,150,000	\$ 39,950,000	\$ 52,625,000	\$ 49,120,000	\$ 45,250,000	\$ 41,190,000	\$ 38,970,000	\$ 37,310,000
% of Outstanding Debt to be Repaid within 10 Years	81.55%	92.77%	49.11%	37.28%	39.94%	43.36%	47.63%	50.35%
Net Direct Debt (6)	\$24,060,000	\$43,035,000	\$55,825,000	\$52,625,000	\$49,120,000	\$45,250,000	\$41,190,000	\$38,970,000
Equalized Assessed Valuation (7)	\$1,619,158,852	\$1,651,542,029	\$1,684,572,870	\$1,718,264,327	\$1,752,629,614	\$1,787,682,206	\$1,823,435,850	\$1,859,904,567
Debt-to-EAV Percentage	1.49%	2.61%	3.31%	3.06%	2.80%	2.53%	2.26%	2.10%
Net Direct Debt (6)	\$24,060,000	\$43,035,000	\$55,825,000	\$52,625,000	\$49,120,000	\$45,250,000	\$41,190,000	\$38,970,000
Village Population Estimates (8)	54,874	56,520	58,216	59,962	61,761	63,614	65,522	67,488
Outstanding Debt per Capita	\$438	\$761	\$959	\$878	\$795	\$711	\$629	\$577
Debt Service Expenditures (D/S Exp.) (9)	\$2,272,859	\$2,376,624	\$2,418,023	\$2,626,015	\$3,031,808	\$3,462,352	\$4,109,825	\$3,482,125
General Fund Expenditures (including transfers and D/S Exp.) (10)	\$55,349,148	\$56,456,131	\$57,585,254	\$58,736,959	\$59,911,698	\$61,109,932	\$62,332,130	\$63,578,773
Ratio of D/S Exp.-to-General Fund Expenditures	4.11%	4.21%	4.20%	4.47%	5.06%	5.67%	6.59%	5.48%

Notes:

- (1) Assumes that the principal due in the current year is paid or that the funds are set aside for payment.
- (2) Water & Sewer Bonds
- (3) Tax Increment Financing Bonds
- (4) Public Safety Bonds
- (5) Principal paid on December 1 of the fiscal year.
- (6) Net Direct Debt includes only General Obligation debt paid by property tax levy (excludes Library debt)
- (7) EAV assumes annual growth of 2.0%
- (8) Village Population Estimate increases by 0.30% annually, the approximate population change average of the Village over the last six years
- (9) Debt Service includes only that debt service applicable to bonds paid by the property tax levy
- (10) General Fund Expenditures as reported in the Village's most recent Comprehensive Annual Financial Report with assumed 2% annual increases

Village of Mount Prospect Debt Policy Guidelines (Village seeks to maintain debt below 75th percentile range)	
% of Outstanding Debt to be Repaid within 10 Years	
Guideline:	50%
Outstanding Debt as a % of EAV	
Guideline:	1.0% to 3.0%
75% of Guideline:	2.50%
Outstanding Debt per Capita	
Guideline:	\$500 to \$1,000
75% of Guideline:	\$875
Debt Service Exp. as a % of GF Exp. and Debt Service Payments	
Guideline:	5.0% to 10.0%
75% of Guideline:	8.75%

Post Employment Benefits

■ IMRF

- The Village contributed \$2,031,571 in FY 2016 and \$1,986,231 in FY 2017
- Currently 88.91% funded based on market value (12/31/2016)
- FY 2018 contribution is expected to be \$2,114,000

■ Police Pension

- The Village contributed \$3,232,887 in FY 2016 and \$3,747,825 in FY 2017
- Currently 57.9% funded based on new methodology (State methodology = 61.12%)
- FY 2018 ADC funding amount is \$3,601,216
- FY 2018 contribution is expected to be \$3,635,000

■ Fire Pension Plan

- The Village contributed \$2,806,983 in FY 2016 and \$3,396,834 in FY 2017
- Currently 59.3% funded based on new methodology (State methodology = 60.08%)
- FY 2018 ADC funding amount is \$3,320,940
- FY 2018 contribution is expected to be \$3,358,800

Post Employment Benefits

- The Village's methodology includes more conservative guidelines and assumptions than those required by State statute
 - Methodology includes funding both its Police and Fire Pension plans to 100% by 2040, exceeding the State statute of 90% funding by 2040
 - Methodology also uses entry age normal vs. projected unit credit in its contribution assumptions
 - Both of these changes return a Village contribution higher than require per state statute

Tax Levy Requirement

	<u>Village</u>	<u>State</u>
Police Pension.....	\$3,601,216	\$3,070,904
Fire Pension.....	3,320,940	2,729,864

Percent Funded

	<u>Village</u>	<u>State</u>
Police Pension.....	57.90%	61.12%
Fire Pension.....	59.30%	60.08%

Other Post Employment Benefits

- The Village provides pre- and post-Medicare post-retirement health insurance to retirees, their spouses, and dependents. To be eligible for benefits, an employee must qualify for retirement under one of the Village's three retirement plans.
- All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ended December 31, 2017, retirees contributed \$748,157. Active employees do not contribute to the plan until retirement.
- The UAAL as of December 31, 2014 is \$10,485,116
- Currently, the Village provides for the liability on a pay-as-you-go basis
- The Village has no plans to change its funding methodology at this point

Economic Data

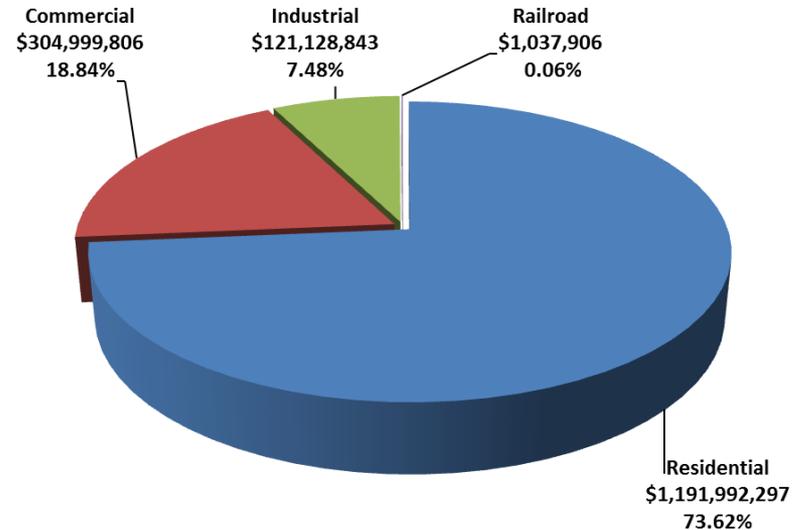
Section 3

Equalized Assessed Valuation

- The Village's 2016 estimated market value is \$4,857,476,556
 - Market value per capita is \$89,675
 - Village annexations totaled \$28.8 million in 2017

Property Type	2012	2013 ⁽²⁾	2014	2015	2016 ⁽²⁾
Residential	\$ 1,141,783,464	\$ 948,371,026	\$ 989,619,882	\$ 962,934,812	\$ 1,191,992,297
Commercial	281,197,939	272,696,503	285,736,126	279,463,359	304,999,806
Industrial	145,136,294	135,438,749	114,184,895	111,147,033	121,128,843
Railroad	656,385	787,806	836,775	1,005,644	1,037,906
Total.....	<u>\$ 1,568,774,082</u>	<u>\$ 1,357,294,084</u>	<u>\$ 1,390,377,678</u>	<u>\$ 1,354,550,848</u>	<u>\$ 1,619,158,852</u>
Percent of Change.	-7.44% ⁽¹⁾	-13.48%	2.44%	-2.58%	19.53%

(1) Based on City's 2011 EAV of \$1,694,952,801.
 (2) Reassessment year.
 Source: Office of Cook County Clerk



- No major tax appeals of significant value in recent years
- No major taxpayer delinquencies

Tax Rates

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Corporate.....	\$ 0.501	\$ 0.689	\$ 0.724	\$ 0.000 ⁽¹⁾	\$ 0.000
Bond & Interest	0.113	0.167	0.165	0.170	0.143
Garbage.....	0.121	0.026	0.000 ⁽²⁾	0.000	0.000
Police Pension.....	0.167	0.214	0.207	0.236	0.211
Fire Pension.....	0.149	0.180	0.179	0.190	0.170
Fire Protection.....	0.000	0.000	0.000	0.385 ⁽¹⁾	0.322
Police Protection.....	0.000	0.000	0.000	0.372 ⁽¹⁾	0.311
Total.....	<u>\$ 1.051</u>	<u>\$ 1.275</u>	<u>\$ 1.275</u>	<u>\$ 1.352</u>	<u>\$ 1.157</u>

(1) The Village transferred the full amount of its Corporate levy to its Fire Protection and Police Protection levies to better reflect the use of revenues raised through the Corporate levy.

(2) The Village replaced the Garbage levy with a direct bill to residents.

Source: County Clerk's Office

Economic Development

■ Revenue sharing per the Randhurst Agreement

- Underperforming mall has been replaced by a lifestyle center anchored by a state of the art theatre with retail, restaurant and office space
- Increasing tax amounts generated annually indicate growing retail and restaurant business with expectation for further growth
- Limited tax note payable solely from certain tax revenues generated on development site
- Sharing of sales taxes with the developer does not occur until a certain threshold is met. Village is made whole with only new monies being paid to developer.

■ Business/Commercial Corridor Development

- The Kensington Business Center vacancy rate dropped from high of 20.9% in 2014 1Q to 8.4% currently. Recent new construction includes a 60,000 square foot expansion to accommodate a significant business relocation. The KBC contains a variety of business types. The KBC is strategically located near several major highways and O'Hare airport. The KBC is also a significant piece of the Strategic Plan focusing on development of major commercial corridors.
- The Village Board recently approved 4 significant development projects that will begin construction this spring. In total, these developments are projected to generate over \$400,000 in sales taxes and \$700,000 in property taxes annually. The projects include:
 - 20 West – This development will consist of a six-story, 73-unit luxury rental apartment building with a 4,600 square foot restaurant that will feature rooftop dining.
 - Mount Prospect Pointe – This commercial project located at 801 E. Rand Road will include Texas Roadhouse Restaurant, Buona Beef Restaurant, The Tile Shop and AAA.
 - Park Terrace Rowhomes – This development will consist of 12 luxury rowhomes in our downtown district.
 - Lake Center – This project includes a 120,000 warehouse/distribution facility and 2 retail outlots.

Economic Development

■ Annexations of unincorporated businesses

- The Village successfully annexed significant unincorporated parcels in the past 18 months, both voluntary and forcible annexations
- Close working relationship with incoming property owners
- The annexations completed to-date have brought an additional \$67 million in EAV in addition to several viable tax generating businesses.

Annexations			
Area Name	EAV	Acres	Date Annexed
Lynn Court	686,156	2.00	3/16/2016
Addison Court	2,398,042	7.14	6/7/2016
Busse Ave.	6,408,325	27.30	8/15/2016
East of Creek	16,854,828	46.10	9/20/2016
Nordic/Carboy/Malmo	12,068,702	32.00	9/20/2016
UAL	10,138,712	50.33	1/17/2017
Birch Manor	4,214,976	18.30	4/5/2017
Oakton/East of Creek	14,436,489	40.00	5/16/2017
Total	67,206,230	223.17	

Economic Development

□ Residential

- The Village recently approved an incentive program to encourage single family investment.
- Several luxury apartment projects under review in downtown district (over \$100 million of private investment).

□ Revenue Generation

- The sales tax has grown 74.5% between 2011 and 2017
- Sales taxes have become the largest source of revenue when including the home rule sales tax
 - Total sales taxes (ROT and home rule) were \$21,897,786 and \$23,886,945 for 2016 and 2017, respectively
 - The property tax extended levy for 2017 (payable in 2018) was \$19,087,265

Municipal Sales Tax and Home Rule Sales Tax

- The following tables demonstrate the estimated sales reported by retailers in the Village for the last five calendar years.

Municipal Tax Sales

Calendar Year	The Village	Percent Change %
2012	\$1,104,040,347	4.01 ⁽¹⁾
2013	1,234,215,358	11.79
2014	1,328,544,125	7.64
2015	1,512,665,017	13.86
2016	1,634,457,336	8.05
2017	1,852,193,400	13.32

Municipal Home Rule Tax Sales

Calendar Year	The Village	Percent Change %
2012	\$ 482,880,647	1.07 ⁽²⁾
2013	513,863,474	6.42
2014	539,521,332	4.99
2015	544,722,022	0.96
2016	554,669,224	1.83
2017	542,186,054	(2.25)

(1) Percent of change based on the Village's calendar year 2011 sales of \$1,061,444,251.

(2) Percent of change based on the Village's calendar year 2011 sales of \$477,779,806.

Source: Illinois Department of Revenue

Representative Largest Taxpayers

- The taxpayers below represent 8.20% of the Village's 2016 EAV

<u>Taxpayer</u>	<u>Product or Service</u>	<u>2016 EAV</u>	<u>% of EAV</u>
DLC Management Corp.....	Management Corporation, Shopping Plaza.....	\$ 26,458,780	1.63%
Home Properties Colony.....	Apartments.....	18,963,895	1.17%
Mount Prospect Plaza.....	Shopping Plaza	16,479,990	1.02%
United Airlines Inc.....	Operations Center.....	13,911,530	0.86%
Individual.....	Commercial.....	12,887,703	0.80%
Golf Plaza I and II.....	Shopping Plaza	12,744,927	0.79%
First Industrial Realty.....	Industrial Real Estate.....	9,588,778	0.59%
Cummins Alison.....	Coin, Currency and Check Processing and ATMs....	7,422,916	0.46%
Costco	Membership Warehouse Club	7,307,278	0.45%
LIT Industrial.....	Industrial.....	7,012,558	0.43%
Total.....		<u>\$ 132,778,355</u>	<u>8.20%</u>

Largest Employers

- Residents work within the Village and surrounding suburbs, given the close proximity to State and Interstate Routes. Many commute to downtown Chicago.

Company Name	Product or Service	Approximate Employees at Location
CVS Caremark	Wholesale specialty pharmaceutical products	1,250
Robert Bosch Tool Corporation	Corporate headquarters & wholesaler of portable electric tools	650
Cummins-Allison Corporation	Corporate headquarters & wholesaler of money handling equipment	500
Village of Mount Prospect	Municipal government	315
Rauland Borg	Corporate headquarters & wholesaler of public address, communication systems	300
Mount Prospect School District 57	Elementary school district	300
Carson Pirie Scott	Retail store	267
Township High School No. 214	High school district	225
Jewel Food Stores	Grocery	189
Home Depot	Retail store	189
Wal-Mart Stores, Inc.	Retail store	189

Source: Village of Mount Prospect 2016 Comprehensive Annual Financial Report

Current Financial Update

Section 4

Financial Management Assessment

- Revenue/Expenditure Assumptions for Annual Budgeting
 - The Village uses 3-5 years of history when forecasting trends
 - The Village uses the Illinois Municipal League as a source of information to support revenue and expenditure assumptions
 - For budgeting purposes, the Village uses a combination of line item, zero base and incremental methodologies
- Budget Amendments & Updates
 - After the budget is adopted, the Village provides periodic updates to the Board every three months
- Long-Term Financial Planning
 - The Village has long-term financial policies covering the areas of Revenues, Expenditures and Financial Planning designed to provide a general framework to make budgetary and programmatic decisions
 - The Village updates these projections on an annual basis and shares this information with the Board

Financial Management Assessment

■ Long-Term Capital Planning

- The Village produces a five-year community investment program (“CIP”) that is updated on an annual basis
- The 2018-2022 CIP is the Village’s 18th
- Five-year expenditures included in CIP total \$116.8 million

■ Strategic Plan

- The first Village strategic plan was completed in early 2015.
- Annual review and update establishing an action plan for projects and initiatives
- Those Goals as prioritized for progress to 2022 are:
 - Development: Sustain a balance between preservation, revitalization and growth.
 - Business: Foster a climate for innovation and entrepreneurship.
 - Infrastructure: Ensure sustainable public spaces, facilities and systems that match our needs, respect the natural environment and enrich the community experience.
 - Cultural Climate: Honor our heritage, respect our diversity, stimulate connectivity and foster a sense of community optimism.
 - Commercial Business Districts: Create a unique and vibrant sense of place – contemporary, family-friendly and having a lively feel.
 - Governance: Ensure a thriving, healthy community that adapts to emerging needs and trends, stewards its resources and delivers value-defined municipal services.

Financial Management Assessment

- Investment Management Policies
 - The Village has an investment policy approved by the Board that includes reporting investment earning, holdings and other updates on a monthly basis to the Board

- Debt Management Policies
 - The Village has a comprehensive debt policy in place, adherence to policy reviewed with each debt issue

- Reserve and Liquidity Policies
 - A Fund Balance Policy is in place covering all of the major operating and capital funds

 - The Village strives to maintain the General Fund fund balance at 20 - 30% of budgeted expenditures for the subsequent fiscal year

Contractual Obligations

- The Village has approximately 301 full-time and 26 part-time employees. In addition, approximately 56 seasonal employees are hired throughout the year.
- Approximately 57% of the Village's employees are represented by a labor union (not including seasonal employees)

<u>Union Name</u>	<u>Number of Members</u>	<u>Contract Expires</u>
Mount Prospect Fire Union, Local 4119, I.A.F.F., AFL-CIO.....	66	12/31/18
Metropolitan Alliance of Police, Police Chapter #84.....	72	12/31/19
Metropolitan Alliance of Police, Sergeants Chapter #85.....	11	12/31/16 ⁽¹⁾
International Union of Operating Engineers, Local 150.....	38	12/31/20

(1) Currently in negotiation.

- The Village has monthly labor management meetings with the fire and police unions
- The Village considers its relationship with its employees to be very positive

Summary of General Fund Operating Results and Fund Balances

(December 31)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Estimated <u>2017</u>
Revenues:					
Property Taxes.....	\$ 12,645,791	\$ 14,392,732	\$ 15,317,183	\$ 15,917,480	\$ 16,112,040
Sales Taxes.....	13,627,166	14,640,814	16,370,735	17,202,418	19,458,742
State Income Taxes.....	5,161,051	5,186,155	5,763,542	5,272,834	4,975,194
Liscenses, Permits and Fees.....	3,589,368	2,496,760	2,428,969	2,350,787	2,334,233
Utility Taxes.....	4,658,265	4,093,598	3,774,729	3,629,525	3,491,473
Charges for Services.....	1,858,829	1,928,223	1,699,217	1,782,869	1,527,167
Fines and Forfeits.....	430,960	470,466	511,536	414,885	415,189
Interest Income.....	6,561	(64,978)	8,612	49,202	132,925
Food & Beverage Tax.....	719,190	738,642	759,073	805,172	839,472
Real Estate Transfer Tax.....	853,617	954,644	1,371,699	1,049,770	1,190,331
All other Revenue.....	<u>1,445,740</u>	<u>2,450,829</u>	<u>2,315,618</u>	<u>3,076,582</u>	<u>3,325,198</u>
Total Revenues.....	\$ 44,996,538	\$ 47,287,885	\$ 50,320,913	\$ 51,551,524	\$ 53,801,964
Expenditures					
Current:					
General Government.....	\$ 5,851,590	\$ 6,035,582	\$ 6,321,419	\$ 6,926,119	\$ 8,269,116
Public safety.....	29,173,988	30,626,597	30,260,965	32,418,245	34,166,454
Highways and streets.....	7,342,643	7,500,480	6,935,457	7,282,165	7,655,846
Health.....	142,062	151,586	148,731	160,555	261,535
Welfare.....	1,569,824	1,585,083	1,529,810	1,561,199	1,548,492
Culture and recreation.....	<u>435,931</u>	<u>421,517</u>	<u>467,611</u>	<u>499,208</u>	<u>585,903</u>
Total Expenditures.....	\$ 44,516,038	\$ 46,320,845	\$ 45,663,993	\$ 48,847,491	\$ 52,487,346
Excess Revenue (Expenditures).....	\$ 480,500	\$ 967,040 ⁽¹⁾	\$ 4,656,920 ⁽²⁾	\$ 2,704,033 ⁽²⁾	\$ 1,314,618
Other Financing Sources (Uses):					
Operating Transfers-In.....	\$ 36,865	\$ -	\$ -	\$ -	\$ -
Operating Transfers-Out.....	(203,112)	-	(281,599) ⁽³⁾	(1,240,625) ⁽⁴⁾	(600,000)
Other.....	-	-	-	-	-
Total Other Financing Sources (Uses).....	(166,247)	-	(281,599)	(1,240,625)	(600,000)
Excess Revenue and Other Financing Sources or (Expenditures and Other Financing Uses).....	314,253	967,040	4,375,321	1,463,408	714,618
Fund Balance, Beginning of Year.....	<u>11,564,329</u>	<u>11,878,582</u>	<u>12,845,622</u>	<u>17,220,943</u>	<u>18,684,351</u>
Fund Balance, End of Year.....	<u>\$ 11,878,582</u>	<u>\$ 12,845,622</u>	<u>\$ 17,220,943</u>	<u>\$ 18,684,351</u>	<u>\$ 19,398,969</u>

(1) Surplus due to stronger than expected sales tax revenues combined with expenditures coming in under budget.

(2) Surplus due to stronger than expected sales, income and real estate transfer taxes as well as expenditures coming in under budget.

(3) Transfer of \$281,559 due to a one-time transfer to the Parking Fund (\$200,000) along with an operating transfer to the Business Fund.

(4) Transfer to Special Revenue Fund and Capital Projects Fund.

(5) Transfer to Capital Projects Fund.

Source: Compiled from the Village's Comprehensive Annual Financial Reports for Fiscal Years Ended December 31, 2013-2016 and preliminary 2017 estimates by the Village.

Summary of Governmental Funds Operating Results and Fund Balances ⁽¹⁾

(December 31)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Estimated 2017</u>
Revenues:					
Taxes.....	\$ 31,088,445	\$ 32,564,624	\$ 33,433,891	\$ 34,113,260	\$ 32,197,191
Licenses, Permits and Fees.....	3,589,368	3,516,082	3,915,635	4,001,458	3,064,392
Intergovernmental ⁽²⁾	21,103,909	23,914,974	26,018,173	27,434,551	29,701,372
Charges for Services.....	4,408,987	5,220,730	5,664,398	6,347,775	5,410,134
Fines and Forfeits.....	430,960	587,966	511,536	414,885	519,863
Interest Income.....	16,751	(46,495)	24,785	76,594	196,945
Miscellaneous.....	<u>1,167,196</u>	<u>983,623</u>	<u>656,877</u>	<u>584,816</u>	<u>911,089</u>
Total Revenues.....	\$ 61,805,616	\$ 66,741,504	\$ 70,225,295	\$ 72,973,339	\$ 72,000,986
Expenditures					
Current:					
General Government.....	\$ 7,452,147	\$ 7,050,018	\$ 7,598,649	\$ 9,435,601	\$ 10,028,426
Public safety.....	29,233,562	30,706,685	30,350,270	32,512,612	34,279,062
Highways and streets.....	9,094,846	8,291,698	7,744,122	8,148,696	13,033,358
Health.....	4,457,548	4,590,027	4,589,157	4,585,572	261,534
Welfare.....	1,868,952	1,865,265	1,961,516	1,994,918	1,953,059
Culture and Recreation.....	435,931	421,517	467,611	499,208	585,907
Capital Outlay:	8,588,414	12,075,460	20,998,508	10,718,553	5,786,666
Debt Service:					
Principal Retirement.....	1,537,312	2,987,587	3,048,912	3,243,840	3,518,903
Interest and Fiscal Charges.....	<u>913,882</u>	<u>1,914,718</u>	<u>1,799,590</u>	<u>2,017,192</u>	<u>1,378,256</u>
Total Expenditures.....	\$ 63,582,594	\$ 69,902,975	\$ 78,558,335	\$ 73,156,192	\$ 70,825,171
Excess Revenue (Expenditures).....	\$ (1,776,978)	\$ (3,161,471)	\$ (8,333,040)	\$ (182,853)	\$ 1,175,815
Other Financing Sources (Uses):					
Operating Transfers-In.....	\$ 10,039,977	\$ 6,584,697	\$ 81,599	18,857,839	\$ 5,530,835
Operating Transfers-Out.....	(239,977)	-	(281,599)	(18,573,342)	(600,000)
Other.....	-	-	-	-	-
Total Other Financing Sources (Uses).....	9,800,000	6,584,697	(200,000)	284,497	4,930,835
Excess Revenue and Other Financing Sources or (Expenditures and Other Financing Uses).....	8,023,022	3,423,226	(8,533,040)	101,644	6,106,650
Fund Balance, Beginning of Year.....	<u>22,859,424</u>	<u>30,882,446</u>	<u>34,305,672</u>	<u>25,772,632</u>	<u>25,874,276</u>
Fund Balance, End of Year.....	<u>\$ 30,882,446</u>	<u>\$ 34,305,672</u>	<u>\$ 25,772,632</u> ⁽³⁾	<u>\$ 25,874,276</u> ⁽³⁾	<u>\$ 31,980,926</u>

(1) Includes the following funds: General Fund, Refuse Disposal Fund, Debt Service Fund, Flood Control Construction Fund, Street Improvement Construction Fund and other Nonmajor Funds.

(2) The intergovernmental revenues include the following: State income and sales taxes, State use and replacement taxes, State motor fuel tax and various State and Federal grants.

(3) Decline in governmental funds in fiscal years 2015 and 2016 due to \$9.2 million expenditure on the flood control property paid from the proceeds of the Village's General Obligation Bonds, Series 2013.

Source: Compiled from the Village's Comprehensive Annual Financial Reports for Fiscal Years Ended December 31, 2013-2016 and preliminary 2017 estimates by the Village.

2018 Budget Summary

Revenue	2018 Budget
Property Taxes.....	\$ 16,540,000
Other Taxes.....	8,210,000
Licenses, permits and fees.....	1,417,000
Intergovernmental.....	24,883,860
Charges for Services.....	1,305,000
Fines and Forfeits.....	437,000
Investment Income.....	205,000
Reimbursements.....	218,900
Other Revenue.....	251,500
Total Revenue.....	\$ 53,468,260

Expenditures

Current:

Public Representation.....	\$ 773,873
Village Administration.....	4,163,926
Finance Department.....	2,638,570
Community Development.....	2,793,443
Human Services Department.....	1,246,498
Police Department.....	18,584,620
Fire Department.....	15,518,129
Public Works Admin.....	1,593,854
Public Works - Streets/Buildings.....	2,602,838
Public Works - Forestry and Grounds.....	1,797,743
Public Works - Engineering.....	1,266,854
Community Investment Program.....	1,225,138
Pension Funds.....	46,950
Emergency Events.....	-
Total Expenditures.....	\$ 54,252,436

Capital Transfer.....	\$ (750,000)
Excess Revenue (Expenditure).....	\$ (1,534,176)

General Fund Balance, Beginning of Year	\$ 19,398,969
General Fund Balance, End of Year.....	\$ 17,864,793

Source: The Village

1. In 2015, the Village Board authorized annual planned draw downs in the Police Department and Fire Department funds in order to mitigate incremental tax burden on its citizens to increase pension funding levels.
2. Absent the anticipated FY 2018 planned draw down of \$630,000 and the planned Capital Transfer of \$750,000, the original General Fund budget for 2018 would be operating at a net surplus of \$32,842.
3. The Village Board's decision to implement the planned draw down was made with the realization that the Village's General Fund would remain at a level that is:
 - a. Greater than 30% of General Fund Expenditures;
 - b. Above the 20% - 30% guideline detailed in the Village's fund balance policy;
 - c. In accordance with the Village's fund balance policy which allows for the transfer of fund balance in excess of 30% to another operating or capital fund; and
 - d. More than \$17.9 million in actual General Fund balance

Budgetary Flexibility and Liquidity

■ Budgetary Flexibility

- Village's available fund balance in the General Fund as a % of the expenditures in the General Fund is approximately 35.0% as of December 31, 2017
- Available fund balance in the General Fund is projected to increase to \$17.7 million, or 31.8% as a percent of expenditures, well above the policy requirement of 20-30%.
- Additionally, if that number significantly decreases for any unanticipated reasons, the Village is not restricted by any State tax caps that may prohibit the ability to raise additional revenue

■ Liquidity

- Village's total governmental available cash as a percent of total governmental expenditures is 39.5% (at 12/31/17, unaudited)
- General Fund balance composition expectations for FY 2017 and FY 2018 will remain largely unassigned for both years

Other Financial Updates

■ Financial Challenges

- The only major challenge the Village foresees in regard to its finances relates to uncertainty at the State level
- State revenues for income tax, replacement tax, and other State generated revenue may be lower in 2018 due to the State's continued budgetary and fiscal issues
- As a precautionary measure, the Village has strong reserves and maintains a multi-step contingency plan in place to address any shortfall

■ Management Policy changes

- The Village has made no changes to management policies or practices since the last rating meeting in November 2017

■ Property Assessment Appeals

- The Village is not aware of any property assessment appeals for the current levy period



Timeline

Section 5

Proposed Timeline *

- First Reading Ordinance and public discussion April 3
- Public Discussion at COW April 10
- Receive Rating April 10
- Distribute Preliminary Official Statement April 11
- Village approves ordinance April 17
- Sale April 18
- Closing May 1

* Preliminary, subject to change.