

Executive Summary

The annual budget is a financial statement of the goals and objectives for the Village during the fiscal year. These goals and objectives have been assessed and reconfirmed over the past year regarding the delivery of basic Village services. The following table shows projected revenues, expenditures, and the net surplus/(deficit) by fund for the FY 11/12 budget:

Fund	Budget Summary		
	Revenues	Expenditures	Surplus/(Deficit)
GENERAL			
General	17,959,000	18,215,000	(256,000) ¹
Subtotal:	17,959,000	18,215,000	(256,000) ¹
CAPITAL PROJECTS			
Motor Fuel Tax (MFT)	825,850	328,000	497,850
Park	10,000	230,500	(220,500) ²
Street Improvement	2,960,000	2,336,000	624,000
Water & Sewer Improvement & Construction	2,289,000	2,179,300	109,700
Village Construction	105	-	105
Subtotal:	6,084,955	5,073,800	1,011,155
ENTERPRISE			
Water & Sewer Operating	5,540,600	5,540,600	-
Subtotal:	5,540,600	5,540,600	-
SPECIAL REVENUE			
Cemetery	40,050	39,100	950
Swimming Pool	218,000	218,000	-
Special Revenue	166,700	165,500	1,200
Subtotal:	424,750	422,600	2,150
DEBT			
Debt Service	880,000	760,000	120,000
Subtotal:	880,000	760,000	120,000
INTERNAL SERVICE			
Vehicle Maintenance	1,201,550	1,201,550	-
Building Services	683,430	683,430	-
Subtotal:	1,884,980	1,884,980	-
PENSION TRUST			
Police Pension	1,920,000	343,000	1,577,000
Subtotal:	1,920,000	343,000	1,577,000
TOTAL ALL FUNDS:	34,694,285	32,239,980	2,454,305

Notes:

- 1 – General Fund insurance expenses are being partially funded from restricted fund balance
- 2 – Park projects are being partially funded from restricted fund balance

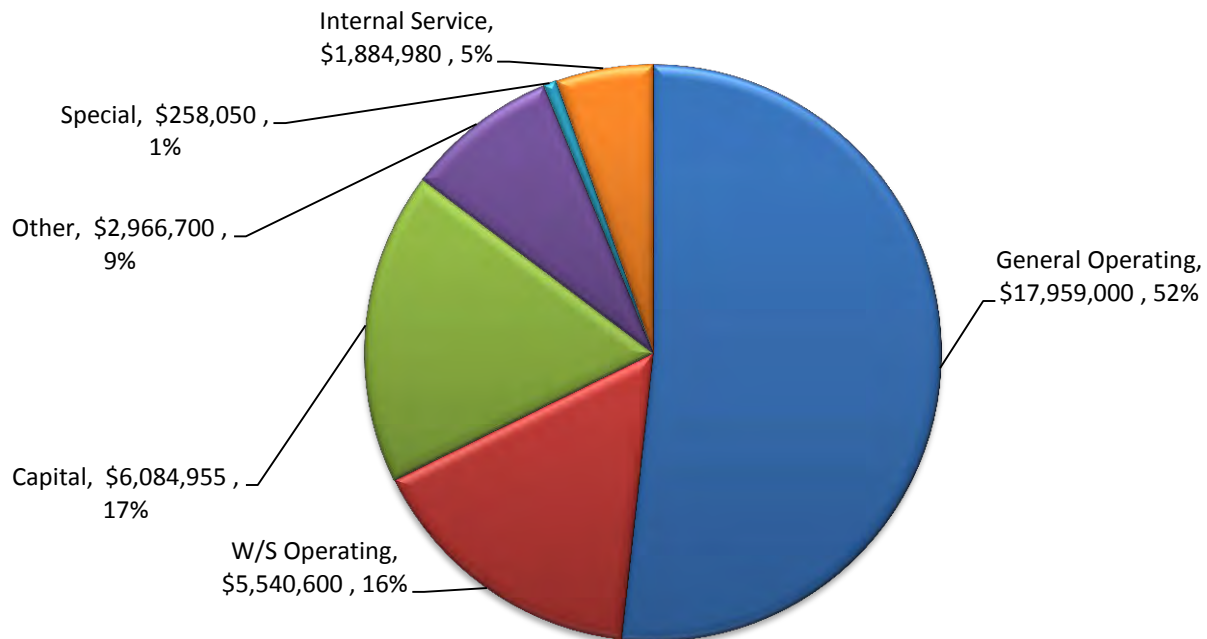
Revenue Summary

The budget is prepared on a fund account basis. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and outcomes. The following table presents actual fund revenues for FY 08/09 and FY 09/10, budgeted revenues for FY 10/11, and budgeted revenues for FY 11/12:

Total Revenues By Fund

	FY 08/09 Actual	FY 09/10 Actual	FY 10/11 Budget	FY 11/12 Budget
General Fund	\$ 17,939,899	\$ 17,877,748	\$ 17,675,000	\$ 17,959,000
Cemetery Fund	34,972	36,820	38,000	40,050
Motor Fuel Tax Fund	844,942	808,901	817,000	825,850
Street Improvement Fund	2,033,679	3,271,745	2,758,000	2,960,000
Swimming Pool Fund	184,469	194,440	198,685	218,000
Park Fund	472,774	2,462	2,050	10,000
Water/Sewer Operating Fund	5,878,631	5,196,218	6,017,020	5,540,600
Water/Sewer Construction Fund	4,264,068	2,391,351	1,908,000	2,289,000
Special Revenue Fund	208,208	54,446	318,000	166,700
Village Construction Fund	46,486	1,880	600	105
Building Services Fund	683,031	617,463	643,550	683,430
Vehicle Services Fund	1,152,585	1,057,873	1,168,700	1,201,550
Police Pension Fund	246,330	2,249,479	1,774,000	1,920,000
Debt Service Fund	732,433	740,340	752,000	880,000
TOTAL	\$ 34,722,507	\$ 34,501,167	\$ 34,070,605	\$ 34,694,285

The Village is projecting a total of \$34.6 million in revenues for FY 11/12, which includes inter-fund transfers. The operating funds (General and Water & Sewer) comprise of 68 percent of revenues for FY 11/12. Capital revenues remain stable from FY 10/11 with 17% of total revenues. Below is a graph displaying FY 11/12 revenues by fund type:



Total Revenues By Category

	FY 08/09 Actual	FY 09/10 Actual	FY 10/11 Budget	FY 11/12 Budget
Taxes	\$ 20,728,872	\$ 20,690,995	\$ 20,085,000	\$ 21,112,050
Licenses & Permits	975,833	347,172	558,000	401,500
Donations & Grants	2,658,811	1,843,974	1,183,000	1,156,850
Charges for Services	7,891,044	7,262,099	8,268,520	7,901,030
Fines & Forfeitures	685,651	1,122,469	1,208,000	1,086,200
Investment Income	-383,807	1,369,965	707,905	794,860
Other Income	1,473,796	1,174,877	1,326,000	1,360,500
Other Financing Sources (Transfers)	692,307	689,617	734,180	881,295
TOTAL	\$ 34,722,507	\$ 34,501,167	\$ 34,070,605	\$ 34,694,285

Taxes – Taxes are the largest and most stable revenue source for the Village, comprising of 61 percent of the revenues for the FY 11/12 budget. Taxes are largely comprised of sales, income, and real estate taxes. This source is projected to increase \$1,027,050 (5 percent) from the FY 10/11 budget.

Licenses & Permits – Licenses and Permits is made up of primarily community development fees such as building permits and development fees. Additionally, liquor and other licenses make up this revenue source. Licenses and Permits revenues are projected to be down 28 percent from the FY 10/11 budget.

Donations & Grants – Donations and Grants are revenues applicable to specific capital or operational expenditures. Intergovernmental agreements with the Police Department also make up revenue in this category. Revenues in FY 11/12 are down 2 percent from FY 10/11 in this category.

Charges for Services – Charges for Services are comprised largely of user fees, fees only applicable to those who use the service. The largest revenue source in this category is water and sewer fees in the Water and Sewer Operating Fund. Additionally, a majority of the revenue from the internal service funds are derived from billings to other Village departments. This category is down approximately 4 percent from FY 10/11.

Fines & Forfeitures – Fine and Forfeiture revenues are generated primarily through police and court fines. This category is projected to decrease approximately 10 percent from FY 10/11.

Investment Income – A modified investment strategy will result in a 12 percent increase in the Investment Income category for FY 11/12.

Other Income – Other Income is predominately comprised of Police Pension contributions (employee and employer). This category is up 3 percent from FY 10/11 due to increased employer contributions in the Police Pension Fund.

Other Financing Sources – Other Financing Sources include transfers, which is the method the Village uses to move monies between funds for expenditures such as debt service. This category has budgeted \$881,295 for FY 11/12.

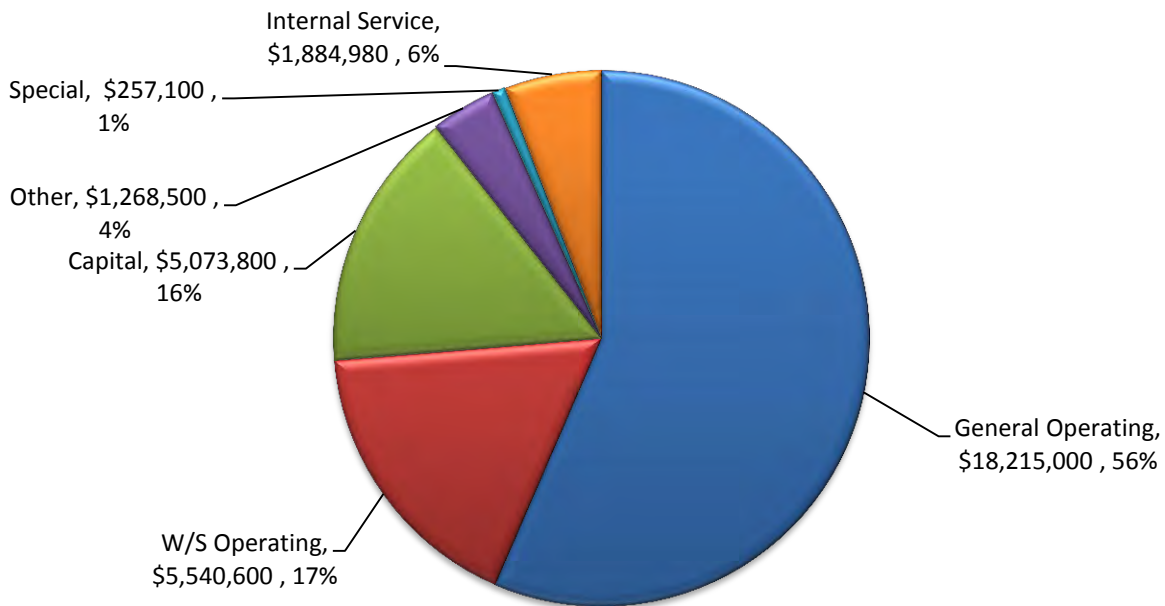
Expenditure Summary

The Village is projecting a total of \$32.2 million in expenditures for FY 11/12, including inter-fund transfers. Similar to revenues, the funds with the largest expenditures are the General Fund and Water and Sewer Operating Fund. These funds account for the Village's costs of personnel and daily operations. The Motor Fuel Tax, Street Improvement, Park, and Water and Sewer Improvement and Construction Funds account for the Village's capital expenditures.

Total Expenditures By Fund

	FY 08/09 Actual	FY 09/10 Actual	FY 10/11 Budget	FY 11/12 Budget
General Fund	\$ 17,327,081	\$ 16,747,154	\$ 17,675,000	\$ 18,215,000
Cemetery Fund	34,311	31,924	36,800	39,100
Motor Fuel Tax Fund	535,280	514,503	1,509,250	328,000
Street Improvement Fund	1,289,053	3,743,878	3,831,180	2,336,000
Swimming Pool Fund	199,453	194,144	198,685	218,000
Park Fund	271,902	137,364	\$110,600	230,500
Water/Sewer Operating Fund	8,977,945	8,430,387	6,017,020	5,540,600
Water/Sewer Construction Fund	1,852,629	1,949,887	1,794,100	2,179,300
Special Revenue Fund	106,652	43,398	305,000	165,500
Village Construction Fund	0	0	0	0
Building Services Fund	683,031	617,463	643,550	683,430
Vehicle Services Fund	1,152,585	1,057,873	1,168,700	1,201,550
Police Pension Fund	304,435	284,800	334,500	343,000
Debt Service Fund	721,660	727,865	744,500	760,000
TOTAL	\$33,456,017	\$ 34,480,640	\$ 34,368,885	\$ 32,239,980

Below is a graph displaying FY 11/12 expenditures by fund type:



Total Expenditures By Category

	FY 08/09 Actual	FY 09/10 Actual	FY 10/11 Budget	FY 11/12 Budget
Personnel	\$ 13,753,571	\$ 14,099,293	\$ 14,941,114	\$ 15,836,100
Contractual Services	3,995,652	4,224,191	5,158,800	4,550,375
Supplies & Materials	2,625,383	3,571,811	3,727,873	3,358,855
Maintenance	2,176,862	1,973,184	2,293,367	2,413,835
Capital Expenditures	2,363,176	2,874,138	3,897,000	2,725,365
Debt Services	1,934,326	1,640,361	1,646,500	1,979,300
Other Charges	4,559,935	4,614,100	1,970,051	494,855
Transfers	2,047,112	1,483,562	734,180	881,295
TOTAL	\$ 33,456,017	\$ 34,480,640	\$ 34,368,885	\$ 32,239,980

Personnel – Personnel costs account for salaries, health insurance, FICA, pension and other costs related to Village employees. This category increased 6 percent from FY 10/11, primarily due to increased health insurance costs and police pension contribution expenses now being reflected in this category.

Contractual Services – Contractual Services is budgeted at \$4,550,375 for FY 11/12. This category includes utilities, contracted services, and equipment rental. Decreased natural gas expenditures from a recent franchise agreement renewal with Nicor help account for a 12 percent reduction in this category.

Supplies & Materials – The Supplies and Materials category accounts for the daily items required for Village operations includes building and office supplies, fuel, tools, community programs, and other equipment. This category has been reduced in FY 11/12, budgeted at \$3,358,855.

Maintenance – Maintenance expenditures include costs for maintaining Village buildings, vehicles, and infrastructure. Maintenance costs are budgeted at \$2,413,835 for FY 11/12.

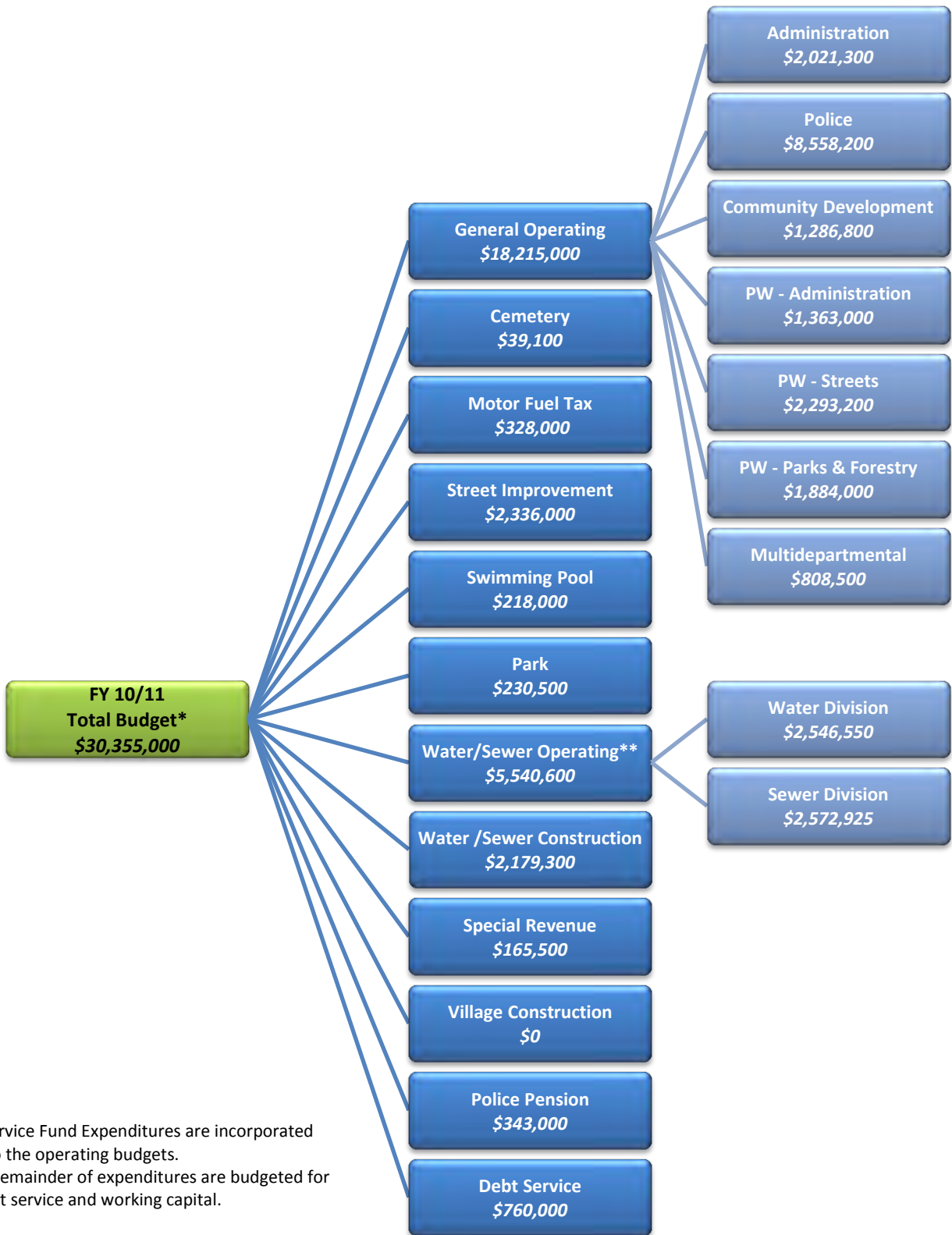
Capital Expenditures – Capital Expenditures are large dollar amount purchases of facilities and equipment. Capital Expenditures for FY 11/12 are down 30 percent from FY 10/11 with \$2,725,365 budgeted.

Transfers – Transfers includes monies that are transfer between accounts. The FY 11/12 budget includes \$881,295 worth of transfers.

Other Charges – Other charges include recreation programming, elected officials expenses, police pension expenses, and other training expenses. The relocation of the police pension contribution expense line item to the Personnel category contributes to a 75 percent decrease from FY 10/11.

A chart illustrating the allocation of the funds to individual cost centers are shown on the following page. Internal Service Funds are accounted for in the operating budgets.

Fund Structure and FY 11/12 Budget Allocation



*Service Fund Expenditures are incorporated into the operating budgets.

**Remainder of expenditures are budgeted for debt service and working capital.

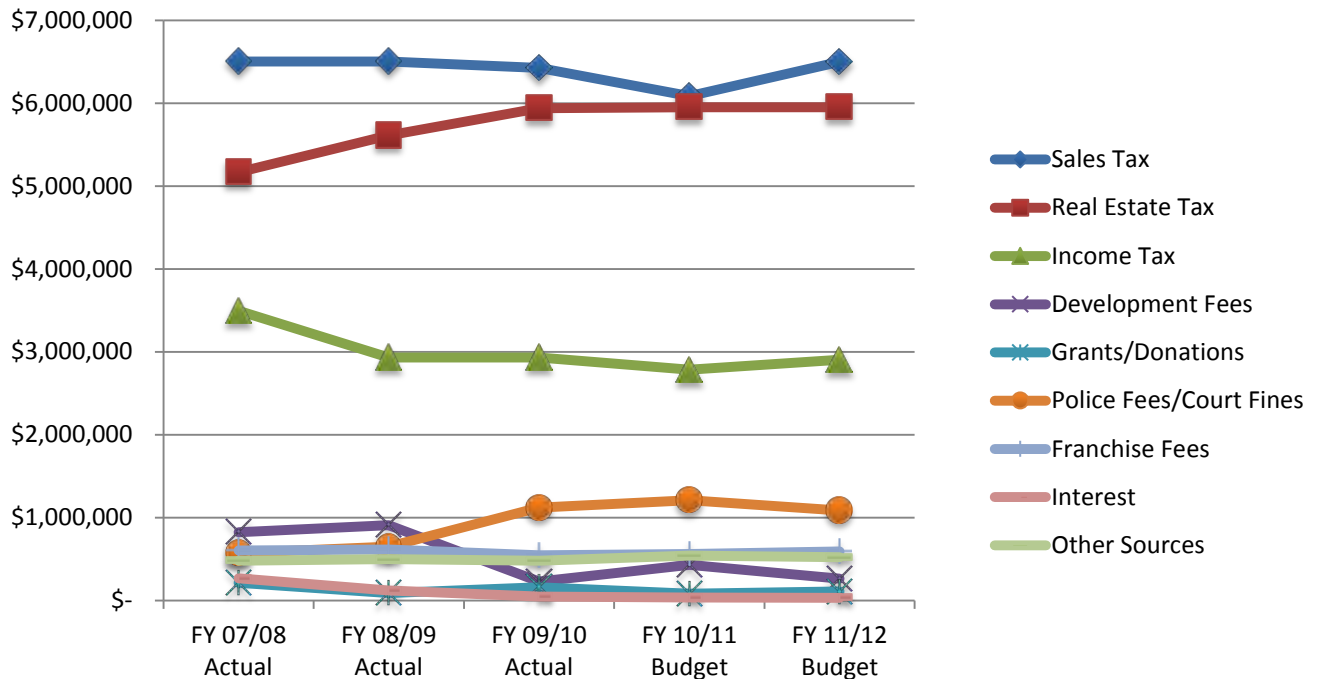
General Fund Budget Overview

The General Fund budget maintains its conservative projections of revenues and expenditures, and attempts to solve some of the concerns for improved service delivery identified by elected officials, Village staff, and citizens of this community. The budget for the General Fund followed a “constraint budgeting” process to ensure maintenance of the existing services while enhancing budget goals by department and division in the allocation of the anticipated revenue growth for the Village. It is the overriding principle of the budget to deliver outstanding service to our citizens at a reasonable cost.

The FY 11/12 General Fund budget projects a 1.6 percent increase in revenues and an approximate 3 percent increase in expenditures as compared to the budget for FY 10/11. It is also important to note that the Village will use \$256,000 from the restricted insurance account to partially fund the Village’s FY 11/12 liability insurance premium; however this is not reflected as a revenue source. The FY 11/12 budget is balanced at \$18,215,000.

General Fund Anticipated Revenue - \$17,959,000 - There are many sources of revenue needed to fund a \$17.9 million General Fund budget. Some of the revenue accounts are predictable based on past trends, while other revenues are more difficult to predict during the current economic recovery and unpredictable State shared revenues. This section will address the larger revenue accounts and those revenue accounts involving various assumptions and deviations from the FY 10/11 budget.

The following chart shows the budget trends for revenues that support the general fund, by category:



The major categories of revenue line items are as follows:

Sales Tax - \$6,500,000 – Recent strong retail activity and sales tax receipts account for an approximate 7 percent increase in sales tax for FY 11/12. Projected sales tax contributes approximately 36 percent of

the total anticipated revenue for the General Fund and is the largest revenue source in the General Fund.

Sales tax is elastic and can fluctuate based upon competition from adjacent communities and external economic forces from year to year and should not be completely relied upon as the ever increasing revenue source. The timing of new commercial uses and predicting resulting sales taxes to be generated by these new and sometimes competing businesses make sales tax less predictable as a revenue source. A benefit to sales tax is that it is largely funded by non-residents who shop within the Village.

Real Estate Taxes - \$5,951,000 – The real estate tax revenues include the distribution of the real estate taxes as levied. The real estate tax revenue contributes approximately 33 percent to the General Fund Budget and is flat from FY 10/11. Real Estate Taxes are the second largest source of revenue next to sales tax. Real Estate Taxes are a more stable revenue source than sales tax and will increasingly be depended on for funding Village operations. Property assessments are expected to decrease because of the downturn in the real estate market.

Income Tax - \$2,904,000 – Income taxes received by the State are based upon the census of population and overall income tax collected by the State. The events of the past years have slowed employment growth, and subsequently, the income tax revenue collected by the State. However in FY 11/12, the income tax revenue is projected to increase 4 percent from the budget projection for FY 10/11 on positive job outlook indicators. Income tax revenue consists of 16 percent of the total revenue for the General Fund.

Police and Court Fines - \$1,086,100 – This series of revenue accounts makes up the payments from fines, prosecution fees and forfeited funds related to police and court activities, plus any reimbursement for police training. Police and Court Fines account for 6 percent of the General Fund revenue.

Franchise Fees - \$590,050 – These items cover revenues provided to the Village by utility companies for use of the public rights of way through franchise agreements. This stable revenue source accounts for approximately 3 percent of the revenue in the General Fund and experienced a 5 percent increase from the FY 10/11 budget. The increase may be attributed to the first full year of the cable/video service provider fee from AT&T for their U-verse product.

Community Development Fees - \$264,500 – The revenue from building permits, platting fees, and annexation may fluctuate based on the economy and the extent of building activity. The Village continues to experience a significant decline in residential building permits and slower commercial development. Accordingly, a 38 percent decrease from the current budget in overall community development fees is projected. Community development fees account for 1 percent of the General Fund revenue in this budget, down from 2 percent for FY 10/11.

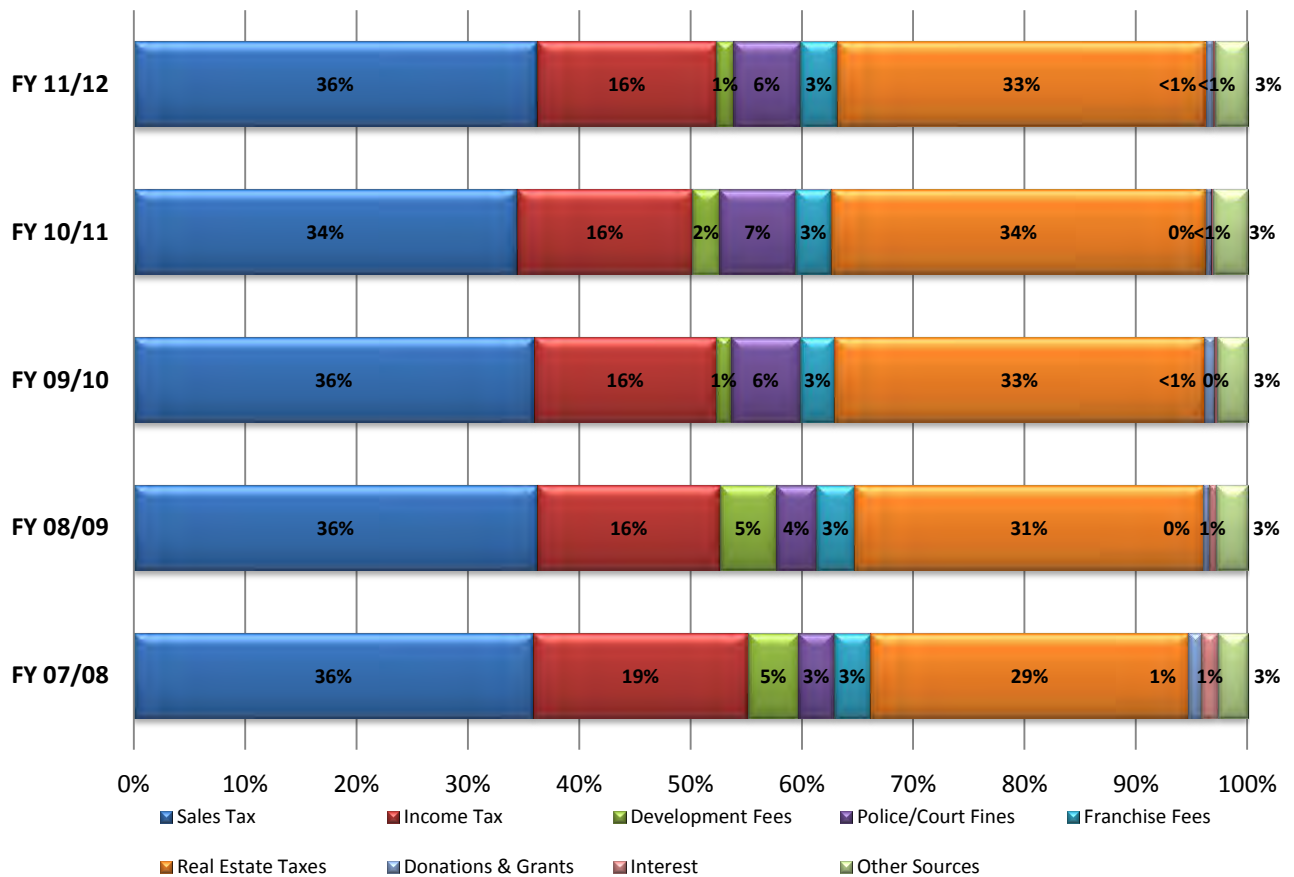
Grants and Donations - \$110,000 – This line item recognizes the revenue anticipated for various grant programs. Smaller contributions include the Meyer Material makeup fee from the annexation agreement. The funds available for grants and donations have declined over the years to less than 1 percent of the General Fund revenues.

Interest - \$32,500 – These revenue line items include very modest interest received from the various investment institutions utilized by the Village. With stable cash reserves so far, and very low interest

rates, this revenue source has decreased by 10 percent from FY 10/11. Interest income accounts for less than 1 percent of the General Fund revenue.

Other Revenue - \$520,850 – Fifteen other revenue sources account for the balance of the total revenue stream for the General Fund. A 4 percent decrease is expected in FY 11/12 from the prior year budget. The decrease is primarily due to the reduction in Recreation Programs expenditures (\$69,650) and is partially offset by the increase in Rental Income (\$51,000), which is attributed to wireless service provider equipment on Village property. All of the smaller revenue accounts together make up 3 percent of the General Fund revenue.

The following chart shows the current and historical breakdown of revenue items that fund the General Fund budget:



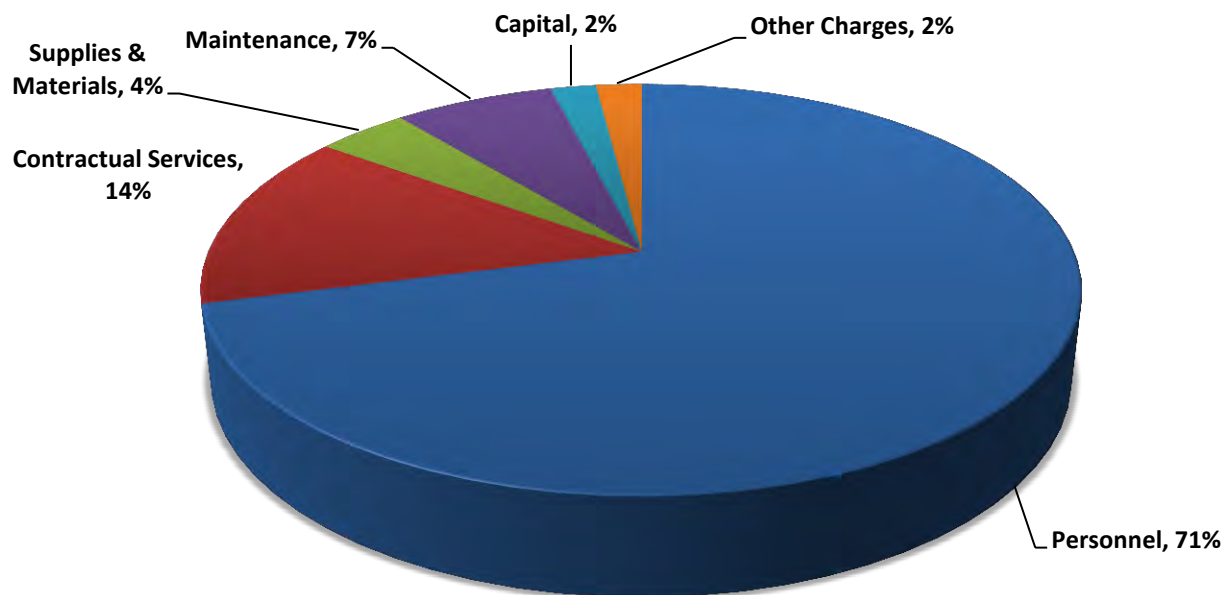
General Fund Expenditures

Administration, Police, Community Development, and Public Works are separate Departments funded by the General Fund. Public Works has three distinct divisions of responsibility covered under the General Fund: (1) Streets Division, (2) Parks & Forestry Division, and (3) Public Works Administration. The Water and Sewer Division is also under the Public Works Department, but is classified under the Water and Sewer Operating Fund, and is considered a separate free-standing Enterprise Fund. The Building Service and Vehicle Maintenance Service Funds are administered through the Public Works Department, but receive their revenue from each department based upon the needs of vehicle and equipment maintenance.

General Fund Expenditures by Department

Department	Expenditures	Percent of Total
General Services Administration	\$ 2,021,300	11%
Police	8,558,200	47%
Community Development	1,286,800	7%
Public Works - Administration	1,363,000	7%
Public Works - Streets	2,293,200	13%
Public Works - Parks and Forestry	1,884,000	10%
Multidepartmental	808,500	4%
TOTAL:	\$ 18,215,000	100%

General Fund Expenditures by Category*



*Does not include transfers to other funds (Debt Service, Pool, etc), long-term debt costs, working capital, or vehicle replacement.

Personnel - \$12,410,575 - The overall employee headcount for the General Fund in FY 11/12 has been reduced by 2.25 FTEs. Two full-time positions (Account Clerk II and Maintenance Worker II) will not be filled this fiscal year. In addition, a vacant Intern position in the General Services Administration Department will not be filled. The Village will utilize existing staff to maintain core Village services and assign employees across departments in lieu of hiring additional staff.

The General Fund budget suggests modest salary increases for current personnel. The Village Board will be considering whether there will be any increases to the merit compensation plan for nonunion employees, which is examined annually. The plan provides that the department heads, with the advice and consent of the Village Manager, will review all nonunion employees for possible merit increases. Each department establishes a merit pool, so the proposed raises can reflect job performance rather than automatic across-the-board pay increases. For budget purposes, an approximate 2 percent merit pool increase is recommended at this time. Implementation of the merit compensation plan as

established by the Committee of the Whole and the Village Board, by ordinance, will determine the appropriate merit pool increases for the employees during FY 11/12.

Health Insurance and Police Pension Contributions represent the largest increases in personnel expenditures in FY 11/12. As mentioned in the budget message, health insurance expenditures are budgeted conservatively as the Affordable Care Act is being implemented nationwide. Additionally, pension contribution expenses are being closely monitored as this line-item has more than double from FY 07/08.

Contractual Services - \$2,430,895 – The Contractual Services category generally consists of utilities and other services provided to the Village by a third party. Overall, natural gas expenditures are significantly decreasing due to the Village’s most recent franchise agreement with Nicor. Expenses for the Village’s portion of SEECOM (regional consolidated police dispatch) have been gradually increasing since FY 07/08 but remain flat this current fiscal year.

Supplies and Materials - \$654,765 – Supplies and Materials consist of day-to-day items required to provide community services, such as office supplies, tools, fuel, and postage costs. Fuel expenditures have increased due to expected price increases in the global economy. Additionally, there are budgeted expenditures for computer replacements in FY 11/12. Replacement has been deferred this previous fiscal year and funding will be allocated according to the Village computer replacement schedule.

Maintenance - \$1,257,915 – Maintenance costs are up modestly in FY 11/12, reflective of the Village aging facilities and fleet. A majority of these services are provided to Village department by the Internal Services Division of the Public Works Department. Other line items include Office Equipment Maintenance and various infrastructure maintenance items in the Public Works Streets and Parks & Forestry Divisions.

Capital Expenditures - \$349,365 - The FY 11/12 budget as presented does contain several capital purchases to improve operations. Capital expenditures have been deferred over the last two fiscal years to help address budget challenges. The Police Department has budgeted \$22,000 for a replacement Dodge Charger Police Cruiser vehicle. The Public Works Streets Division will replace a 1-ton dump truck (includes salt auger and plow) for \$65,000. The Public Works Parks and Forestry Division will purchase a large stump grinder (\$41,000) in response to the emerald ash borer pandemic. Additionally, a Topkick truck (\$150,000) and a supervisor’s vehicle (\$19,500) will be replaced. Finally, the Village will purchase a hybrid VoIP phone system for \$51,865, which will help modernize this technology and reduce phone expenditures in subsequent years.

Other Charges - \$282,190 – The Other Chargers category is for specific expenditures related to Village operations. The largest area includes uniforms and professional development costs for Village employees. These expenditures are down significantly from FY 10/11 since the Police Department’s Pension Contribution Expense line item is now reflected in Personnel costs to more accurately account for actual personnel expenditures.

Water and Sewer Operating Fund

The Water and Sewer Operating fund is a separate enterprise account that does not receive any tax income since revenue is derived solely from the use of the Village’s water and sewer services. It is this

reason the fund is classified as a true Enterprise Fund. The revenues and expenditures are directly related to the demand for these water and sewer services and are not supplemented by any other fund.

The FY 11/12 Water and Sewer Operating Fund budget is proposed to be balanced at \$5,540,600 (8 percent decrease from FY 10/11). The budget accommodates an increase in water and sewer rates effective in February 2012. Hot and dry summers may produce increased revenue for water production, but it is better to be conservative in this budget and not depend on specific weather conditions.

Anticipated Revenue – Water and Sewer Operating Fund - \$5,540,600 – Approximately \$5.3 million is expected to be generated from water and sewer fees. This source alone accounts for 95% of the revenue needed to operate the water and sewer system of the Village. Other revenue sources are generated from interest on cash reserves, service charges, late charges, wireless service provider rental fees, and new meter sales.

Proposed Expenditures – Water and Sewer Operating Fund - \$5,540,600– The expenditure format for the Water and Sewer Operating Fund separates the Water and Sewer Divisions; however, many of the expenditure items are split evenly between the two Divisions’ line items.

With regard to personnel for the Utilities Division, this budget proposes three (3) new seasonal personnel (0.75 FTEs) for FY 11/12. Two vacant positions (Environmental Compliance Coordinator and Maintenance Worker I) will not be filled this fiscal year. A total of 20.75 FTEs will focus on operations of the expanded Wastewater Treatment Plant, maintaining water and sewer distribution lines, and operation of the Water Treatment Plants. The priority of this year’s water and sewer operating budget is continued maintenance of the existing system and environmental protection of our water and sewer utility system.

Internal Service Funds

Building Services Fund – \$683,430 – The Building Services Fund is established to allow the building maintenance staff to plan routine maintenance procedures, generate more accurate staffing levels, and provide budgeting information reflective of the demand placed on each department and division of the Village for building supplies and maintenance. All equipment, supplies and labor incurred with the maintenance of municipal buildings are estimated and then allocated to each department based on the facilities used by each department or division. This inter-service fund more accurately reflects the true costs of operating each department and division of the Village by including what is commonly called “overhead” in each of the departments’ respective budgets. The Building Services Fund is proposed with a 6 percent increase from FY 10/11.

Vehicle Maintenance Service Fund – \$1,201,550 - The Vehicle Maintenance Service Fund is established to account for all the vehicle and equipment maintenance necessary across all departments of the Village. All parts and labor expenses incurred as part of the Village’s annual vehicle maintenance are estimated and then allocated to each department based on service needed for the maintenance of vehicles and equipment. In addition, this service fund has similar overhead expenditures of “contractual services,” “supplies,” “maintenance,” and “training,” as do other department budgets. The Vehicle Maintenance Fund coordinates the daily maintenance of over 300 vehicles and other pieces of equipment (chain saws, weed whips, etc.) that comprise the Village’s fleet. The Vehicle Maintenance Service Fund is proposed with a 3 percent increase in expenditures from FY 10/11.

Capital Improvement Project Funds

The Capital Improvement Project Funds are specifically designated for infrastructure projects in Algonquin. This includes the engineering, design, and construction of roads, parks, and water and sewer facilities. The Village maintains the following four funds to develop these community assets.

Motor Fuel Tax (MFT) Fund – The MTF Fund is used for maintenance and improvements of Village streets. The budget for FY 11/12 includes \$825,850 for revenues and \$328,000 for expenditures. No major construction projects are scheduled for FY 11/12 using MFT funds. Expenditures will be allocated to the maintenance of existing roadways. The current surplus in the MFT fund will go towards larger construction projects scheduled for FY 12/13.

Street Improvement Fund – The Street Improvement Fund is used for street maintenance and construction as well as drainage projects. An important difference between the Street Improvement Fund and MFT Fund is that the Street Improvement Fund relies on Village funding for capital projects, while the MFT fund is primarily state-shared revenue. With revenues budgeted at \$2,960,000 in FY 11/12, \$624,000 will be added to the fund balance to finance future road projects. The FY 11/12 expenditures include \$412,000 of engineering and construction management projects. Continued projects from FY 10/11 include Hanson Road, Algonquin Hills Phase 4 (North Harrison Street), Ratt Creek, and Grand Reserve. New projects include the Royal Hills Subdivision resurfacing (\$650,000) and South River Road erosion repair (\$300,000).

Park Fund - The Park Fund provides for large-scale new development of park sites as well as major wetland restoration and stream corridor maintenance projects. FY 11/12 revenues are budgeted at \$10,000 which will be added to the fund balance. To finance the \$230,500 of proposed expenditures in FY 11/12 the Village will use restricted funds and revenues received from grants. The impacts of the emerald ash borer warrant the use of \$70,000 of funds restricted for reforestation. Additional expenditures include \$115,000 for wetland mitigation and \$45,000 for open space maintenance.

Water and Sewer Improvement and Construction Fund - The Water and Sewer Improvement and Construction Fund provides for maintenance and improvements to Village water and sewer distribution and infrastructure. Revenues for FY 11/12 are projected at \$2,289,000 with expenditures at \$2,179,300. The remaining surplus will be used to finance larger projects in future years. The primary projects include the abandonment of Well No. 6 and construction of Well No. 14 on the Village's east side. These projects in total account for approximately \$950,000 of expenditures in FY 11/12. Other expenditures include the debt service payments for the Wastewater Treatment Facility expansion.

Swimming Pool Fund

The Swimming Pool Fund is used for the maintenance and operation of the Village's municipal pool. This fund is balanced at \$218,000 for FY 11/12 with a transfer from the General Fund of \$71,495. Additional regulatory requirements have required increased expenditures to ensure compliance. Furthermore, the increasing age of this facility has required additional maintenance costs (\$72,260 in FY 11/12) to keep this facility in good working order.

Debt Fund

The Village has five bond series with covenants that require debt service. Two of the bonds are related to the Water and Sewer Utility as follows:

- The 2001A Series refunded the 1993 Series which had been issued to finance extensions and improvements in the water and sewer systems. This bond series will be retired after FY 11/12.
- Series 2005A partially financed the Phase 6 expansion of the Wastewater Treatment Facility.

All of the Water and Sewer bonds were covered under the Water & Sewer Operating and Water & Sewer Improvement & Construction funds.

The remaining bonds pertain to construction of the Public Works Facility, as follows:

- Series 2010 refunded Series 2002A was issued to finance the construction and equipping of the Public Works Facility.
- Series 2005B refunded Series 2002B which was also issued to finance the construction and equipping of the Public Works Facility.

The Debt Service Fund is used for the payment of principal and interest related to the 2005B bond and 2010 series which financed the Public Works Facility. Future scheduled payments will increase the amount of principal and interest of the 2005B and 2010 series, so the overall budget will remain consistent.

The revenues of \$880,000 include a \$754,800 transfer from the General Fund and investment income of \$125,200. Expenditures for debt service include \$590,000 for reduction of principal, \$165,000 for payment of interest expense, and \$5,000 for payment of bond fees or total expenditures of \$760,000.

Pension Trust

Police Pension - Revenues for the Police Pension Fund total \$1,920,000 including employee contributions of \$407,000, investment income of \$579,000 and employer contributions of \$934,000. Expenditures for pension benefits/contribution refunds are \$260,000 and administration expenses are \$83,000 for total expenditures of \$343,000.

Special Revenue Fund

This Special Revenue Fund was created in FY 09/10 to consolidate line items for the Hotel Tax, School Donations, Cul De Sac, and Community Development revolving loan, described below:

Community Development Revolving Loan - This is a revolving loan program for development of small business. There are no loans at present and the only revenue is investment income of \$1,000. There are no loans proposed at this time.

School Donation - Revenues are budgeted at \$100,200 including \$100,000 for impact fees (per ordinance) and investment income of \$200. The expenditures for this fund include impact fee payments to the two school districts totaling \$100,000. Please note that the amount collected and released is dependent on construction and is a direct reflection of development fees. For budgeting purposes, the

amounts included here are consistent with the current fiscal year, but we estimate that these amounts are on the high end based on recent decline in construction in the Village.

Cul De Sac - Revenues are due to investment income of \$7,500. Expenditures of \$7,500 are for contractual snow plowing.

Hotel Tax - Revenues from the Hotel Tax result from taxes on hotel room billings pursuant to the municipal ordinance. The budget for revenues includes hotel tax receipts of \$55,000 and investment income of \$3,000. Expenditures are \$58,000 including \$13,000 for regional marketing and a transfer to the General Fund of \$45,000.

The total revenues for the Special Revenue Fund are \$166,700 with expenditures of \$165,500. The difference will be applied to the fund balance.



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