

The City of

Chicago Heights

Illinois



Annual Budget

Fiscal Year 2017

FISCAL YEAR 2017 BUDGET

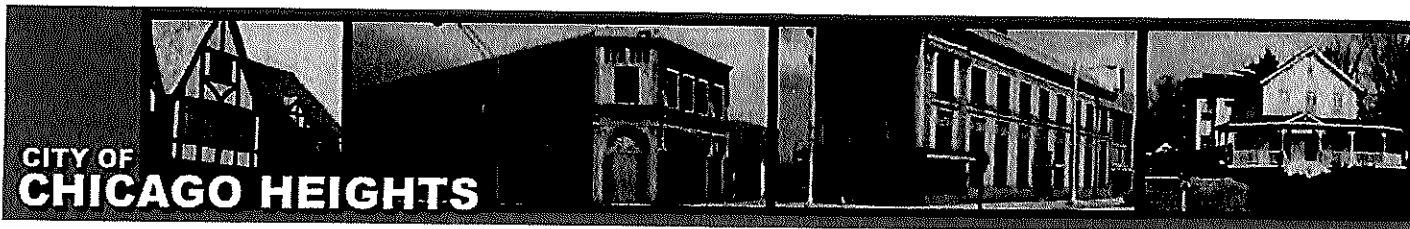
Prepared by:

Treasurer's Office

James Dee, Treasurer

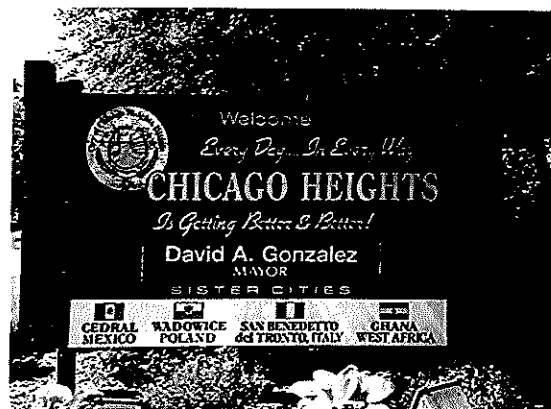


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Chicago Heights, Illinois 60411
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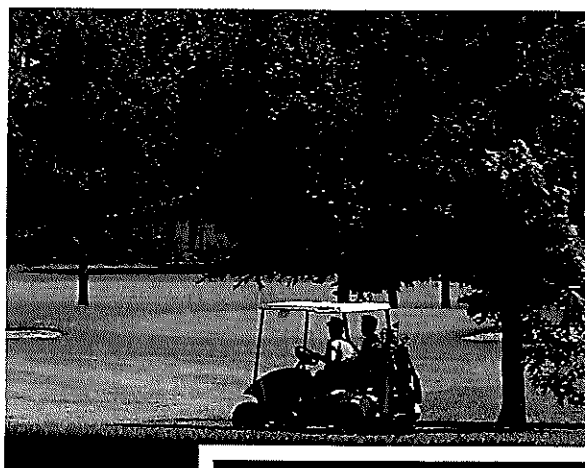
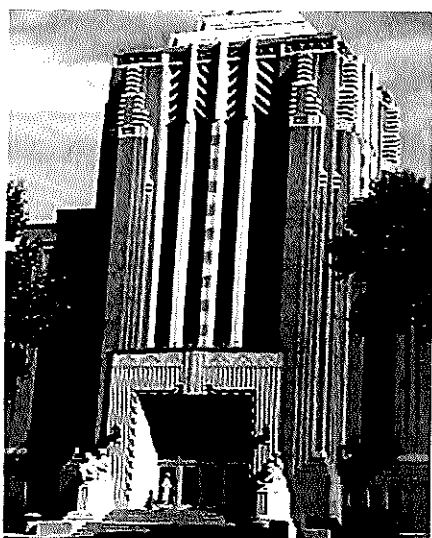


Chicago Heights, Illinois, is a diverse city that cherishes its history as it makes strides to ensure continual progress and prosperity today and tomorrow. Its heritage as a quiet farm town of the 1800s and a growing suburb of the 1900s remains fresh in the minds of current residents and visitors, who can experience local history in the well-preserved architecture of structures around town.

The city's first settlers came to the area in the 1830s, locating their homes along the banks of Thorn Creek. These settlers initially dubbed their new hometown Thorn Grove, which changed to the Village of Bloom by 1849. The area began to prosper between the 1850s and 1880s with the coming of the railroad, eventually linking Bloom to Chicago, resulting in a surge in local industrial and residential development. Bloom became the City of Chicago Heights in 1892, a name chosen to honor its relation to Chicago and to note its elevation as one of the highest points in the county.



Today, Chicago Heights boasts a population exceeding 30,000 residents. Local neighborhoods display thoughtfully restored Victorians, Craftsman-style homes and vintage mid-20th century homes. Several residences, as well as various other sites throughout town, are designated local land marks.



The city's historic character blends well with its formidable industrial and commercial environment. In addition, the city features fine schools, cultural outlets, recreation diversions, advanced healthcare and an all-around tight-knit community spirit. The unique mix makes Chicago Heights a desirable place to call home for both residents and businesses.



CITY OF CHICAGO HEIGHTS

FISCAL YEAR 2017 BUDGET

TABLE OF CONTENTS

INTRODUCTION

- 1 City Officials
- 2 Transmittal Letter

Financial

- 5 Fund Structure and Budget Overview
- 7 Budgeted Revenues 2015/16 vs 2016/17- All Funds
- 8 Budgeted Expenses 2015/16 vs 2016/17- All Funds
- 9 Budgeted Revenues by Source 2015/16 vs 2016/17- General Fund
- 11 Budgeted Revenues by Source 2016/17- General Fund
- 12 Budgeted Expenses by Department 2015/16 vs 2016/17- General Fund
- 13 Budgeted Expenses by Department 2016/17- General Fund
- 14 Schedule of Anticipated Fund Balances 2016/17

Appendix A: Final Detailed Budget Report

CITY OF CHICAGO HEIGHTS FISCAL YEAR 2017 BUDGET

Introduction

City Officials

Transmittal Letter



ANNUAL BUDGET

CITY OF CHICAGO HEIGHTS, ILLINOIS

FOR THE FISCAL YEAR
MAY 1, 2016 – APRIL 30, 2017

CITY OFFICIALS

DAVID A. GONZALEZ
MAYOR

LORI WILCOX
CLERK

JAMES DEE
TREASURER

WALTER MOSBY	ALDERPERSON, 1 ST WARD
SONIA PEREZ	ALDERPERSON, 2 ND WARD
WANDA RODGERS	ALDERPERSON, 3 RD WARD
JOSHUA DEABEL	ALDERPERSON, 4 TH WARD
RICHARD J. AMADIO	ALDERPERSON, 5 TH WARD
VINCENT J. ZARANTI	ALDERPERSON, 6 TH WARD
SYLVIA REYES TORRES	ALDERPERSON, 7 TH WARD

LISA M. APRATI
CHIEF OF STAFF

CITY OF CHICAGO HEIGHTS

TO: Mayor David A. Gonzalez
Members of City Council

RE: Budget Transmittal Letter – Fiscal Year 2016/2017

DATE: July 18, 2016

This transmittal letter summarizes the budget for the various funds of the City of Chicago Heights for the fiscal year that begins May 1, 2016 and ends April 30, 2017.

This budget document was prepared with two major objectives in mind. First, to provide citizens and others interested in the City's finances complete and understandable information regarding the budget. The second is to develop an annual fiscal plan that will assist City leaders in making better decisions and enhance financial accountability. The final adopted budget is available for public review upon request at the City's Finance Department and on its web site.

The City of Chicago Heights is in compliance with many of the Government Finance Officers Association's (GFOA) guidelines for financial presentation and continues its efforts to improve communication and presentations to its residents. The guidelines set forth by GFOA will ultimately allow the City to meet both of the objectives previously mentioned.

As a financial plan, the budget document describes all funds subject to appropriation in the fund structure overview section. In addition, summaries of all major revenues and expenditures are provided in summary tables. Finally, the summary section includes information showing the projected changes in fund balances for all appropriated funds (excluding the fiduciary funds).

Analysis: The proposed spending plan totals \$65,339,000 in expenses for all funds (excluding the fiduciary funds) and \$34,410,000 for the General Fund compared to \$66,149,000 per prior year budget and \$33,415,000 per the prior year budget. The proposed budget maintains existing services while maintaining a stable property tax levy, and includes significant investment in capital improvements for the City's water and sewer infrastructure and road improvements.

General Fund

Revenues. Budgeted revenues within the General Fund are \$34,410,000, an increase of \$995,000 (3%) from the prior year. Property tax receipts are budgeted at \$12,361,000, a 4.3% increase over the previous year due to increases in the police and firefighter pension contributions, and they constitute 35% of General Fund expenses.

A major source of intergovernmental revenue is state sales and income taxes. Sales tax receipts, which make up approximately 10% of fund revenues, are budgeted at \$3,400,000 and state income taxes at \$3,300,000, for a combined 19% of General Fund revenue.

Expenditures. The total General Fund expenditures before transfers are \$34,410,000, an increase of 3% from the prior year.

The major reason for the increase in expenditures is due to funding of Police and Firefighter Pension Funds at actuarially recommended levels in FY 2016/17 as mentioned above. \$5,986,000 will be contributed to these two funds this year.

Water and Sewer Funds

The Water and Sewer Funds are Enterprise Funds, indicating that revenues derived from the operation of the utility should fully fund operations. Rates charged to residents are used to pay for all costs associated with producing water, processing wastewater, and to pay for the repair and maintenance of existing infrastructure. Capital development fees are charged to pay for the expansion of the system. However, capital development fees are separate from water and sewer rates and provide no assistance in paying for operations or the repair and maintenance of existing infrastructure.

The spending request for the Water and Sewer Funds is \$16,365,000 and is funded by operating revenues of \$17,496,000. Significant capital investments totaling \$2,000,000 will be made in these funds during FY 2016/17.

Capital Projects

The City anticipates spending \$1.1 million for capital improvements in 2016/2017. Revenues for the improvements will come from grants and/or operating reserves and these projects will not go forward without sufficient funds.

Sincerely,

James Dee
Treasurer

CITY OF CHICAGO HEIGHTS

FISCAL YEAR 2017 BUDGET

Financial

Fund Structure and Budget Overview

Budgeted Revenues 2015/16 vs 2016/17- All Funds

Budgeted Expenses 2015/16 vs 2016/17- All Funds

Budgeted Revenues by Source 2015/16 vs 2016/17 General Fund

Budgeted Revenues by Source 2016/17- General Fund

Budgeted Expenses by Department 2015/16 vs 2016/17- General Fund

Budgeted Expenses by Department 2016/17- General Fund

Schedule of Anticipated Fund Balances 2016/17- All Funds



CITY OF CHICAGO HEIGHTS

FISCAL YEAR 2017 BUDGET

Fund Structure and Budget Overview

The accounting system and the budget appropriation process are structured according to the basic guidelines established by the Government Finance Officers Association of the United States and Canada. The format includes the basic funds and fund types which follow.

The City's governmental funds are as follows:

General Fund – This fund accounts for all transactions of the city that pertain to the general administration of the city and the services traditionally provided to its residents. This includes general administration, police and fire protection, streets, and public building operations and maintenance.

Special Revenue Funds – These funds are utilized to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for as separate funds. For the City of Chicago Heights these funds include the Library, Motor Fuel Tax, IMRF, Social Security, Paramedics Donation, Landfill and 911 Funds.

Debt Service Fund – This fund accounts for the accumulation of revenues for and payment of principal and interest on general obligation long term debt.

Capital Projects Funds – These funds are utilized to account for financial resources to be used for the acquisition or construction of capital facilities or other major capital assets.

The City's business-type funds include the following:

Enterprise Funds – These funds are utilized to account for operations and activities that are financed and operated in a manner similar to a private business enterprise, where the cost of providing goods and services to the general public on a continuing basis is expected to be recovered primarily through user charges. The City has also established Enterprise Funds when it was advantageous to segregate revenues earned and expenses incurred for an operation for purposes of capital maintenance, public policy, management control or accountability. Enterprise Funds for the City include the Water and Sewer Funds.

Internal Service Funds – These funds are established to finance and account for services and/or commodities furnished by one department or agency to other departments or agencies of the City. The Internal Service Fund for the City is the Employee Self Insurance Fund.

Fund Structure and Budget Overview

Basis of Accounting and Budgeting – The City of Chicago Heights uses the modified accrual basis of accounting to budget and accounts for transactions of the governmental funds. Under this basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available) and expenditures are recognized when the liability is incurred, except for general obligation bond principal and interest which are recognized when due. For the City's enterprise funds, the City uses the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when the liability is incurred. The City prepares the budgets for enterprise funds consistent with this basis except that capital outlay items are included in the budget.

The City prepares its budget on a basis consistent with generally accepted accounting principles except that the City also recognizes encumbrances for budgetary purposes. Encumbrances include supplies ordered but not yet received, and services contracted but not yet expended by the City. Encumbrances are charged against a budget or appropriation for accounting purposes. Accordingly, expenses in this document include encumbered expenses. Encumbrances do not lapse at year-end and provide authorization for expenses for the following year.

Budget Summary

Revenue Budget

All Funds

	<u>2015/2016</u>	<u>2016/2017</u>	<u>Difference</u>	<u>Percent Change</u>
<u>General Fund</u>	\$ 33,415,000	\$ 34,410,000	\$ 995,000	3.0%
<u>Special Revenue Funds</u>				
Library Fund	1,053,000	1,016,000	(37,000)	-3.5%
Motor Fuel Fund	700,000	788,000	88,000	12.6%
IMRF Fund	740,000	765,000	25,000	3.4%
Social Security Fund	591,000	591,000	-	0.0%
911 Fund	215,000	211,000	(4,000)	-1.9%
Other Special Revenue Funds	51,000	50,000	(1,000)	-2.0%
Total Special Revenue Funds	<u>3,350,000</u>	<u>3,421,000</u>	<u>72,000</u>	<u>2.1%</u>
<u>Capital Projects Funds</u>				
Capital Fund	0	0	0	0%
CDBG Fund	300,000	330,000	30,000	10.0%
TIF Funds	445,000	887,000	442,000	99.3%
Total Capital Projects Funds	<u>745,000</u>	<u>1,217,000</u>	<u>472,000</u>	<u>63.4%</u>
<u>Debt Service Funds</u>				
Debt Service Fund	4,079,000	4,401,000	322,000	7.9%
Total Debt Service Funds	<u>4,079,000</u>	<u>4,401,000</u>	<u>322,000</u>	<u>7.9%</u>
<u>Enterprise Funds</u>				
Public Works- Water and Sewer	22,187,000	17,496,000	(4,691,000)	-21.1%
Total Enterprise Funds	<u>22,187,000</u>	<u>17,496,000</u>	<u>(4,691,000)</u>	<u>-21.1%</u>
<u>Internal Service Funds</u>				
Employee Self Insurance Fund	3,200,000	3,719,000	519,000	16.2%
Total Internal Service Funds	<u>3,200,000</u>	<u>3,719,000</u>	<u>519,000</u>	<u>16.2%</u>
Total All Funds	<u>\$ 66,976,000</u>	<u>\$ 64,664,000</u>	<u>\$ (2,312,000)</u>	<u>-3.5%</u>

Budget Summary

Expense Budget

All Funds

	<u>2015/2016</u>	<u>2016/2017</u>	<u>Difference</u>	<u>Percent Change</u>
<u>General Fund</u>	\$ 33,415,000	\$ 34,410,000	\$ 995,000	3.0%
<u>Special Revenue Funds</u>				
Library Fund	996,000	988,000	(8,000)	-0.8%
Motor Fuel Fund	681,000	763,000	82,000	12.0%
IMRF Fund	765,000	729,000	(36,000)	-4.7%
Social Security Fund	510,000	506,000	(4,000)	-0.8%
911 Fund	400,000	411,000	11,000	2.8%
Other Special Revenue Funds	56,000	46,000	(10,000)	-17.9%
Total Special Revenue Funds	<u>3,408,000</u>	<u>3,443,000</u>	<u>35,000</u>	<u>1.0%</u>
<u>Capital Projects Funds</u>				
Capital Fund	1,000,000	1,100,000	100,000	100.0%
CDBG Fund	300,000	330,000	30,000	10.0%
TIF Funds	757,000	1,702,000	945,000	124.8%
Total Capital Projects Funds	<u>2,057,000</u>	<u>3,132,000</u>	<u>1,075,000</u>	<u>52.3%</u>
<u>Debt Service Funds</u>				
Debt Service Fund	4,235,000	4,368,000	133,000	3.1%
Total Debt Service Funds	<u>4,235,000</u>	<u>4,368,000</u>	<u>133,000</u>	<u>3.1%</u>
<u>Enterprise Funds</u>				
Public Works- Water and Sewer	19,834,000	16,365,000	(3,469,000)	-17.5%
Total Enterprise Funds	<u>19,834,000</u>	<u>16,365,000</u>	<u>(3,469,000)</u>	<u>-17.5%</u>
<u>Internal Service Funds</u>				
Employee Self Insurance Fund	3,200,000	3,621,000	421,000	13.2%
Total Internal Service Funds	<u>3,200,000</u>	<u>3,621,000</u>	<u>421,000</u>	<u>13.2%</u>
Total All Funds	<u><u>\$ 66,149,000</u></u>	<u><u>\$ 65,339,000</u></u>	<u><u>\$ (810,000)</u></u>	<u><u>-1.2%</u></u>

Budget Summary

Revenue by Sources

General Fund

	2015/2016	2016/2017	Difference
<u>Taxes</u>			
Property Taxes	\$ 11,854,000	\$ 12,361,000	\$ 507,000
Road & Bridge Taxes	95,000	90,000	(5,000)
Personal Property Replacement Taxes	1,500,000	1,427,000	(73,000)
Utility Taxes	2,700,000	2,600,000	(100,000)
Local Fuel Taxes	145,000	140,000	(5,000)
Real Estate Transfer Taxes	85,000	100,000	15,000
Environmental Tax	105,000	105,000	0
Hotel Taxes	4,000	4,000	0
Total Taxes	16,488,000	16,827,000	339,000
<u>Licenses & Permits</u>			
Vehicle Licenses	340,000	340,000	0
Vehicle Licenses Penalties	35,000	35,000	0
Occupation Licenses	365,000	425,000	60,000
Residential Rental License	88,000	80,000	(8,000)
Building, Plumbing, Electrical Permits	280,000	275,000	(5,000)
Release of Liens	140,000	140,000	0
Other Licenses	5,000	6,000	1,000
Total Licenses & Permits	1,253,000	1,301,000	48,000
<u>Intergovernmental</u>			
State Income Tax	3,100,000	3,300,000	200,000
State Sales Tax	3,300,000	3,400,000	100,000
Local Use Tax	650,000	715,000	65,000
Use Tax	1,600,000	1,600,000	0
Gaming Rev. Sharing- Des Plaines	1,800,000	1,800,000	0
Fire Protection Services	272,000	266,000	(6,000)
Police Vest Revenue	8,000	4,000	(4,000)
Police Training Revenue	0	6,000	6,000
JAG Federal Grant	30,000	25,000	(5,000)
Juvenile Accountability Grant	6,000	6,000	0
Vacant Property Grant	0	0	0
LAP Grant	45,000	25,500	(19,500)
Tobacco Grant	4,000	0	(4,000)
State of Illinois Recovery Collections	275,000	300,000	25,000
COPS Grant	200,000	120,000	(80,000)
Economic Development Grants	0	0	0
IHDA MTG LOAN	0	0	0
Total Intergovernmental	11,290,000	11,567,500	277,500

Budget Summary

Revenue by Sources

General Fund

	<u>2015/2016</u>	<u>2016/2017</u>	<u>Difference</u>
<u>Fines</u>			
Circuit Court	\$ 180,000	\$ 135,000	\$ (45,000)
Parking Tickets	170,000	180,000	10,000
Code Enforcement	190,000	305,000	115,000
Vehicle Impoundment	100,000	50,000	(50,000)
Vehicle Impoundment Release	33,000	30,000	(3,000)
Red Light Photo Revenue	1,000,000	1,000,000	0
Special Operations	180,000	180,000	0
Total Fines	1,853,000	1,880,000	27,000
<u>Fees for Services</u>			
Police & Fire Reports	35,000	30,000	(5,000)
Registrar Fees	50,000	55,000	5,000
Ambulance Service	1,000,000	1,000,000	0
Alarm Revenue	18,000	18,000	0
Passport Sales	2,000	1,500	(500)
Auto Fire Extinguished	15,000	15,000	0
Total Fees for Services	1,120,000	1,119,500	(500)
<u>Other Revenue</u>			
Telephone Franchise Agreement	30,000	40,000	10,000
Cable Franchise Agreement	270,000	270,000	0
Telecommunications Lease	25,000	25,000	0
Forfeited General Escrow	25,000	25,000	0
Administrative Overhead	925,000	1,212,000	287,000
Other Miscellaneous Receipts	116,000	128,000	12,000
Total Other Revenue	1,391,000	1,700,000	309,000
<u>Investment Income</u>	20,000	15,000	(5,000)
Total Revenues	\$ 33,415,000	\$ 34,410,000	\$ 995,000

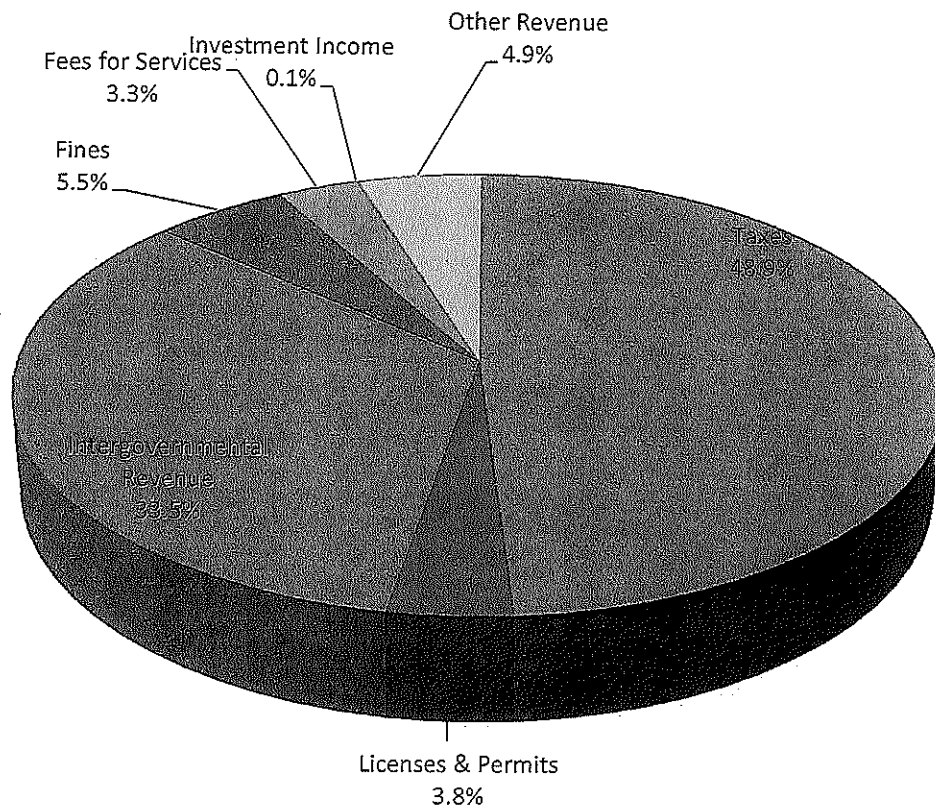
Budget Summary

Summary of Revenue & Other Financing Sources

General Fund

Source	2015/16	2016/17	Dollar Change	Percent Change
Taxes	\$ 16,488,000	\$ 16,827,000	\$ 339,000	2.1%
Licenses & Permits	1,253,000	1,301,000	48,000	3.8%
Intergovernmental Revenue	11,290,000	11,567,500	277,500	2.5%
Fines	1,853,000	1,880,000	27,000	1.5%
Fees for Services	1,120,000	1,119,500	(500)	0.0%
Investment Income	20,000	15,000	(5,000)	-25.0%
Other Revenue	1,391,000	1,700,000	309,000	22.2%
Transfers	0	0	0	0.0%
Total	\$33,415,000	\$34,410,000	\$ 995,000	3.0%

2016/17 Budget Revenues by Source



Budget Summary

General Fund Expenses by Department

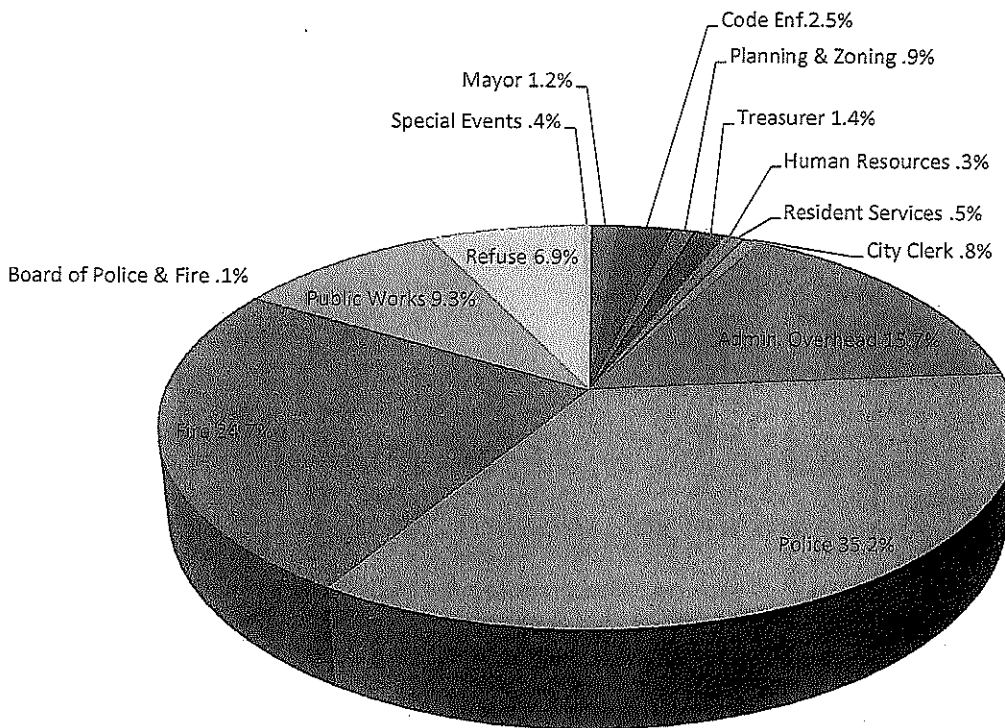
	<u>2015/2016</u>	<u>2016/2017</u>	<u>Difference</u>	<u>Percent Change</u>
General Fund				
Mayor	\$ 454,000	\$ 417,000	\$ (37,000)	-8.1%
Code Enf.	791,000	864,000	73,000	9.2%
Planning & Zoning	354,000	321,000	(33,000)	-9.3%
Treasurer	467,000	496,000	29,000	6.2%
Human Resources	91,000	109,000	18,000	19.8%
City Clerk	276,000	271,000	(5,000)	-1.8%
Admin. Overhead	5,408,000	5,410,000	2,000	0.0%
Police	11,531,000	12,104,000	573,000	5.0%
Fire	8,370,000	8,497,000	127,000	1.5%
Board of Police & Fire	20,000	23,000	3,000	15.0%
Public Works	3,020,000	3,208,000	188,000	6.2%
Refuse	2,275,000	2,369,000	94,000	4.1%
Special Events	143,000	144,000	1,000	0.7%
Resident Services	215,000	177,000	(38,000)	-17.7%
Total General Fund	<u>33,415,000</u>	<u>34,410,000</u>	<u>995,000</u>	<u>3.0%</u>
Transfers Out	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-100.0%</u>
Total Funds Used	<u><u>\$ 35,415,000</u></u>	<u><u>\$ 34,410,000</u></u>	<u><u>\$ (1,005,000)</u></u>	<u><u>-2.8%</u></u>

Budget Summary

General Fund Expenses by Department

	<u>2015/2016</u>	<u>2016/2017</u>	<u>Difference</u>	<u>Percent Change</u>
General Fund				
Mayor	\$ 454,000	\$ 417,000	\$ (37,000)	-8.1%
Code Enf.	791,000	864,000	73,000	9.2%
Planning & Zoning	354,000	321,000	(33,000)	-9.3%
Treasurer	467,000	496,000	29,000	6.2%
Human Resources	91,000	109,000	18,000	19.8%
Resident Services	215,000	177,000	(38,000)	-17.7%
City Clerk	276,000	271,000	(5,000)	-1.8%
Admin. Overhead	5,408,000	5,410,000	2,000	0.0%
Police	11,531,000	12,104,000	573,000	5.0%
Fire	8,370,000	8,497,000	127,000	1.5%
Board of Police & Fire	20,000	23,000	3,000	15.0%
Public Works	3,020,000	3,208,000	188,000	6.2%
Refuse	2,275,000	2,369,000	94,000	4.1%
Special Events	143,000	144,000	1,000	0.7%
Total General Fund	\$ 33,415,000	\$ 34,410,000	\$ 995,000	3.0%

2016/17 Budget



Budget Summary

Schedule of Anticipated Fund Balances

	Estimated Beginning Balance 5/1/2016	Budgeted Revenues	Budgeted Expenses Before Transfers	Estimated Rev-Exp Before Transfers	Transfers In (Out)	Estimated Ending Balance 4/30/2017
General Fund	\$ 12,378,000	\$ 34,410,000	\$ 34,410,000	-	-	\$ 12,378,000
Special Revenue Funds	(171,000)	3,421,000	3,443,000	(22,000)	-	(193,000)
Capital Projects Funds	3,803,000	330,000	1,430,000	(1,100,000)	1,100,000	3,803,000
TIF Funds	956,000	887,000	1,702,000	(815,000)		141,000
Debt Service Funds	1,107,000	4,401,000	4,368,000	33,000	-	1,140,000
Enterprise Funds	11,576,000	17,496,000	16,365,000	1,131,000	(1,400,000)	11,607,000
Internal Service Funds	(3,000)	3,719,000	3,621,000	98,000	-	95,000
	<u>\$ 29,646,000</u>	<u>\$ 64,664,000</u>	<u>\$ 65,339,000</u>	<u>\$ (675,000)</u>	<u>\$ -</u>	<u>\$ 28,971,000</u>

*Note: This schedule excludes the City Fiduciary Funds

Appendix A

Final Detailed Budget Report

