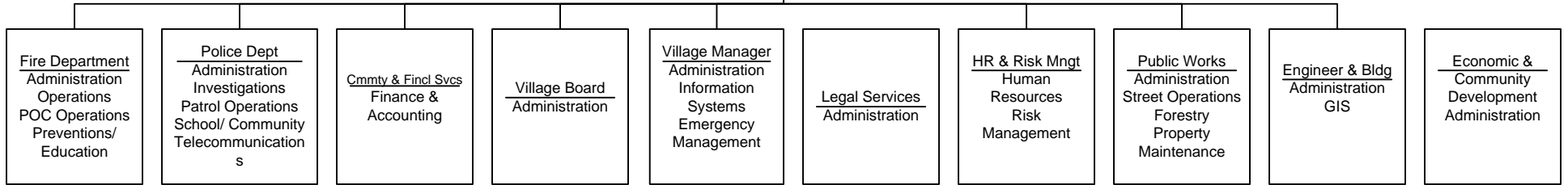


Village of Barrington 2009 – 2010 Fund Structure (All Numbers in Thousands)

Governmental Funds

General Fund
 FY 2009 Budget: \$ 15,778.0
 FY 2010 Budget: \$ 15,471.0



Capital Improvement Fund
 FY 2009 Budget: \$1,550.0
 FY 2010 Budget: \$1,901.4

Debt Service Fund
 FY 2009 Budget: \$834.2
 FY 2010 Budget: \$831.0

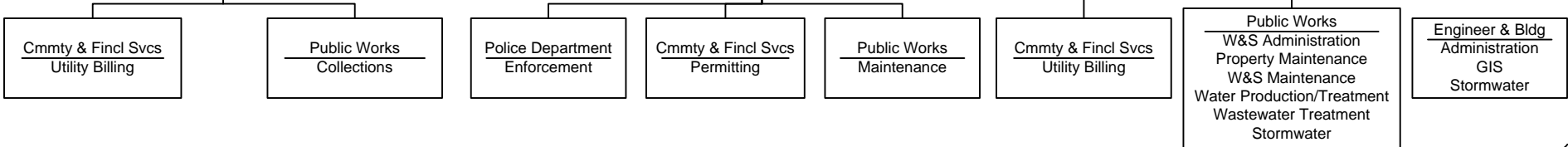
Tax Increment Financing Fund
 FY 2009 Budget: \$2,451.8
 FY 2010 Budget: \$4,093.7

Enterprise Funds

Recycling and Refuse Fund
 FY 2009 Budget: \$1,068.6
 FY 2010 Budget: \$1,097.5

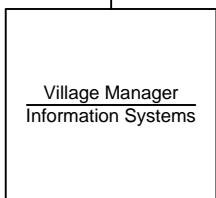
Motor Vehicle Parking Fund
 FY 2009 Budget: \$1,138.7
 FY 2010 Budget: \$1,117.3

Water, Sewer & Stormwater Fund
 FY 2009 Budget: \$6,742.9
 FY 2010 Budget: \$7,440.3

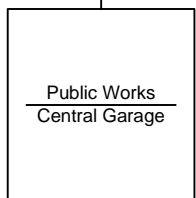


Internal Service Funds

Information Systems Fund
 FY 2009 Budget: \$1,056.1
 FY 2010 Budget: \$386.8



Central Garage Fund
 FY 2009 Budget: \$1,604.4
 FY 2010 Budget: \$1,052.3



Fiduciary Funds

Firefighter's Pension Fund
 FY 2009 Budget: \$214.8
 FY 2010 Budget: \$220.8

Police Pension Fund
 FY 2009 Budget: \$1,240.4
 FY 2010 Budget: \$1,271.8.8

SUMMARY FINANCIAL TABLES

Fiscal Year 2009 Summary of Sources and Uses of Funds and Changes in Fund Balance/Net Assets

	Village Totals	General Fund	Other Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds
Sources of Funds						
<i>Estimated Revenues</i>						
Property Taxes	4,670,904	2,725,000	1,900,108	45,796	-	-
Sales Tax	3,615,500	3,615,500	-	-	-	-
Other Taxes	2,360,338	1,735,338	625,000	-	-	-
Licenses & Permits	704,925	406,350	20,000	278,575	-	-
Intergovernmental	486,800	486,800	-	-	-	-
Charges for Services	11,129,354	4,631,910	-	5,926,491	570,953	-
Fines & Forfeits	276,058	94,458	-	181,600	-	-
Village Property Usage	585,230	508,480	68,250	8,500	-	-
Intvestment Income	1,609,996	401,800	18,750	220,215	106,731	862,500
Miscellaneous	2,113,100	30,600	356,000	1,139,500	58,000	529,000
Total Estimated Revenues	27,552,205	14,636,236	2,988,108	7,800,677	735,684	1,391,500
<i>Other Sources of Funds</i>						
Interfund Charges In	3,015,653	962,048	-	-	1,194,605	859,000
Transfers In	5,000	-	-	5,000	-	-
Other Financing Sources	3,917,000	-	2,500,000	1,417,000	-	-
Total Other Sources of Funds	6,937,653	962,048	2,500,000	1,422,000	1,194,605	859,000
Total Sources of Funds	34,489,858	15,598,284	5,488,108	9,222,677	1,930,289	2,250,500
Uses of Funds						
<i>Budgeted Expenditures/Expenses</i>						
General Government	2,981,856	2,379,753	325,000	-	277,103	-
Public Safety	9,941,291	9,756,041	-	-	-	185,250
Public Works	2,289,324	1,656,276	-	-	633,048	-
Economic & Community Development	342,779	342,779	-	-	-	-
Engineering and Building	360,645	360,645	-	-	-	-
Waterworks & Sewerage	2,862,551	-	-	2,862,551	-	-
Recycling & Refuse	804,578	-	-	804,578	-	-
Parking	927,619	-	-	927,619	-	-
Equipment Purchases	1,774,336	396,356	-	-	1,377,980	-
Non-Capital Construction	451,000	-	(550,000)	1,001,000	-	-
Capital Expenditures/Expenses	5,444,000	-	3,490,000	1,629,000	325,000	-
Other Expenditures	3,379,560	-	1,570,999	538,561	-	1,270,000
Total Expenditures/Expenses	31,559,539	14,891,850	4,835,999	7,763,309	2,613,131	1,455,250
<i>Other Uses of Funds</i>						
Interfund Charges (Out)	2,120,402	886,186	-	1,186,850	47,366	-
Transfers Out	5,000	5,000	-	-	-	-
Total Other Uses of Funds	2,125,402	891,186	-	1,186,850	47,366	-
Total Uses of Funds	33,684,940	15,783,036	4,835,999	8,950,158	2,660,497	1,455,250
Net Change in Fund Balance / Net Assets	1,741,970	(184,752)	652,109	884,571	(405,208)	795,250
Fund Balance / Net Assets, January 1, 2009	71,917,319	10,142,059	3,841,337	27,786,773	4,806,414	25,340,736
Fund Balance / Equity, December 31, 2009	73,659,289	9,957,307	4,493,446	28,671,344	4,401,206	26,135,986

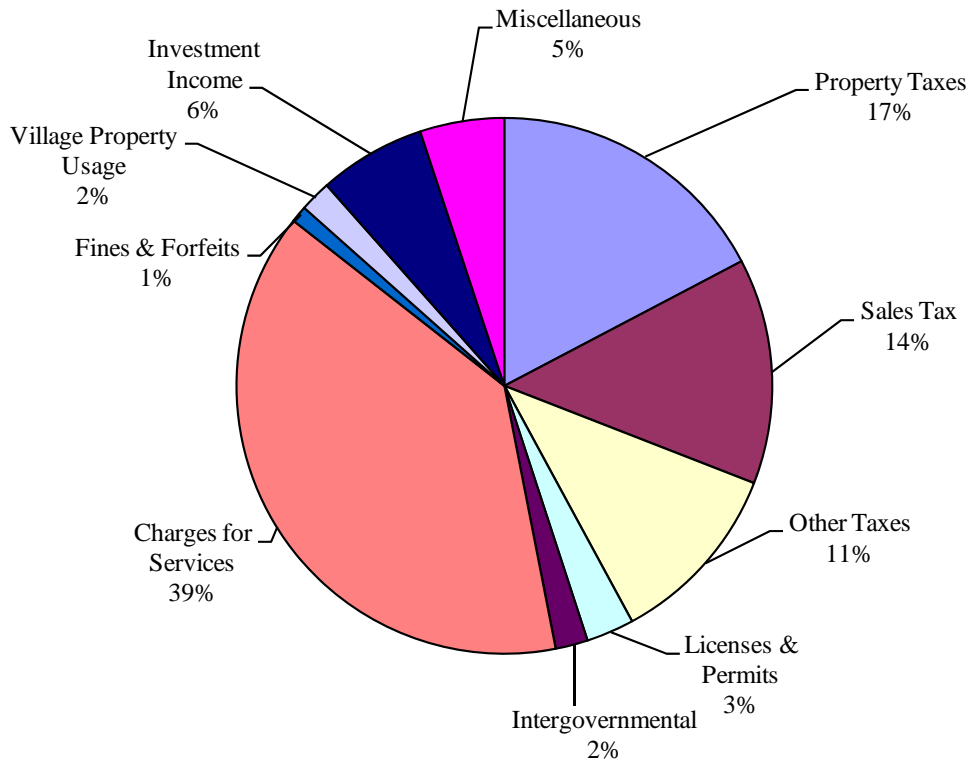
Fiscal Year 2009 Summary of Sources and Uses of Funds and Changes in Fund Balance/Equity by Fund

	<u>Village Totals</u>	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>TIF Redevelopment Fund</u>	<u>Debt Service Fund</u>
Sources of Funds					
<i>Estimated Revenues</i>					
Property Taxes	4,670,904	2,725,000	-	1,067,028	833,080
Sales Tax	3,615,500	3,615,500	-	-	-
Other Taxes	2,360,338	1,735,338	625,000	-	-
Licenses & Permits	704,925	406,350	20,000	-	-
Intergovernmental	486,800	486,800	-	-	-
Charges for Services	11,129,354	4,631,910	-	-	-
Fines & Forfeits	276,058	94,458	-	-	-
Village Property Usage	585,230	508,480	-	68,250	-
Investment Income	1,609,996	401,800	7,950	-	10,800
Miscellaneous	2,113,100	30,600	356,000	-	-
Total Estimated Revenues	27,552,205	14,636,236	1,008,950	1,135,278	843,880
<i>Other Sources of Funds</i>					
Interfund Charges In	3,015,653	962,048	-	-	-
Transfers In	5,000	-	-	-	-
Financing Proceeds	3,917,000	-	-	2,500,000	-
Total Other Sources of Funds	6,937,653	962,048	-	2,500,000	-
Total Sources of Funds	34,489,858	15,598,284	1,008,950	3,635,278	843,880
Uses of Funds					
<i>Budgeted Expenditures/Expenses</i>					
Personnel Services Total	13,587,121	11,002,508	-	-	-
Professional Development	158,731	131,168	-	-	-
Contractual Services	5,091,250	2,425,390	-	325,000	-
Commodities	1,229,313	548,670	-	-	-
Program Expenditures	444,228	387,758	-	-	-
Equipment Purchases	1,774,336	396,356	-	-	-
Non-Capital Construction	451,000	-	(550,000)	-	-
Capital Expenditures/Expenses	5,444,000	-	2,100,000	1,390,000	-
Other Expenditures	3,379,560	-	-	736,819	834,180
Total Expenditures/Expenses	31,559,539	14,891,850	1,550,000	2,451,819	834,180
<i>Other Uses of Funds</i>					
Interfund Charges (Out)	2,120,402	886,186	-	-	-
Transfers (Out)	5,000	5,000	-	-	-
Total Other Uses of Funds	2,125,402	891,186	-	-	-
Total Uses of Funds	33,684,940	15,783,036	1,550,000	2,451,819	834,180
Net Change in Fund Balance / Net Assets	1,741,970	(184,752)	(541,050)	1,183,459	9,700
Fund Balance / Net Assets, January 1, 2009	71,917,319	10,142,059	10,053,677	(6,597,364)	385,024
Fund Balance / Net Assets, December 31, 2009	73,659,289	9,957,307	9,512,627	(5,413,905)	394,724

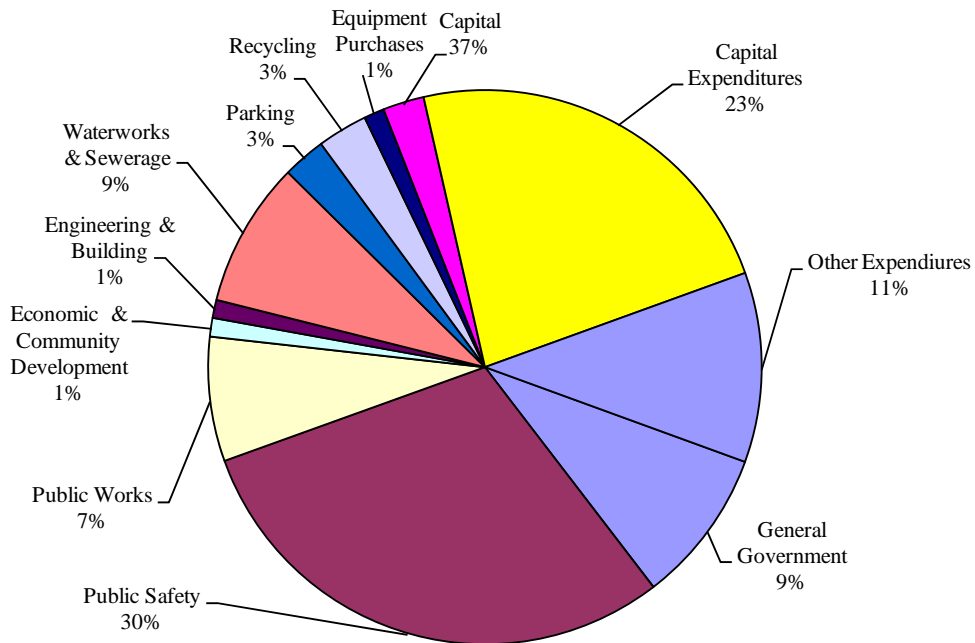
Fiscal Year 2009 Summary of Sources and Uses of Funds and Changes in Fund Balance/Equity by Fund

Water/Sewer Stormwater Fund	Recycling & Refuse Fund	Motor Vehicle Parking Fund	Information Systems Fund	Central Garage Fund	Firefighter's Pension Fund	Police Pension Fund
-	-	45,796	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	278,575	-	-	-	-
-	-	-	-	-	-	-
4,309,991	1,110,000	506,500	160,153	410,800	-	-
-	-	181,600	-	-	-	-
-	-	8,500	-	-	-	-
158,640	6,875	54,700	25,044	81,687	225,000	637,500
1,065,500	20,000	54,000	-	58,000	289,000	240,000
5,534,131	1,136,875	1,129,671	185,197	550,487	514,000	877,500
-	-	-	426,856	767,749	452,000	407,000
-	5,000	-	-	-	-	-
1,417,000	-	-	-	-	-	-
1,417,000	5,000	-	426,856	767,749	452,000	407,000
6,951,131	1,141,875	1,129,671	612,053	1,318,236	966,000	1,284,500
1,610,155	122,411	467,473	110,783	273,791	-	-
11,049	74	600	6,500	990	4,250	4,100
902,602	804,094	272,415	157,770	27,380	60,375	116,225
307,275	1,040	39,090	2,050	330,888	200	100
31,470	-	25,000	-	-	-	-
-	-	-	776,980	601,000	-	-
841,000	-	160,000	-	-	-	-
1,629,000	-	-	-	325,000	-	-
538,561	-	-	-	-	150,000	1,120,000
5,871,112	927,619	964,578	1,054,083	1,559,048	214,825	1,240,425
871,776	140,993	174,081	2,064	45,302	-	-
871,776	140,993	174,081	2,064	45,302	-	-
6,742,887	1,068,612	1,138,659	1,056,147	1,604,350	214,825	1,240,425
820,296	73,263	(8,988)	(444,094)	38,886	751,175	44,075
24,424,081	183,261	3,179,431	1,179,815	3,626,600	7,672,914	17,667,822
25,244,377	256,523	3,170,443	735,721	3,665,485	8,424,089	17,711,897

2009 Sources of Village Funds



2009 Uses of Village Funds



Fiscal Year 2010 Summary of Sources and Uses of Funds and Changes in Fund Balance/Equity

	Village <u>Totals</u>	General <u>Fund</u>	Other Governmental <u>Funds</u>	Enterprise <u>Funds</u>	Internal Service <u>Funds</u>	Fiduciary <u>Funds</u>
Sources of Funds						
<i>Estimated Revenues</i>						
Property Taxes	4,749,849	2,800,000	1,904,053	45,796	-	-
Sales Tax	3,737,500	3,737,500	-	-	-	-
Other Taxes	3,068,734	1,833,734	1,235,000	-	-	-
Licenses & Permits	791,105	479,550	20,000	291,555	-	-
Intergovernmental	535,940	535,940	-	-	-	-
Charges for Services	10,609,363	4,205,226	-	6,317,704	86,433	-
Fines & Forfeits	276,058	94,458	-	181,600	-	-
Village Property Usage	516,980	508,480	-	8,500	-	-
Intvestment Income	1,771,963	431,553	20,625	234,717	117,568	967,500
Miscellaneous	1,397,075	30,600	211,000	591,500	36,975	527,000
Total Estimated Revenues	27,454,567	14,657,041	3,390,678	7,671,372	240,976	1,494,500
<i>Other Sources of Funds</i>						
Interfund Charges In	3,059,035	875,745	-	-	1,311,290	872,000
Transfers In	5,000	-	-	5,000	-	-
Other Financing Sources	9,400,000	-	1,500,000	7,900,000	-	-
Total Other Sources of Funds	12,464,035	875,745	1,500,000	7,905,000	1,311,290	872,000
Total Sources of Funds	39,918,602	15,532,786	4,890,678	15,576,372	1,552,266	2,366,500
Uses of Funds						
<i>Budgeted Expenditures/Expenses</i>						
General Government	2,955,702	2,349,442	325,000	-	281,260	-
Public Safety	9,798,566	9,607,986	-	-	-	190,580
Public Works	2,379,137	1,740,348	-	-	638,788	-
Economic & Community Development	354,987	354,987	-	-	-	-
Engineering & Building	345,086	345,086	-	-	-	-
Waterworks & Sewerage	2,780,755	-	-	2,780,755	-	-
Parking	825,030	-	-	825,030	-	-
Recycling	958,974	-	-	958,974	-	-
Equipment Purchases	389,520	67,570	-	-	321,950	-
Non-Capital Construction	787,250	-	-	787,250	-	-
Capital Expenditures/Expenses	7,544,350	-	4,716,350	2,678,000	150,000	-
Other Expendiures	3,627,680	-	1,784,719	540,961	-	1,302,000
Total Expenditures/Expenses	32,747,037	14,465,418	6,826,069	8,570,970	1,391,999	1,492,580
<i>Other Uses of Funds</i>						
Interfund Charges (Out)	2,136,950	1,005,621	-	1,084,193	47,136	-
Transfers Out	5,000	5,000	-	-	-	-
Total Other Uses of Funds	2,141,950	1,010,621	-	1,084,193	47,136	-
Total Uses of Funds	34,888,987	15,476,039	6,826,069	9,655,164	1,439,135	1,492,580
Net Change in Fund Balance / Net Assets	5,029,615	56,747	(1,935,391)	1,114,970	263,131	873,920
Fund Balance / Net Assets, January 1, 2010	73,659,289	9,957,307	4,493,446	28,671,344	4,401,206	26,135,986
Fund Balance / Equity, December 31, 2010	74,032,666	10,014,054	2,558,055	29,786,314	4,664,337	27,009,906

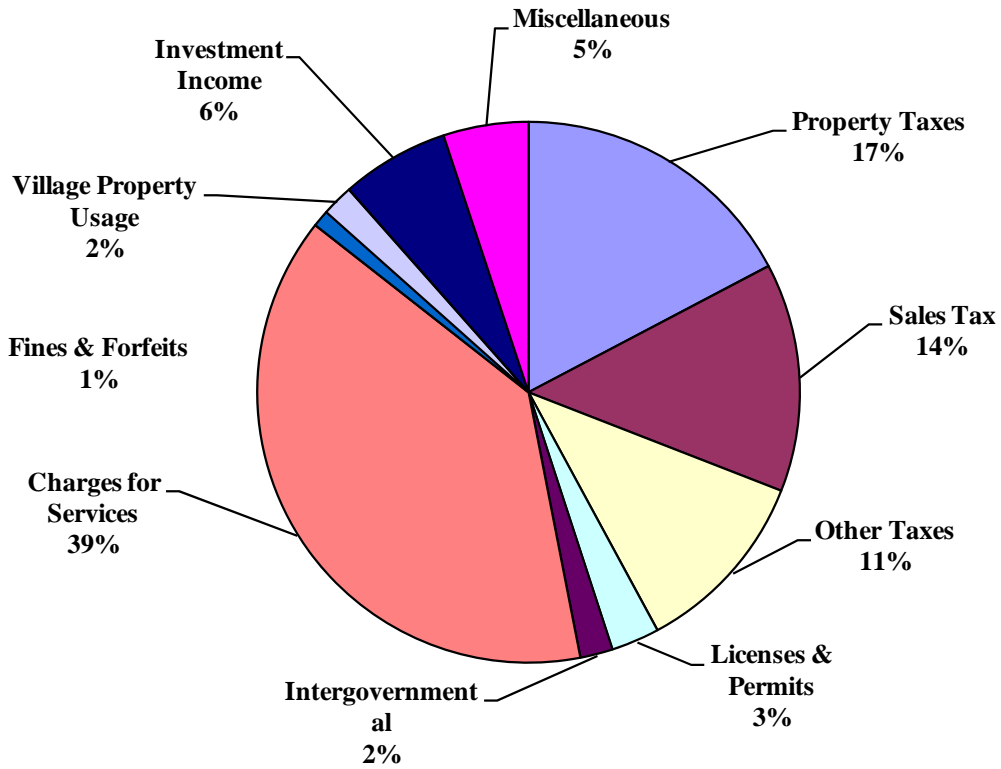
Fiscal Year 2010 Summary of Sources and Uses of Funds and Changes in Fund Balance/Equity by Fund

	<u>Village Totals</u>	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>TIF Redevelopment Fund</u>	<u>Debt Service Fund</u>
Sources of Funds					
<i>Estimated Revenues</i>					
Property Taxes	4,749,849	2,800,000	-	1,074,153	829,900
Sales Tax	3,737,500	3,737,500	-	-	-
Other Taxes	3,068,734	1,833,734	1,235,000	-	-
Licenses & Permits	791,105	479,550	20,000	-	-
Intergovernmental	535,940	535,940	-	-	-
Charges for Services	10,609,363	4,205,226	-	-	-
Fines & Forfeits	276,058	94,458	-	-	-
Village Property Usage	516,980	508,480	-	-	-
Investment Income	1,771,963	431,553	8,745	-	11,880
Miscellaneous	1,397,075	30,600	211,000	-	-
Total Estimated Revenues	27,454,567	14,657,041	1,474,745	1,074,153	841,780
<i>Other Sources of Funds</i>					
Interfund Charges In	3,059,035	875,745	-	-	-
Transfers In	5,000	-	-	-	-
Financing Proceeds	9,400,000	-	-	1,500,000	-
Total Other Sources of Funds	12,464,035	875,745	-	1,500,000	-
Total Sources of Funds	39,918,602	15,532,786	1,474,745	2,574,153	841,780
Uses of Funds					
<i>Budgeted Expenditures/Expenses</i>					
Personnel Services Total	13,550,530	10,922,730	-	-	-
Professional Development	186,632	157,604	-	-	-
Contractual Services	5,084,546	2,472,981	-	325,000	-
Commodities	1,160,235	485,310	-	-	-
Program Expenditures	416,293	359,223	-	-	-
Equipment Purchases	389,520	67,570	-	-	-
Non-Capital Construction	787,250	-	-	-	-
Capital Expenditures	7,544,350	-	1,901,350	2,815,000	-
Other Expenditures	3,627,680	-	-	953,719	831,000
Total Expenditures/Expenses	32,747,037	14,465,418	1,901,350	4,093,719	831,000
<i>Other Uses of Funds</i>					
Interfund Charges (Out)	2,136,950	1,005,621	-	-	-
Transfers (Out)	5,000	5,000	-	-	-
Total Other Uses of Funds	2,141,950	1,010,621	-	-	-
Total Uses of Funds	34,888,987	15,476,039	1,901,350	4,093,719	831,000
Net Change in Fund Balance / Net Assets	373,376	56,747	(426,605)	(1,519,566)	10,780
Fund Balance / Net Assets, January 1, 2010	73,659,289	9,957,307	9,512,627	(5,413,905)	394,724
Fund Balance / Equity, December 31, 2010	74,032,665	10,014,054	9,086,022	(6,933,471)	405,504

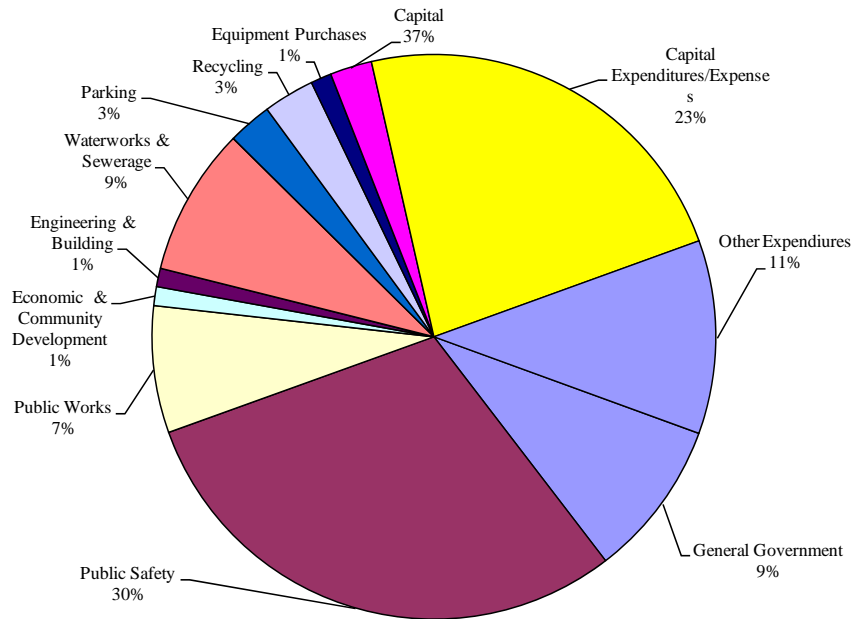
Fiscal Year 2010 Summary of Sources and Uses of Funds and Changes in Fund Balance/Equity by Fund

Water/Sewer Stormwater Fund	Recycling & Refuse Fund	Motor Vehicle Parking Fund	Information Systems Fund	Central Garage Fund	Firefighter's Pension Fund	Police Pension Fund
-	-	45,796	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	291,555	-	-	-	-
-	-	-	-	-	-	-
4,668,204	1,143,000	506,500	41,433	45,000	-	-
-	-	181,600	-	-	-	-
-	-	8,500	-	-	-	-
166,729	7,563	60,425	27,763	89,805	245,000	722,500
517,500	20,000	54,000	-	36,975	303,000	224,000
5,352,433	1,170,563	1,148,376	69,196	171,780	548,000	946,500
-	-	-	526,550	784,740	490,000	382,000
-	5,000	-	-	-	-	-
7,900,000	-	-	-	-	-	-
7,900,000	5,000	-	526,550	784,740	490,000	382,000
13,252,433	1,175,563	1,148,376	595,746	956,520	1,038,000	1,328,500
1,625,409	125,952	478,960	114,865	282,613	-	-
12,611	77	600	6,250	1,070	4,320	4,100
805,530	831,915	280,910	158,095	28,255	61,305	120,555
305,535	1,030	39,160	2,050	326,850	200	100
31,670	-	25,400	-	-	-	-
-	-	-	104,000	217,950	-	-
667,250	-	120,000	-	-	-	-
2,678,000	-	-	-	150,000	-	-
540,961	-	-	-	-	155,000	1,147,000
6,666,966	958,974	945,030	385,260	1,006,738	220,825	1,271,755
773,380	138,524	172,289	1,571	45,565	-	-
-	-	-	-	-	-	-
773,380	138,524	172,289	1,571	45,565	-	-
7,440,346	1,097,498	1,117,319	386,831	1,052,303	220,825	1,271,755
1,005,848	78,065	31,057	208,915	54,217	817,175	56,745
25,244,377	256,523	3,170,443	735,721	3,665,485	8,424,089	17,711,897
26,250,224	334,588	3,201,501	944,635	3,719,702	9,241,264	17,768,642

2010 Sources of Village Funds



2010 Uses of Village Funds



GENERAL FUND

Description: The General Fund is used to account for the resources and activities associated with the majority of day-to-day operations of the Village. The General Fund receives the majority of Village revenues and utilizes these resources to fund expenditures traditionally associated with government, including general administration, police protection, fire protection, highway and street maintenance, building and zoning code enforcement, and planning and economic development.

Fund Structure

The General Fund is a governmental fund type; this means the revenues, expenditures, transfers, and financial results in the Fund are accounted for on the modified accrual basis of accounting (please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting). Four categories of Fund Balance have been established in the General Fund to account for the disparate revenues, expenditures, and accumulated assets in the Fund, these categories include:

- Unreserved – Undesignated – Segment of the total Fund Balance available to redeem any or all current or future obligations of the Village (subject to a minimum balance established by policy).
- Designated – Contingency – Segment of the Fund Balance designated as a contingency for emergency expenditures or the unanticipated cessation of a major revenue source.
- Reserved for Restricted Revenues – Segment of the Fund Balance that represents revenues restricted by Illinois State Statute or Village Code for a particular purpose. These revenues include Motor Fuel Tax Revenues, E-911 Surcharge Revenues, SSA #1 Snow Removal Revenues, SSA #3 Chippendale Revenues, Hotel/Motel Tax Revenues, Memorial Donations Revenues, Foreign Fire Insurance Tax and DUI Fines. This category of Fund Balance represents the accumulated total of the restricted revenues that have not been expended for their associated special purpose.
- Designated – Equipment – Segment of the total Fund Balance accumulated and designated for the purpose of purchasing replacement equipment.

These categories were established in response to changes implemented in the Village's fund structure due to the reporting requirements in Governmental Accounting Standards Board (GASB) Statement #34. Effective with the fiscal year 2003 budget, the Village eliminated its Special Revenue and Equipment Replacement Funds and incorporated those revenues, expenditures, and assets into the General Fund. These Funds were incorporated into the General Fund to ease the accounting adjustments that would have otherwise been necessary to comply with GASB Statement #34's requirement of disaggregating non-major funds from the government wide financial statements.

One difficulty brought about by the establishment of these categories is determining what represents a balanced budget for the General Fund at the end of a fiscal year. According to Village policy (please see the Budget and Financial Policies section of this document on Pages 32-38), a balanced budget in the General Fund is determined by the positive or negative results in the Unreserved – Undesignated Fund Balance. The expenditures associated with General Fund operating activities are supported by the revenues and accumulated resources of this category of Fund Balance. Increases or decreases in this Fund Balance category are indicative of the General Fund's ability to support continuing operations.

As a result of this budget policy, conclusions about positive or negative financial results for a particular year are dependent on an analysis of the results for the Undesignated – Unreserved Fund Balance. A decrease in the other categories of Fund Balance that is larger than the increase in the Unreserved – Undesignated Fund Balance may lead to an overall decline in the Total Fund Balance. However, this overall decline would be considered a positive financial result by the Village if the Undesignated – Unreserved Fund Balance

increases. It is possible to have positive financial results in a particular year even if the Total Fund Balance declines.

Minimum Fund Balances

The minimum Undesignated – Unreserved Fund Balance for the General Fund has been established (as detailed in the Financial and Budgeting Policies section on Pages 32-38) at three months of operating expenditures. The minimum Undesignated – Unreserved Fund Balance for 2009 is equal to \$3,944,509 (\$15,778,036 (budgeted expenditures) * 25%) and the minimum Balance for 2010 is equal to \$3,867,760 (\$15,471,039 (budgeted expenditures) * 25%).

A minimum balance has also been established for the Fund Balance Designated for Equipment. This portion of the Fund Balance was established to ensure that resources will be available in the future to purchase replacements for equipment currently in use. The financial position for this portion of the Fund Balance is contingent on maintaining a balance that is higher than the amount needed for the future replacement of equipment as indicated by the Equipment Useful Life Schedule. The minimum balance is based on detailed equipment useful life schedules. These schedules include the purchase date, an expected useful life, an expected replacement cost, and the amounts that need to be reserved for future replacement purchases for each year of the equipment's useful life. The minimum Fund Balance Designated for Equipment in 2009 is equal to \$1,600,000 and the minimum Balance for 2010 is equal to \$1,700,000.

In a particular year the Fund Balance Designated for Equipment may decline because the expense of the equipment purchased is higher than the amount designated for future purchases. However, if the Fund Balance remains higher than the minimum needed for future replacements, the Village considers this to be a positive financial result for that year. In this situation the Village is utilizing the Fund Balance accumulated for the replacement of equipment for its designated purpose.

No minimum balance has been established for the Fund Balance Reserved for Restricted Revenues.

Analysis of Revenues and Expenditures

The 2009 Budget estimates \$15,598,284 in revenues for the General Fund, a decrease of \$694,807 (4.26%) from the 2008 revenue estimate of \$16,293,091. This is also a decrease of \$329,960 (2.07%) from 2008 projected actual revenues of \$15,928,244. The 2010 Budget includes \$15,532,786 in total revenues for the General Fund, a decrease of \$65,498 (.42%) from the 2009 revenue estimate (please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-88 for a more detailed analysis of various revenue sources).

- Property Taxes increase \$143,021 (5.54%) in 2009, from \$2,581,979 in 2008 (*projected actual*) to \$2,725,000. In 2010 Property Taxes are estimated to increase again to \$2,800,000. These increases are caused by appreciation in property values in the Village and by commercial and residential developments. The revenue increases based on the appreciation in property values are constrained by the State "Tax Cap" statute which in 2009 will limit the growth in property tax revenues to 4.1% for existing property. However, the increase in this revenue source due to commercial and residential development is not constrained and the number of developments and reconstruction reinvestment occurring in the Village in 2008 and 2009 will have a positive impact on property tax revenues.
- Sales Tax revenue is estimated to decrease \$384,500 (9.61%) from \$4,000,000 in 2008 (*projected actual*) to \$3,615,500 in 2009. An increase of \$122,000 (3.37%) to \$3,737,500 is estimated for 2010. The decrease for 2009 is expected due to the national and local economic recession occurring at this time. However, the economic outlook is for a moderate recovery in 2009 continuing in 2010 which will produce higher sales taxes in 2010. In addition, several commercial developments are expected to have a positive impact on Sales Tax receipts in 2009 and 2010 (*i.e., Walgreens, Phillips 66 Gas Station and the opening of several restaurants in Downtown Barrington*).

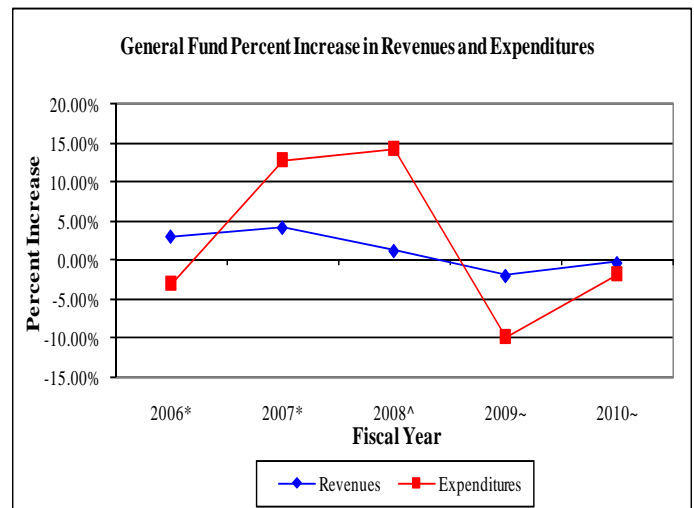
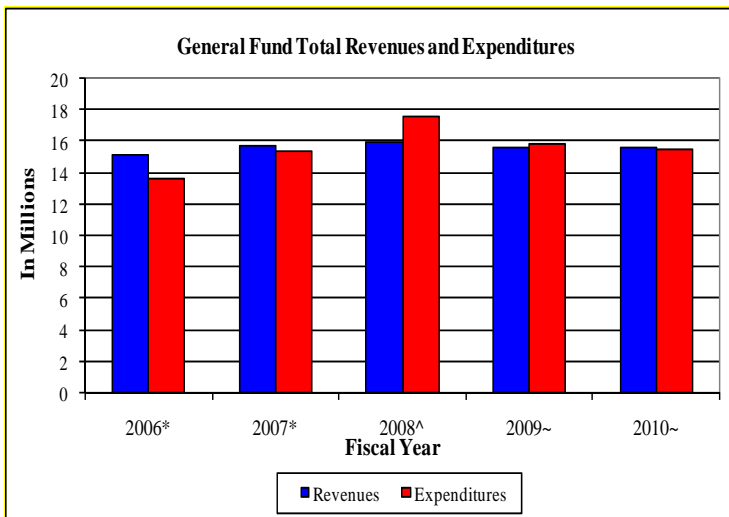
- Other Taxes are estimated to increase \$432,458 (33.19%) from \$1,302,880 in 2008 (*projected actual*) to \$1,735,338 in 2009. A further increase of \$98,396 (5.67%) is expected in 2010. The majority of the increase is due to a portion of the Utility Taxes (*Electric, Gas and Telecommunications*) being allocated to the General Fund rather than the Capital Improvement Fund to cover the short-term decline in other General Fund revenue sources.
- Licenses and Permits are expected to decrease \$72,975 in 2009, from \$497,325 in 2008 (*projected actual*) to \$406,350 in 2009. This revenue source is expected to increase to \$479,550 in 2010. The decrease in 2009 is projected as the amount of development activity is expected to slump in 2009 and therefore the Engineering and Building Department revenues are projected to drop from 2008. The Village expects development activity to be fairly constant in 2010 and is therefore projecting an increase in revenue from 2009.
- Intergovernmental Revenues are expected to increase in 2009, from \$418,000 in 2008 (*projected actual*) to \$486,800 in 2009, an increase of 16.46%. In 2010, Intergovernmental Revenues are estimated to increase further to \$535,940. The increase in 2009 is a result of the projection of an increase in the funding from the local school district for an additional officer in the Middle School through the School Officer program. This increase in revenue is for 4 months in 2009 and for a full school year in 2010 which is reflected in the additional revenue source accounted for in 2010.
- Charges for Services decrease \$1,142,626 (19.79%) in 2009, from \$5,774,536 in 2008 (*projected actual*) to \$4,631,910 in 2009. Another decrease of \$426,684 (9.21%) to \$4,205,226 occurs in 2010. These increases are caused by loss of an intergovernmental agreement with the Village of Inverness for police services. This agreement will expire on May 1, 2009 and, therefore, the Village will receive 4 months of revenues in 2009 under this agreement and none in 2010 which is the reason for the further decline in revenues in 2010 for this category.
- Fines and Forfeitures are expected to increase \$17,458 (22.67%) in 2009 from \$77,000 in 2008 (*projected actual*) to \$94,458. In 2010, Fines and Forfeitures are expected to remain stable at \$94,458.
- Village Property Usage is expected to increase substantially by \$338,420 (199%) in 2009 from \$170,060 in 2008 (*projected actual*) to \$508,480. Village Property Usage is then expected to remain stable in 2010. The increase in 2009 is due to an increase in Rental Income which is attributable to the recognition of the Cell Tower Lease income in the General Fund for this 2009/2010 budget cycle rather than the Capital Improvement Fund.
- Investment Income is expected to increase \$96,800 (31.74%) in 2009, from \$305,000 in 2008 (*projected actual*) to \$401,800 in 2009. In 2010, this revenue source is expected to increase an additional \$29,753 (7.40%) to \$431,553. The increase in both years is expected to occur as the General Fund will be receiving interest from the escrow holdings in increased amounts in 2009 and 2010.
- Miscellaneous Revenues are expected to decrease \$87,250 in 2009, from \$117,850 in 2008 (*projected actual*) to \$30,600 in 2009. In 2010, this revenue source is expected to remain stable at \$30,600. The decrease in 2009 is due to a decrease in other income as the Village received FEMA disaster reimbursements of approximately \$60,000 in 2008 and those reimbursements are not projected in 2009 and due to a decrease in donations from other communities for the expenses incurred in the rail issues which faced the Village in 2008. As with the FEMA reimbursements, these revenues are not projected again in 2009.
- Interfund Charges are expected to increase \$260,434 (37.12%) in 2009, from \$701,614 in 2008 (*projected actual*) to \$962,048 in 2009. In 2010, this revenue source is expected to decrease \$86,303 (8.97%) to \$875,745. Interfund Charge Revenue in the General Fund consists of an Administrative and Risk Management Charge to the Enterprise Funds for services provided by the General Fund to the Enterprise Funds. Increases in Administrative and Risk Management expenditures in the General Fund which are allocated to the enterprise funds will generate additional Interfund Charge revenue.

The 2009 Budget includes \$15,778,036 in budgeted expenditures for the General Fund, a decrease of \$1,941,798 (10.96%) from the 2008 Budget of \$17,719,834 and a decrease of \$1,756,849 (10.02%) from the 2008 projected actual of \$17,534,885. The 2010 Budget includes \$15,471,039 in total expenditures for the General Fund, a decrease of \$306,997 (1.95%) from 2009 budgeted expenditures.

- The 2009 Village Board budget will decrease \$128,600 (46.20%), from a projected actual of \$278,357 in 2008 to a proposed expenditure budget of \$149,757 in 2009. The Village Board budget will further decrease \$17,961 (11.99%) from \$149,757 to \$131,796 in 2010. The decrease in 2009 is caused by a decrease in Equipment Purchases as the Village purchased video equipment for the Board Room in 2008 and those expenditures will not be incurred again in 2009. The decrease in 2010 is caused by a decrease in Program Expenditures which is due to a decrease in the membership fees for the BACOG organization.
- The 2009 Legal Services budget will decrease \$1,251,000 (6.62%) to \$232,000 due to a decrease in the budget for legal services incurred in 2008 for the rail related legal costs. In 2010, the Budget decreases to \$227,000 (a \$5,000 decrease).
- The budget for the Office of the Village Manager decreases slightly \$1,132 (.17%) from \$670,650 in 2008 (*projected actual*) to \$669,518 in 2009. An increase of \$19,547 (2.92%) to \$689,065 occurs in 2010. The increase in this Department in 2010 is the result of increases in Program Expenditures due to an increase in the cost of the PACE Dial-A-Ride service from 2009 to 2010.
- The 2009 budget for Community and Financial Services will decrease \$111,836 (22.51%), from a projected actual of \$496,796 in 2008 to a proposed expenditure budget of \$384,960 in 2009. The Community and Financial Services budget will increase \$11,385 (2.96%) to \$396,345 in 2010. The decrease in Financial Services in 2009 is caused by decreases in Personnel Services due to reduced staffing levels as the result of the reduction in force in November 2008 offset by a slight increase in Interfund Charges. The increase in 2010 is caused by increases in Personnel Services.
- The 2009 budget for Human Resources and Risk Management will increase \$66,258 (6.65%) from a 2008 projected actual of \$997,014 to a proposed expenditure budget of \$1,063,272. The Human Resources and Risk Management will decrease in 2010 by \$38,622 (3.63%) to \$1,024,650. The increase in Human Resources and Risk Management in 2009 is attributable to an increase in Contractual Services through projected increases in liability insurance premiums and unemployment compensations costs. The decrease in 2010 is caused by decreases in Personnel Services as a result of reduced staffing levels.
- The 2009 Police Department budget will decrease \$165,324 (3.18%), from a projected actual of \$5,198,125 in 2008 to a proposed expenditure budget of \$5,032,801 in 2009. In 2010, the Police Department budget will decrease an additional \$449,366 (8.93%) to \$4,583,435. The decrease in 2009 is primarily caused by a decrease in Personnel Services coupled with smaller decreases in Operating Expenditures and Other Expenditures. The decrease in Personnel Services is due to lower staffing levels in 2009 due to the planned retirements of 6 officers in May of 2009 which is a response to the loss of the intergovernmental agreement with Inverness to provide police services. The further decrease in 2010 is a continuation of the savings to be realized in Personnel Services as the police officers retirements will be realized for the full year in 2010.
- The 2009 Fire Department budget will increase \$282,407 (5.31%) from a projected actual of \$5,315,184 in 2008 to a proposed expenditure budget of \$5,597,591 in 2009. In 2010, the Fire Department budget will increase \$87,787 (1.57%) to \$5,685,378. The increase in 2009 is caused by increases in Personnel Services which are the result of higher costs for salaries and fringe benefits. The 2009 Budget also includes significant purchases of equipment and this also impacts the 2009 budget when compared to the prior year. The increase in the Department budget in 2010 is again caused by increases in Personnel Services due to higher costs for salaries and fringe benefits offset by a decrease in Equipment Purchases as the larger purchases of equipment in 2009 will not be repeated in 2010.

- The 2009 Public Works Department budget will decrease \$403,001 (17.58%), from a projected actual of \$2,292,278 in 2008 to a proposed expenditure budget of \$1,889,277 in 2009. In 2010, the Public Works budget will increase \$89,037 (4.71%) to \$1,978,314. The decrease 2009 is largely caused by a reduction in force in November 2008 and is, therefore, reflected in decreases in Personnel Services. The decrease in the Department is also the result of a decrease in Contractual Services due to projected expenditures in 2008 for a program to repaint street light poles and traffic signals which were not budgeted again in 2009 and an overall reduction in the Contractual Services expenditures. The increase in 2010 is caused by increases in Personnel Services (i.e., salaries and fringe benefits) which is offset by a decrease in Commodities due in part to a projected decrease in street maintenance chemicals.
- The Economic and Community Development Department budget will decrease by \$32,306 (8.14%), from a 2008 projected actual of \$396,782 to a proposed expenditure budget of \$364,476. In 2010, the expenditure budget is expected to increase by \$12,123 (3.33%) to \$376,599. The decrease in 2009 is due to a reduction in Personnel Services due to a reduction in force in 2008. The increase in 2010 is due to increases in Personnel Services due to higher projected costs for salaries and fringe benefits.
- The 2009 Engineering and Building budget will decrease \$12,315 (3.03%), from a projected actual of \$406,699 in 2008 to a proposed expenditure budget of \$394,384 in 2009. In 2010, the Engineering and Building Department budget will decrease an additional \$15,927 (4.04%) to \$378,457. The decrease in 2009 is largely caused by decreases in Personnel Services due to lower costs for salaries and fringe benefits. The decrease in 2010 is also largely caused by increases in Personnel Services as all other costs remain stable or decline.

The graphs below provide a summary of the relationship between total revenues and expenditures in the General Fund from 2006 through 2010. In 2006 and 2007, General Fund revenues were higher than expenditures. Current projections for 2008 predict that expenditures will be higher than revenues. The 2009 budget includes expenditures that are slightly higher than revenues. Then it is predicted in 2010 that revenues will once again overtake expenditures. One area of concern in the relationship between expenditures and revenues is the analysis of the percent of increase for each. As demonstrated in the graph below right, in three out of the four years included in the analysis expenditures increase at a faster pace than do revenues, however more importantly the other year reflects a dramatic decline in revenues to compensate for the slower increase or decline in revenues. This dramatic decline in expenditures was in direct response to the issue facing the Village of having the ability to fund its service provision efforts.



* Actual Expenditures ^Projected Expenditures ~Budgeted Expenditures

Changes in Fund Balances

The total General Fund Balance will decrease \$184,752 (1.82%) in 2009 to a total of \$9,957,307. In 2010, the total balance will increase \$56,747 (.57%) to a total of \$10,014,054. As illustrated in the General Fund Chart (at the end of this section), the Unreserved – Undesignated Fund Balance increases in 2009 and 2010. The Designated Fund Balance decreases in 2009 and increases in 2010. The Reserved for Restricted Revenues decreases in 2009 and 2010. The Unreserved – Undesignated Fund Balance is projected to increase by \$750 in 2009 and \$153 in 2010. The Reserved for Restricted Fund Balance is projected to decrease by \$92,661 (7.21%) in 2009 and \$84,517 (7.09%) in 2010. These decreases are caused by Restricted Revenues that are expected to be lower than their associated expenditures for most of the restricted revenue sources. These restricted balances are accounted for in the following manner:

Village receives restricted revenue during the fiscal year	➔	Operating Department incurs expenditures that restricted revenues are meant to offset	➔	At the end of the Fiscal Year, the Reserved for Restricted Fund Balance is increased/decreased based on the difference between revenues and associated programmatic expenditures
<u>Example:</u>				
Motor Fuel Tax Revenues of \$295,000 and Interest Earnings of \$10,860 are received in 2009	➔	Street Division of Public Works incurs operating expenditures of \$390,000 for the maintenance of streets and street lighting	➔	At the end of fiscal year 2009, total Motor Fuel Tax Revenues (\$295,000 in MFT and \$10,860 in Interest Earnings) are offset by \$390,000 in expenditures, leaving a negative balance for the year of \$84,140. This decreases the Motor Fuel Tax portion of the Fund Balance Reserved for Restricted Revenues

Following is a summary of the net changes in the individual components of the Fund Balance Reserved for Restricted Revenues:

Fiscal Year 2009	Beginning Balance	Revenues	Expenses	Ending Balance
Motor Fuel Tax	\$ 493,550	\$ 305,860	\$ 390,000	\$ 409,410
Memorial Donations	113,508	640	13,200	\$ 100,948
Emergency 911	272,564	247,000	218,000	\$ 301,564
SSA #1 (Snow Removal)	(63,258)	22,925	33,890	\$ (74,223)
SSA #3 (Chippendale)	67,239	32,050	40,000	\$ 59,289
DUI Fines	27,624	7,422	15,750	\$ 19,296
Working Cash	190,287	-	-	\$ 190,287
Foreign Fire Insurance Tax	61,006	31,000	24,633	\$ 67,373
Hotel/Motel	67,622	24,125	25,500	\$ 66,247
Total	\$ 1,230,142			\$ 1,140,191

Fiscal Year 2010	Beginning Balance	Revenues	Expenses	Ending Balance
Motor Fuel Tax	\$ 409,410	\$ 306,947	\$ 390,000	\$ 326,357
Memorial Donations	100,948	704	13,200	\$ 88,452
Emergency 911	301,564	247,700	218,000	\$ 331,264
SSA #1 (Snow Removal)	(74,223)	22,993	43,815	\$ (95,045)
SSA #3 (Chippendale)	59,289	32,205	48,000	\$ 43,494
DUI Fines	19,296	7,422	7,100	\$ 19,618
Working Cash	190,287	-	-	\$ 190,287
Foreign Fire Insurance Tax	67,373	31,000	24,633	\$ 73,740
Hotel/Motel	66,247	24,338	25,500	\$ 65,085
Total	\$ 1,140,191			\$ 1,043,252

The Fund Balance Designated for Equipment will decrease \$27,741 (.64%) in 2009 to \$1,600,000 and increase \$156,211 (6.25%) in 2010. The decrease in this Fund Balance in 2009 is caused by equipment purchases that are larger than the amount being designated for equipment replacement (*\$239,302 in equipment purchases versus \$211,561 in designated funds in 2009*) while the increase in Fund Balance in 2010 is caused by equipment purchases that are lower than the amount being designated for equipment replacement (*\$52,610 in equipment purchases versus \$208,821 in designated funds in 2010*). The Fund Balance Designated for Equipment Replacement is accounted for in the following manner:

Village determines amount to be designated for equipment replacement during Biennial Budget Process based on equipment replacement schedule	➡	Equipment is purchased during the fiscal year	➡	The amount of expenditures is subtracted from the amount to be designated to determine the addition/subtraction to the Fund Balance Designated for Equipment Replacement
<u>Example:</u>				
In 2009, the amount to be designated as determined by the Equipment Replacement Schedule was \$211,561	➡	Equipment Purchases of \$239,302 are budgeted	➡	At the end of FY 2009, assuming equipment purchased costs \$239,302, the amount the Designated for Equipment Fund Balance would change would equal \$211,561 - \$239,302 = -\$27,741

The minimum balance needed for future equipment replacement purchases is based on detailed equipment useful life schedules. These schedules include the purchase date, an expected useful life, an expected replacement cost, and the amounts that need to be reserved for future replacement purchases for each year of the equipment's useful life. The schedules include all equipment used by the operating Departments in the General Fund.

General Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Fund Balance
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	Actual	Actual	Revised	Projected	Approved	Approved
	Actual	Actual	Budget	Actual	Budget	Budget
Beginning Total Fund Balance (as restated)	\$ 12,005,435	\$ 13,384,336	\$ 11,753,701	\$ 11,753,701	\$ 10,142,059	\$ 9,957,307
Revenues						
Property Taxes	2,349,170	2,424,595	2,436,500	2,581,979	2,725,000	2,800,000
Sales Tax	4,420,194	4,381,733	4,672,000	4,000,000	3,615,500	3,737,500
Other Taxes	1,155,197	1,247,585	1,160,600	1,302,880	1,735,338	1,833,734
Licenses & Permits	590,417	308,885	522,525	479,325	406,350	479,550
Intergovernmental	449,478	477,835	475,000	418,000	486,800	535,940
Charges for Services	4,873,444	5,338,695	5,673,262	5,774,536	4,631,910	4,205,226
Fines & Forfeitures	99,805	91,897	90,500	77,000	94,458	94,458
Village Property Usage	115,878	134,060	100,000	170,060	508,480	508,480
Investment Income	466,958	530,347	499,090	305,000	401,800	431,553
Miscellaneous	27,563	180,845	15,750	117,850	30,600	30,600
Interfund Charges	578,860	633,400	647,864	701,614	962,048	875,745
Total Revenues	15,126,963	15,749,875	16,293,091	15,928,244	15,598,284	15,532,786
Expenditures						
Village Board	312,715	336,043	287,357	278,357	149,757	131,796
Legal Services	184,986	951,486	703,000	1,483,000	232,000	227,000
Village Manager	481,792	373,626	833,738	670,650	669,518	689,065
Community and Financial Services	414,623	433,851	502,864	496,796	384,960	396,345
Human Resources/Risk Management	558,938	189,149	997,580	997,014	1,063,272	1,024,650
Police Department	4,849,312	5,040,680	5,393,594	5,198,125	5,032,801	4,583,435
Fire Department	4,589,718	5,354,980	5,650,511	5,315,184	5,597,591	5,685,378
Public Works	1,676,608	2,052,673	2,480,096	2,292,278	1,889,277	1,978,314
Economic and Community Development	189,518	316,346	464,394	396,782	364,476	376,599
Engineering and Building	370,044	311,660	406,701	406,699	394,384	378,457
Total Expenditures	13,628,255	15,360,495	17,719,834	17,534,885	15,778,036	15,471,039
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	1,498,708	389,380	(1,426,743)	(1,606,641)	(179,752)	61,747
Transfers In/(Out)						
Capital Improvement Fund	-	(1,900,000)	-	-	-	-
Debt Service Fund	(114,807)	(115,016)	-	-	-	-
Water & Sewer Fund						
Recycling & Refuse Fund	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Net Transfers	(119,807)	(2,020,016)	(5,000)	(5,000)	(5,000)	(5,000)
Total Change in Fund Balance	1,378,901	(1,630,636)	(1,431,743)	(1,611,641)	(184,752)	56,747
Changes in Fund Balances						
Reserved for Advances	1,900,000	(1,900,000)				
Reserved for Restricted Revenues	86,159	(64,882)	72,620	41,080	(92,661)	(84,517)
Designated	240,311	858,521	(507,735)	(119,188)	(92,841)	141,111
Unreserved - Undesignated	(847,569)	(524,275)	(996,628)	(1,533,533)	750	153
Ending Fund Balances						
Reserved for Advances	1,900,000					
Reserved for Restricted Revenues	1,309,202	1,244,320	1,316,940	1,285,400	1,192,739	1,108,222
Designated	3,974,160	4,832,681	4,324,946	4,713,493	4,620,652	4,761,763
Unreserved - Undesignated	6,200,974	5,676,700	4,680,071	4,143,166	4,143,916	4,144,069
Total Ending Fund Balance	\$ 13,384,336	\$ 11,753,701	\$ 10,321,957	\$ 10,142,059	\$ 9,957,307	\$ 10,014,054

(1) According to Village Policy, the General Fund Budget is balanced if the changes in the Unreserved - Undesignated Ending Fund Balance is equal to or greater than \$0. Please see the General Fund Text Summary for an explanation of the different types of Fund Balance.

CAPITAL IMPROVEMENT FUND

Description: The Capital Improvement Fund is utilized by the Village to accumulate resources and pay expenses for capital improvements and infrastructure maintenance. The annual Street Maintenance Program, pedestrian sidewalk improvements, bikeways, and other capital improvement projects are accounted for in this fund.

Fund Structure

The Capital Improvement Fund is a governmental fund type; this means the revenues, expenditures, transfers, and changes in fund balance are accounted for in accordance with the modified accrual basis of accounting (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Multiple categories of Fund Balance have been established in the Capital Improvement Fund to account for the revenues, expenditures, and accumulated assets related to ongoing project areas in the Fund. Descriptions of the Fund Balance categories include:

- Unreserved – Undesignated – The portion of the total Fund Balance that can be utilized to discharge current or future obligations of the Village for capital improvement projects (*subject to a minimum balance established by policy*).
- Reserved for Non-Current Receivables – This category of Fund Balance accounts for the resources owed to the Capital Improvement Fund by the Tax Increment Financing (TIF) Fund. The Capital Improvement Fund has advanced equity to the TIF Fund for projects in lieu of the TIF Fund issuing debt.
- Reserved for Restricted Revenues – The portion of the Fund Balance that represents revenues restricted by Illinois State Statute or Village Ordinance for a particular purpose. These revenues include Public Benefit Funds that are derived from a special tax levy, use of which are restricted to the payment of the public benefit portion of a special assessment project or the local share of a state or federal project. This Fund Balance represents the accumulated total of this restricted revenue not yet expended. In the recent past these assets have been used to pay for the Village's portion of State of Illinois capital projects in the community (*i.e., the Route 14 Reconstruction Project*).
- Designated – This category of Fund Balance has been accumulated and designated for specific purposes including Parking, Bikeways, Road Improvements, and Village Facilities. The assets in this category of Fund Balance are the accumulated resources that have not been expended for their designated purpose.

These categories were established in response to changes implemented in the Village's fund structure due to the reporting requirements in Governmental Accounting Standards Board (GASB) Statement #34. Effective with the fiscal year 2003 budget, the Village eliminated its Special Revenue Funds and incorporated the revenues, expenditures, and assets of the Public Benefit Fund into the Capital Improvement Fund. The Public Benefit Fund was incorporated into the Capital Improvement Fund to ease accounting adjustments that would have otherwise been necessary to comply with the requirements of GASB Statement #34 pertaining to the desegregation of non-major funds from the financial statements.

According to Village policy (*please see the Budget and Financial Policies section of this document on Pages 32 -38*), a balanced budget in the Capital Improvement Fund is determined by whether or not the Unreserved – Undesignated Fund Balance is greater than the minimum Fund Balance required by Village Policy; in 2009 this amount is \$425,000 and in 2010 the amount is \$594,000. The Capital Improvement Fund was created to accumulate resources for the construction of capital improvements. Every fiscal year will differ in the amount of expenditures budgeted for that year. As long as the Unreserved – Undesignated Fund Balance maintains a balance higher than required by Village policy, the Capital Improvement Budget may accumulate or deplete assets as necessary to provide for the capital improvements approved by the Corporate Authorities.

Minimum Fund Balances

The minimum undesignated fund balance for the Capital Improvement Fund has been established at one third (33.34%) of the cost of the annual street maintenance programs; this equates to a minimum undesignated Fund Balance of \$425,000 in 2009 and \$594,000 in 2010. This minimum balance has been set to insure sufficient cash flow to cover project costs as they are incurred. In addition to this locally set minimum, the Capital Improvement Fund is also subject to a maximum allowable accumulation under Illinois State Statute. The maximum amount that can be accumulated for Capital Improvements falling under the General Government category is equal to 3% of the community's Equalized Assessed Value (EAV). Based on the Village's 2007 EAV, the maximum amount that can currently be accumulated by the Village as either Designated or Unreserved – Undesignated Fund Balance is \$19,747,302.

Analysis of Revenues and Expenditures

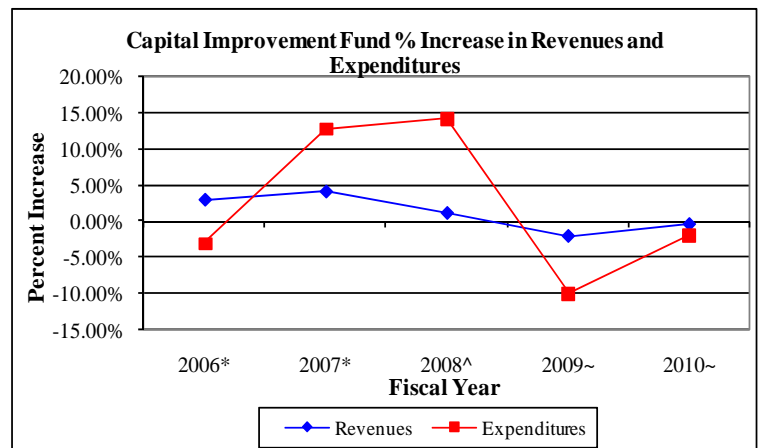
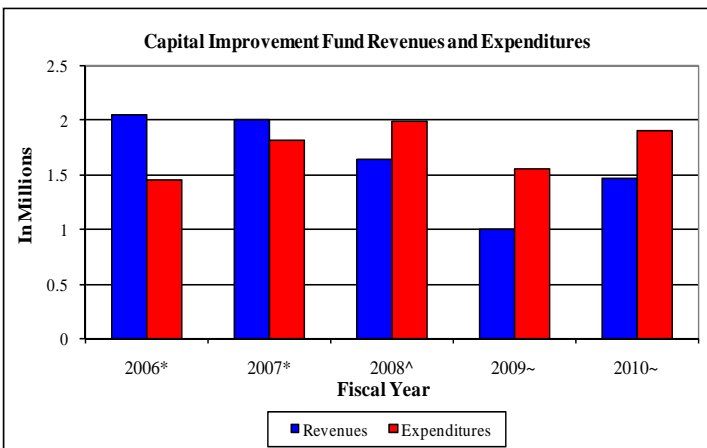
The 2009 Budget includes \$1,008,950 in estimated revenues for the Capital Improvement Fund, a decrease of \$1,311,576 (56.52%) from the 2008 revenue estimate of \$2,320,526. Additionally, the 2009 estimated revenues also reflect a decrease of \$635,122 (38.63%) from 2008 projected actual revenues of \$1,644,072. The 2010 Budget includes \$1,474,745 in total revenues for the Capital Improvement Fund, an increase of \$465,795 (46.17%) from the 2009 revenue estimate (*please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-88 for more detailed analysis of various revenue sources*).

- Other Taxes decrease \$539,000 (-46.31%) in 2009, from \$1,164,000 in 2008 (*projected actual*) to \$625,000 and then increase \$610,000 (97.60%) in 2010. The decrease in 2009 is the result of reallocating a portion of the Utility Tax revenues to the General Fund and Water Sewer Stormwater Fund. The increase in 2010 is due to a combination of increases in the Utility Tax rates coupled with the recognition of a higher portion of the utility taxes that were allocated to the Water Sewer Stormwater Fund in 2009.
- Licenses and Permits increase \$20,000 in 2009, from \$0 in 2008 (*projected actual*) to \$20,000 and remain constant in 2010. This increase represents a portion of the overweight truck permit revenues allocated to road improvements.
- No Intergovernmental Revenue or Charges for Services Revenue are currently expected to be received in 2009 or 2010.
- No Village Property Usage revenues are expected in 2009 or 2010. Village Property Usage revenues decrease from \$275,940 in 2008 (*projected actual*) as a result recognizing the Cell Tower lease revenue in General Fund for 2009 and 2010.
- Investment Income is expected to decrease \$96,182 (-92.37%) in 2009, from \$104,132 in 2008 (*projected actual*) to \$7,950 in 2009. In 2010, this revenue source is expected to increase at \$8,745 (10.00%).
- Miscellaneous Revenues are expected to increase from \$100,000 in 2008 (*projected actual*), to \$356,000 in 2009, an increase of \$256,000 (256.00%). In 2010, this revenue source is expected to decrease 40.73%, from \$356,000 to \$211,000. Project Contributions for 2009 and 2010 include a \$156,000 contribution from the Wamburg Project for each year plus a \$100,000 contribution from the Park District for the Lake Zurich Sidewalk Project.

The 2009 Budget includes \$1,550,000 in budgeted expenditures for the Capital Improvement Fund, a decrease of \$2,481,500 (-61.55%) from the 2008 Budget of \$4,031,500 and a decrease of \$447,500 (-22.40%) from the projected 2008 actual of \$1,997,500. The 2010 Budget includes \$1,901,350 in total expenditures for the Capital Improvement Fund, an increase of \$351,350 (22.67%) from 2009 budgeted expenditures (*please see the Capital Improvement Summary for a detailed analysis of Program or Project expenditures*).

- There are no expenditures planned in 2009 or 2010 in the Village Facilities Budget. The 2008 projected actual budget included expenditures for several build-out projects in the facilities.
- The Budget for Street Improvements in 2009 equals \$1,290,000, a decrease of \$222,500 from the 2008 projected actual. The Street Maintenance Program comprises the largest portion of these expenditures at \$1,115,000. In addition, design and engineering work for Hart Road Improvements is budgeted at \$100,000 in 2009 and \$75,000 for a Wayfinding Signage project. In 2010 the budget for Street Improvements will increase to \$1,800,100 primarily due to the Street Maintenance Program which is budgeted at \$1,420,100 for the year. Also included in the 2010 budget is the design and engineering work for both Hart Road improvements of \$125,000, Lake Zurich Road improvements of \$125,000 and Eastern Avenue improvements of \$75,000.
- There is no Capital Improvement budget planned in the Stormwater Management or Flint Creek Restoration in 2009 or 2010. The Stormwater Management budget in 2008 was comprised of \$453,500 in expenditures for a storm sewer replacement project under the UP tracks
- Pedestrian Program expenditures in 2009 equal \$250,000. In 2008, there were no expenditures for Pedestrian Programs. In 2009, all of these expenditures will be devoted to sidewalk maintenance for the Lake Zurich Road project. In 2010, the budget decreases by \$148,750 (-59.5%) to \$101,250. As in 2009, all of these expenditures will be allocated to the sidewalk maintenance program in 2010.
- The 2009 budget for Bikeways includes \$10,000 for the construction of a Bikeway segment, the location of which has yet to be determined. There are no budgeted expenditures for the Bikeway Program in 2010.

The difference between the amount of revenues and expenditures in the Capital Improvement Fund changes every year as the Village alternatively accumulates funds and then expends those funds on capital projects; this is consistent with the Fund’s purpose. As demonstrated in the Capital Improvement Fund Revenues and Expenditures Chart, funds were accumulated in 2007, 2008, and are projected to be accumulated in 2006, 2009 and 2010. Expenditures on capital projects exceeded revenues in 2007 and 2008.



* Actual Expenditures ^Projected Expenditures ~Budgeted Expenditures

Changes in Fund Balances

The total Capital Improvement Fund Balance will decrease \$541,250 (-5.38%) in 2009 and will decrease again by \$426,405 (-4.48%) in 2010. As illustrated in the Capital Improvement Fund Chart (*at the end of this section*), the Unreserved – Undesignated Fund Balance will decrease in 2009 and increase in 2010. The Designated Fund Balance decreases in both 2009 and 2010. The Fund Balance Reserved for Restricted

Revenues will increase in both 2009 and 2010. The Fund Balance Reserved for Advances will remain constant in both years.

The Unreserved – Undesignated Fund Balance is projected to decrease by \$505,000 (-46.67%) in 2009 and then increase by \$273,650 (47.43%) in 2010. The decrease in 2009 is due to the anticipation of the significant capital improvement expenditures in 2009. Thus in 2010, the increase in the Unreserved – Undesignated Fund Balance is the result of lower budgeted capital improvement expenditures coupled with increased revenues for the year.

The Designated Fund Balance will decrease \$44,000 in 2009 and decline further by \$709,000 in 2010 as a result of project contributions from The Garlands totaling \$100,000 in each year. These funds are designated for future road projects.

	Beginning Balance	Expenditures	Ending Balance
Village Facilities	\$456,924	0	\$456,924
Village Center Parking	600,000	300,000	300,000
Bikeways	50,000	0	50,000
Road Projects	380,000	(62,000)	442,000
Sunrise Senior Living	160,000	160,000	00
Totals	\$1,646,924	398,000	\$1,248,924

The Reserved for Restricted Fund Balance is projected to increase by \$7,950 in 2009 and by \$8,745 in 2010. This increase is based on projected interest earnings (no expenditure of these funds is proposed in either 2009 or 2010). These restricted balances are accounted for in the following manner:

Village receives restricted revenue during the fiscal year → Qualified capital improvement expenditures are incurred → At the end of the Fiscal Year, the Reserved for Restricted Fund Balance is increased/decreased based on the difference between revenues and associated programmatic expenditures

Example:

Public Benefit Interest Earnings of \$8,745 are received in 2010 → No capital improvement Expenditures are incurred → At the end of fiscal year 2010, total revenues are added to Reserved for Restricted Fund Balance.

Following is a summary of the net changes in the individual components of the Fund Balance Reserved for Restricted Revenues:

<u>Fiscal Year 2009</u>	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Ending Balance</u>
Public Benefit	\$ 324,757	\$ 7,950	\$0	\$ 332,707

<u>Fiscal Year 2010</u>	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Ending Balance</u>
Public Benefit	332,707	\$ 8,745	\$0	\$ 341,452

The Fund Balance Reserved for Advances will not increase in either 2009 or 2010. This Fund Balance is the total amount of equity that is owed by the TIF Fund to the Capital Improvement Fund for loans that have been provided in previous years. No loan will be provided in 2009 or 2010 and, therefore, this Fund Balance will remain stable. *(Please see TIF Fund Budget Summary on Pages 111-114 for a full explanation of the financing mechanism of TIF.)*

Capital Improvement Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Fund Balance
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning Total Fund Balance	\$ 7,726,437	\$ 8,315,536	\$ 10,407,105	\$ 10,407,105	\$ 10,053,677	\$ 9,512,627
Revenues						
Other Taxes	1,097,057	1,085,339	1,219,746	1,164,000	625,000	1,235,000
Licenses and Permits	-	20,000	20,000	-	20,000	20,000
Intergovernmental	1,482	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Village Property Usage	251,925	311,814	360,280	275,940	-	-
Investment Income	435,676	479,867	420,500	104,132	7,950	8,745
Miscellaneous	258,006	105,200	300,000	100,000	356,000	211,000
Total Revenues	2,044,146	2,002,219	2,320,526	1,644,072	1,008,950	1,474,745
Expenditures						
Village Facilities	-	33,727	31,500	31,500	-	-
Street Improvements	1,377,818	1,540,817	3,255,000	1,512,500	1,290,000	1,800,100
Stormwater Management	-	160,492	520,000	453,500	-	-
Flint Creek Restoration	-	2,125	-	-	-	-
Pedestrian Programs	77,229	73,491	210,000	-	250,000	101,250
Bikeway Program	-	-	15,000	-	10,000	-
Total Expenditures	1,455,047	1,810,651	4,031,500	1,997,500	1,550,000	1,901,350
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	589,099	191,569	(1,710,974)	(353,428)	(541,050)	(426,605)
Transfers In/(Out)						
General Fund	-	1,900,000	-	-	-	-
Net Transfers	-	1,900,000	-	-	-	-
Total Change in Fund Balance	589,099	2,091,569	(1,710,974)	(353,428)	(541,050)	(426,605)
Changes in Fund Balances⁽¹⁾						
Reserved for Advances	500,000	1,900,000	-	-	-	-
Reserved for Restricted Revenues	14,027	15,010	8,000	7,155	7,950	8,745
Unreserved - Designated	260,000	66,274	100,000	48,500	(44,000)	(709,000)
Unreserved - Undesignated	(184,928)	110,285	(1,818,974)	(409,083)	(505,000)	273,650
Ending Fund Balances⁽²⁾						
Reserved For Advances	5,100,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Reserved for Restricted Revenues	302,592	317,602	325,602	324,757	332,707	341,452
Unreserved - Designated	1,532,150	1,598,424	1,698,424	1,646,924	1,602,924	893,924
Unreserved - Undesignated	1,380,794	1,491,079	(327,895)	1,081,996	576,996	850,646
Total Ending Fund Balances	\$ 8,315,536	\$ 10,407,105	\$ 8,696,131	\$ 10,053,677	\$ 9,512,627	\$ 9,086,022

Notes

- (1) According to Village Policy, the Capital Improvement Fund Budget is balanced if the Unreserved - Undesignated Ending Fund Balance is equal to or greater than \$0. Please see the Capital Improvement Fund Text Summary for an explanation of the different types of Fund Balance.
- (2) The Capital Improvement Fund Summary includes a summary of the revenues, expenditures, and ending Balances for the Fund Balances Reserved for Advances, Reserved for Restricted Revenues, and Unreserved - Undesignated.

TAX INCREMENT FINANCING FUND

Description: The Tax Increment Financing (TIF) Fund is utilized by the Village to amass and expend resources for capital improvements and projects for the redevelopment of those sections of the Village's downtown area located within the TIF District boundaries.

Fund Structure

In 2000, the Village Board designated an area within the Village Center as a Tax Increment Financing (TIF) District. As a result of this action, the total equalized assessed value of all properties within this area was frozen at its 1998 value. Any increase in the total equalized assessed value within this area is assigned to the TIF district. The increase in total equalized assessed value in the District, referred to as the "increment", is subject to the same tax rate as properties outside the district. The difference being that the revenues generated by applying the tax rate to the increment flows to the Village to pay for TIF eligible administrative and project expenses. The objective of the TIF District is to provide the funding to undertake public improvements as well as other TIF eligible elements of projects that promote redevelopment activities within the Village Center. Without the TIF District, development within the Village Center that meets current codes and regulations would be difficult to accomplish. The TIF District and this Fund, unless extended by action of the Corporate Authorities of the Village, will terminate in 2023.

The TIF Fund is a governmental fund type which means the revenues, expenditures, transfers, and changes in fund balance are accounted for in accordance with the modified accrual basis of accounting (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). The TIF Fund has an Unreserved – Undesignated Fund Balance which represents the sum total of assets or future obligations of the Fund.

Minimum Fund Balances

No minimum balance has been established for the TIF Fund; the Fund exists to provide resources for capital improvements and as such it is anticipated that the Fund Balance, depending on the methodology used to finance projects, may be negative for the majority of the life of the TIF. To provide seed money for projects in the TIF District, loans of equity have been made to the TIF Fund by the Capital Improvement Fund. The negative balance in the TIF Fund represents the amount owed to the Capital Improvement Fund less year-end cash and investments.

Total estimated project costs, excluding financing costs, were established in the Village Center Tax Increment Financing Redevelopment Project and Plan at \$16,500,000. This estimate represents maximum project costs that may be incurred without an amendment to the plan. This estimate may, however, be adjusted for inflationary increases in the cost of construction. Accordingly this estimate has been adjusted, resulting in an adjusted total for estimated project costs of \$27,265,000. Per the following summary of actual and/or projected expenditures/commitments through 2008, \$5,063,348 may be available for future projects, subject to the ability of the revenues projected from the tax increment to cover these additional expenditures:

Expenditure Limit	\$27,265,000
<u>Less:</u>	
2000 – 2007 Actual Expenditures	13,416,652
2008 Projected Expenditures	7,010,000
Cook Street Plaza Commitment	<u>1,775,000</u>
Remaining Balance	\$5,063,348

There is a remaining expenditure limit of \$5,063,348 for the life of the TIF District.

Analysis of Revenues and Expenditures

The 2009 Budget includes \$3,635,278 in estimated revenues (including estimated bond proceeds of \$2,500,000) for the TIF Fund, an increase of \$2,490,913 from the 2008 budgeted revenues of \$1,144,365. However, 2009 estimated revenues increase \$2,356,986 from 2008 projected actual revenues of \$1,278,292. The 2010 Budget includes \$2,574,153 in total revenues for the TIF Fund, a decrease of \$1,061,125 (29.19%) from the 2009 revenue estimate (*please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-88 for more detailed analysis of various revenue sources*).

- Property Taxes increase \$6,986 (.66%) in 2009, from \$1,060,042 in 2008 (*projected actual*) to \$1,067,028. A further increase of \$7,125 (.67%) to \$1,074,153 occurs in 2010. These increases are due to increases in the equalized assessed value within the District as a result of new construction and the renovating of existing buildings. The increase in the equalized assessed value is also caused, to a lesser degree, by natural appreciation in property values.
- Village Property Usage is expected to remain at approximately the same level as 2008 in 2009. In 2010, there are no expected revenues in Village Property Usage. This is due to the anticipated end of a lease for a village-owned piece of property located in the TIF District.
- There is no Investment Income or Miscellaneous Income expected in both 2009 and 2010. This is due to the anticipated cash balances projected for both years.
- Other Financing Sources are projected at \$2,500,000 in 2009 and \$1,500,000 in 2010. These revenues reflect the proceeds from borrowings that the Village will consider in conjunction with proposed redevelopment activities that may be approved by the Village Board.

The 2009 Budget includes \$2,451,819 in budgeted expenditures for the TIF Fund, a decrease of \$5,274,847 (-68.27%) from the 2008 Budget of \$7,726,666 and a decrease of \$5,273,685 from the projected 2008 actual of \$7,725,504. The 2010 Budget includes \$4,093,719 in total expenditures for the TIF Fund, an increase of \$1,641,900 (66.97%) from 2009 budgeted expenditures.

- Expenditures relating to Administration are budgeted at \$325,000 in both 2009 and 2010.
- The Budget for Redevelopment Projects including property assemblage, parking, and building & façade rehabilitations is budgeted at \$1,290,000 in 2009 and \$2,815,000 in 2010. These budgets are reflective of the amount anticipated to be expended for parking improvements and other redevelopment activities within the Village's TIF District. Also included in the 2009 budget is approximately \$90,000 for building and façade rehabilitations. This is an increase from actual expenditures in 2008 but is not expected to reach the \$140,000 level of expenditures experienced in 2004, the year the façade and business grant programs were initiated.
- Streetscape expenditures are budgeted at \$100,000 in 2009 and \$0 in 2010. These expenditures provide for the continuation of final stage in the Streetscape enhancements in the Village Central Business District (*please see the Capital Improvements section on Pages 250-276 for a complete description of these enhancements*).
- Debt Service Expenditures are budgeted at \$736,819 in 2009 and \$953,719 in 2010. These include principal and interest payments for the Debt Certificates issued in 2007 and interest payments on the debt issuance of which is assumed in both the 2009 and 2010 budgets.

Changes in Fund Balances

The TIF Fund Balance at the end of 2008 is projected at (\$6,597,364). The TIF Fund Balance at the end of 2009 is projected at (\$5,413,905). By the end of 2010, the TIF Fund Balance is projected to be (\$6,933,471).

These negative Fund Balances are expected and are a part of the financing mechanism for capital improvements within the TIF District. The TIF Fund will most likely have a negative fund balance for the majority of its existence as it pays off loans from the Capital Improvement Fund with incremental Property Tax revenues derived from the increase in property values through the life of the District.

To understand the resource available for the TIF Fund to invest in the community, an examination of the cash balance in the Fund is necessary. The estimated available cash balances for the Fund for fiscal years 2009 and 2010 are:

<u>Fiscal Year</u>	<u>Beginning Estimated Available Cash Balance</u>	<u>Additions</u>	<u>Uses</u>	<u>Ending Estimated Available Cash Balance</u>
2009	472,746	3,635,278	2,451,819	1,656,205
2010	1,656,205	2,574,153	4,093,719	136,639

Tax Increment Financing Redevelopment Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Fund Balance
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning Total Fund Balance	\$ (3,191,791)	\$ (7,012,168)	\$ (150,152)	\$ (150,152)	\$ (6,597,364)	\$ (5,413,905)
Revenues						
Property Taxes	796,602	995,159	882,214	1,060,042	1,067,028	1,074,153
Intergovernmental	-	-	-	-	-	-
Village Property Usage	63,000	57,750	68,250	68,250	68,250	-
Investment Income	47,080	111,673	193,901	150,000	-	-
Miscellaneous	4,862	-	-	-	-	-
Other Financing Sources	-	9,500,000	-	-	2,500,000	1,500,000
Total Revenues	911,544	10,664,583	1,144,365	1,278,292	3,635,278	2,574,153
Expenditures						
Administration	308,914	314,875	186,949	275,000	325,000	325,000
Redevelopment Projects	3,177,476	2,985,806	5,309,357	6,735,000	1,290,000	2,815,000
Streetscape Projects	910,031	116,885	1,252,500	-	100,000	-
Debt Service Expenditures	335,500	385,000	977,860	715,504	736,819	953,719
Total Expenditures	4,731,921	3,802,567	7,726,666	7,725,504	2,451,819	4,093,719
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(3,820,377)	6,862,016	(6,582,301)	(6,447,212)	1,183,459	(1,519,566)
Ending Fund Balance ⁽¹⁾⁽²⁾						
Unreserved - Undesignated	(7,012,168)	(150,152)	(6,732,453)	(6,597,364)	(5,413,905)	(6,933,471)
Total Ending Fund Balance	\$ (7,012,168)	\$ (150,152)	\$ (6,732,453)	\$ (6,597,364)	\$ (5,413,905)	\$ (6,933,471)

Notes

- (1) The negative Fund Balance in the Tax Increment Financing Redevelopment Fund is a result of advances that have been provided to the Fund by the Village's Capital Improvement Fund and General Fund. These advances are balance sheet transactions that are considered advances of Fund Equity, therefore they are not displayed as revenues or transfers in. Any Deficiency of Revenues Under Expenditures are offset by the transfers of Fund Equity. The negative Fund Balance is planned and appropriate future funding measures have been adopted in the anticipation of repayment of all or a portion of the advances. The year and the amounts of the advances through the end of FY 2010 are displayed below:

<u>Advancing Fund</u>	<u>Advance</u> <u>Amount</u>
Capital Improvement Fund	\$ 7,000,000

- (2) Please see the Tax Increment Financing Redevelopment Fund Summary and the Capital Improvement Fund Summary for further detailed descriptions of Village policies and procedures regarding the advancement of Fund Equity.

DEBT SERVICE FUND

Description: The Debt Service Fund is used to account for the payment of interest and principal as well as fees on general obligation debts for the governmental funds of the Village.

Fund Structure

The Debt Service Fund is a governmental fund type which means the revenues, expenditures, transfers, and changes in fund balance are accounted for according to the modified accrual basis of accounting (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). The Debt Service Fund only has the Fund Balance Reserved for Debt Service. This balance is the total accumulated assets that can be used to pay future obligations of the Village.

Minimum Fund Balances

No minimum Fund Balance is set for the Debt Service Fund. The Fund collects Property Tax Revenue for the payment of General Obligation Bonds that have been authorized by referendum. The amount of Property Tax collected is set at the time the General Obligation Bonds are issued and is directly tied to the amount needed to cover the annual debt service payments related to the bonds. Therefore, there is no need to set a minimum Fund Balance as the Property Tax revenue should always offset expenditures in the Fund. Any accumulated assets are the result of the timing of property tax receipts versus debt payments and Investment Income earned by the Fund during its existence.

Analysis of Revenues and Expenditures

The 2009 Budget includes \$843,880 in estimated revenues for the Debt Service Fund, a decrease of \$1,860 from the 2008 revenue estimate of \$845,740. These 2009 estimated revenues increase \$5,180 from 2008 projected actual revenues of \$838,700. The 2010 Budget includes \$841,780 in total revenues for the Fund, a decrease of \$2,100 (-.25%) from the 2009 revenue estimate (*please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-88 for more detailed analysis of various revenue sources*).

- Property Taxes increase \$4,100 (.49%) in 2009, from \$828,980 in 2008 (*projected actual*) to \$833,080. A decrease of \$3,180 (-.38%) to \$829,900 is estimated in 2010. The amount of Property Tax Revenue is determined by the total amount of principal and interest that must be paid annually on outstanding General Obligation Debt issues of the Village.
- Investment Income is expected to increase \$1,080 (.11%) in 2009, from \$9,720 in 2008 (*projected actual*) to \$10,800 in 2009. In 2010, this revenue source is expected to again increase by \$1,080 (10%) to \$11,880. The slight increases are projected to occur because an increase in interest rates will have a positive effect on the Village's return from its money market account (*the Illinois Funds Account managed by the State of Illinois Treasury*).

The 2009 Budget includes \$834,180 in budgeted expenditures for the Debt Service Fund, an increase of \$4,100 (.49%) from the 2008 Budget and projected actual of \$830,080. The 2010 Budget includes \$831,000 in total expenditures for the Debt Service Fund, a decrease of \$3,180 (-.38%) from 2009 budgeted expenditures. The expenditures include principal, interest, and fiscal agent fees for two General Obligation Bonds (*General Obligation Bond Series 1998 and General Obligation Refunding Bond Series 1999*). The bonds were issued in conjunction with the Village Facilities Program, which included the construction of the Public Safety Building and the Village Hall.

Changes in Fund Balances

The Debt Service Fund Balance will increase \$9,700 (2.52%) in 2009 from a projected actual of \$385,024 to a total of \$394,724 and then increase further \$10,780 (2.73%) in 2010 to a total of \$405,504.

Debt Service Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Fund Balance
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning Total Fund Balance	\$ 366,422	\$ 366,423	\$ 376,404	\$ 376,404	\$ 385,024	\$ 394,724
<i>Revenues</i>						
Property Taxes	804,983	817,753	822,890	828,980	833,080	829,900
Investment Income	30,205	27,688	22,850	9,720	10,800	11,880
Total Revenues	835,188	845,441	845,740	838,700	843,880	841,780
<i>Expenditures</i>						
Debt Service	949,994	950,476	830,080	830,080	834,180	831,000
Total Expenditures	949,994	950,476	830,080	830,080	834,180	831,000
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(114,806)	(105,035)	15,660	8,620	9,700	10,780
<i>Transfers In/(Out)</i>						
General Fund	114,807	115,016	-	-	-	-
Net Transfers	114,807	115,016	-	-	-	-
Net Change in Fund Balance	1	9,981	15,660	8,620	9,700	10,780
Ending Fund Balances						
Reserved for Debt Service	351,097	366,422	392,064	385,024	394,724	405,504
Total Ending Fund Balances	\$ 366,423	\$ 376,404	\$ 392,064	\$ 385,024	\$ 394,724	\$ 405,504

WATER SEWER AND STORMWATER MANAGEMENT FUND

Description: The Water Sewer and Stormwater Fund is one of the three enterprise funds operated by the Village. This Fund accounts for the revenues and expenses related to the provision of water, sewer and stormwater services to residents and businesses. All activities necessary to provide these services are contained in this Fund including administration, billing and collections, operations, maintenance, capital improvements and debt service.

Fund Structure

The Water Sewer and Stormwater Management Fund is an enterprise fund which means the revenues, expenditures, transfers, and financial results are accounted for through full accrual accounting (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). This fund has been renamed with the adoption of this 2009/2010 Budget to include the Stormwater revenues and expenses associated with the stormwater function in the previously named Water and Sewer Fund. In prior years, the stormwater expenditures were divided between the Capital Improvement Fund and the Water and Sewer Fund. The financial position of the Fund is determined by the Change in Net Assets at year-end. Net Assets are equal to total assets (*including all capital assets*) less total liabilities. Net Assets reflect the total productive investment in the utility system.

A balanced budget in the Water Sewer and Stormwater Management Fund is determined by the positive or negative change in Net Assets. The budgeted Change in Net Assets is indicative of the Fund's ability to generate sufficient resources to meet operating and non-operating expenses. If the Change in Net Assets is equal to or greater than \$0, the Fund's budget is considered to be balanced.

Minimum Net Assets

Minimum Unrestricted Net Assets for the Water Sewer and Stormwater Management Fund have been established at three months of operating expenditures plus one quarter (25%) of the accumulated depreciation of the Capital Assets in the Fund. Short of a natural disaster, enterprise fund revenues are stable and predictable; establishing a minimum fund balance of three months operating expenditures should provide sufficient security for operating activities in this type of Fund. The addition of one quarter (25%) of accumulated depreciation of the Capital Assets of the Fund is necessary to ensure adequate resources are available to reconstruct or rehabilitate capital assets as they reach the end of their useful lives. The expense of reconstructing or rehabilitating capital assets in the Water, Sewer and Stormwater Management Fund can be prohibitive unless an adequate reserve has been accumulated in the Fund for the purpose of reconstruction or rehabilitation.

The determination of whether the Water Sewer and Stormwater Management Fund is meeting its minimum required Unrestricted Net Assets is based upon the most recent Comprehensive Annual Financial Report (CAFR). In the 2007 CAFR, operating expenses for the previously named Water and Sewer Fund were equal to \$3,973,199 and accumulated depreciation was equal to \$17,030,798. According to Village policy, minimum Unrestricted Net Assets should be equal to \$5,251,000 ($\$3,973,199 * 25\% + \$17,030,798 * 25\%$). Unrestricted Net Assets in the 2007 CAFR equaled \$4,675,793, \$575,207 less than the minimum established by policy.

Analysis of Revenues and Expenditures

The 2009 Budget includes \$4,902,491 in estimated revenues for the Water Sewer and Stormwater Management Fund, an increase of \$746,725 (17.97%) from the 2008 revenue estimate of \$4,155,766 and a \$942,791 (23.81%) increase from projected 2008 actual revenues of \$3,959,700. The 2010 Budget includes \$4,930,704 in total revenues for the Fund, an increase of \$28,213 (.58%) from the 2009 revenue estimate

(please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-88 for more detailed analysis of various revenue sources).

- Water Sales are projected to increase \$155,496 (8.86%), from \$1,755,000 (*projected actual*) in 2008 to \$1,910,496 in 2009. A further increase of \$155,379 (8.13%) to \$2,065,875 is projected to occur in 2010. These increases are due to the rate increases included in the Budget (8% increase in both water and sewer usage rates for both years).
- Sewer Sales are projected to increase \$199,496 (9.07%) in 2009, from \$2,200,000 in 2008 (*projected actual*) to \$2,399,496 in 2009. A further increase of \$202,834 (4.68%) to \$2,602,330 is projected to occur in 2010. These increases are due to the rate increases included in the Budget (8% increase for both water and sewer usage rates for both years).
- Other Taxes and Meter Sales are expected to substantially increase \$587,800, from \$4,700 (*projected actual*) in 2008 to \$592,500 in 2009. In 2010, a \$330,000 (-55.70) decrease is expected to \$262,500.
- Investment Income is expected to increase \$9,560 (6.41%) in 2009 from \$149,080 in 2008 (*projected actual*) to \$158,640 in 2009. In 2010, this revenue source is expected to increase an additional \$8,089 (5.10%). The slight increase in both years is expected to occur as there is some projected optimism in the interest rates that will be effective in the second half of 2009 and all of 2010 which will result in higher Investment Income for both years.
- Connection Fees are estimated to decrease \$170,000 (40.48%), from \$420,000 in 2008 (*projected actual*) to \$250,000 in 2009. In 2010, this revenue source is projected to remain stable at \$250,000. In the last couple of years, the Village has received Connection Fee revenue that is much higher than it receives in a typical year, due to major developments within the community and this trend is not projected to continue for 2009 and 2010.
- Miscellaneous non-operating revenues are budgeted at \$223,000 in 2009 and \$5,000 in 2010. The 2009 revenues of \$223,000 are attributed to special service revenue for water and sewer improvements for a portion of the service that extends into the neighboring community of Inverness.

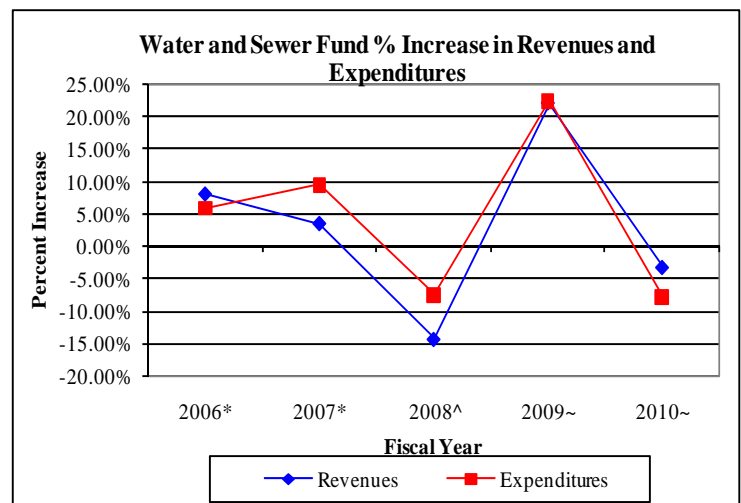
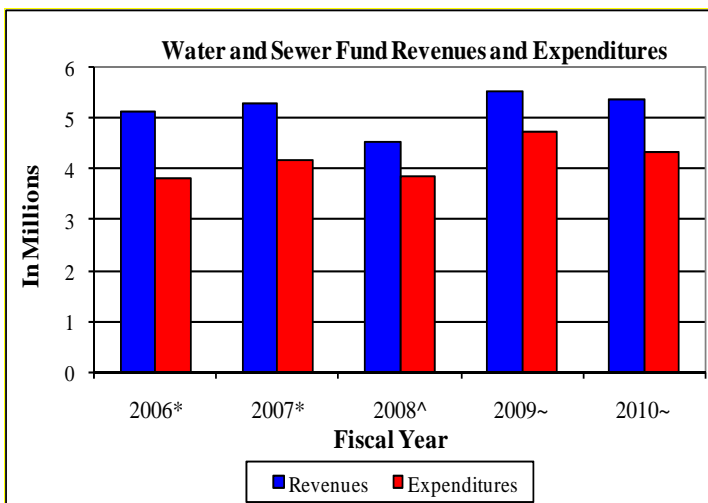
The 2009 Budget includes \$4,575,326 budgeted expenditures for the Water, Sewer and Stormwater Management Fund, a decrease of \$1,098,284 (19.36%) from the 2008 Budget of \$5,673,610 and a decrease of \$878,077 (23.75%) from the projected 2008 actual of \$3,697,249. The 2010 Budget includes \$4,221,385 in total expenditures for the Fund, a decrease of \$353,941 (7.74%) from 2009 budgeted expenditures.

- The 2009 Community and Financial Services budget will increase \$22,353 (16.71%), from \$133,749 (*projected actual*) in 2008 to a proposed expenditure budget of \$156,102 in 2009. In 2010, the Community and Financial Services budget will increase an additional \$3,926 (2.52%) from \$156,102 to \$160,028 in 2010. The increase in 2009 is the result of higher Personnel Services costs due to an increase in salaries and fringe benefits. Operating Expenditures also increase as the Department is projecting to outsource a portion of the Utility Billing process and these additional costs are included in the 2009 budget. The increase in 2010 is due to increases in Personnel Services as salary and fringe benefits increase.
- The 2009 Public Works Department budget will decrease \$162,089 (-4.66%), from a 2008 projected actual of \$3,479,978 to a proposed expenditure budget of \$3,317,889 in 2009. In 2010, the Public Works budget will further decrease \$191,781 (-5.78%) from \$3,317,889 to \$3,126,108. The decrease in 2009 is caused primarily by decreases in Personnel Services due to the reduced staffing levels. In 2010, the decrease is attributable to a decrease in unemployment compensation which is projected in 2009 (to account for the reduction in force effective in November of 2008) and will not continue into 2010.
- The 2009 Non-Capital Construction budget will increase \$939,600, from a projected actual of (\$98,600) in 2008 to a proposed expenditure budget of \$841,000 in 2009. In 2010, Non-Capital Construction will decrease \$173,750 (20.57%) from \$841,000 to \$667,250. These fluctuations in Non-Capital Construction

are caused by the amount of the capital projects that are not capitalized (*please see Footnote Three at the bottom of the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets*) It should be noted that less of the work performed during 2009 is expected to be capitalized, when compared to 2008 while that trend will reverse in 2010 with more of the work being performed in 2010 is expected to be capitalized (*please see the Capital Improvements Section for a description of the projects that will occur in 2009 and 2010*).

- Interest Expenses are expected to decrease \$12,757 (-8.43%), from \$151,266 in 2008 to \$138,509 in 2009. In 2010, Interest Expenses are expected to decrease \$13,309 (-9.61%) to \$125,200. The decrease in 2009 and 2010 is expected to occur because the Fund will begin paying less in interest and more in principal on the Illinois Environmental Protection Agency low interest loans that were taken out in conjunction with the renovation of the Wastewater Treatment Facility in 2003 and 2004 as bond and loan payments mature (*please see the Budgeted, Non-Expensed Items display in Footnote Three on the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets for an illustration of the budget for Principal Payments*).
- Principal Payments will increase in 2009 by \$15,557 (4.05%) to \$400,052; an increase of \$15,709 (3.93%) is budgeted in 2010. The increases in 2009 and 2010 occur as the Village pays down the debt and the Principal Payments increase.
- Capital Construction decreases \$1,012,000 (38.32%) in 2009 to \$1,629,000 from a projected actual of \$2,641,000; an increase of \$1,049,000 (64.40%) to \$2,678,000 occurs in 2010 (*please review the Capital Improvements section on Pages 250-276 for descriptions of Water and Sewer Capital Construction Projects*).

The difference between the amount of revenues and expenditures in the Water Sewer and Stormwater Management Fund has been declining since 2001. In 2001, revenues were equal to a little over \$3.5 million and expenditures were equal to a little over \$2.5 million. In 2008, the difference between revenues and expenditures has decreased to slightly more than \$500,000 as revenues are projected to exceed \$4.5 million and expenditures are projected to reach almost \$4 million. The percent increase in expenditures exceeds the percent increase in revenues in 2007, 2008, and 2009 while the percent increase in revenues only slightly exceed the percent increase in expenditures in 2006 and 2010.



* Actual Expenditures ^Projected Expenditures ~Budgeted Expenditures

Changes in Net Assets

Net Assets will increase \$820,296 (3.36%) in 2009 to a total of \$25,244,377. In 2010, Net Assets will increase an additional \$1,005,848 (3.98%) to a total of \$26,250,224.

Water/Sewer/Stormwater Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Net Assets
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006 Actual	FY 2007 Actual	FY 2008 Revised Budget	FY 2008 Projected Actual	FY 2009 Approved Budget	FY 2010 Approved Budget
Beginning Net Assets	22,520,218	23,261,831	23,738,816	23,738,816	24,424,081	25,244,377
<i>Operating Revenues</i>						
Charges for Services						
Water Sales	1,657,527	1,801,615	1,726,926	1,755,000	1,910,496	2,065,875
Sewer Sales	2,182,368	2,299,873	2,386,340	2,200,000	2,399,496	2,602,330
Industrial Surcharge	-	-	-	-	-	-
Other Taxes & Meter Sales	43,737	27,602	42,500	4,700	592,500	262,500
Total Revenues	3,883,631	4,129,090	4,155,766	3,959,700	4,902,491	4,930,704
<i>Operating Expenses</i>						
Community & Financial Services	103,725	109,778	136,536	133,749	156,102	160,028
Public Works	2,879,727	3,133,944	3,302,602	3,479,978	3,317,889	3,126,108
Engineering & Building	-	-	-	182,122	260,335	267,999
Non-Capital Construction	543,893	729,478	2,234,472	(98,600)	841,000	667,250
Total Operating Expenses	3,527,345	3,973,199	5,673,610	3,697,249	4,575,326	4,221,385
Operating Income (Loss)	356,287	155,891	(1,517,844)	262,451	327,165	709,319
<i>Non-Operating Revenues (Expenses)</i>						
Investment Income	228,331	256,138	209,000	149,080	158,640	166,729
Connection Fees	747,680	426,025	250,000	420,000	250,000	250,000
Miscellaneous Income	4,225	505,822	-	5,000	223,000	5,000
Contributed Capital	251,777	(23,369)	-	-	-	-
Interest Expenses	(180,429)	(165,263)	(151,266)	(151,266)	(138,509)	(125,200)
Total Non-Operating Revenues (Expenses)	1,051,585	999,354	307,734	422,814	493,131	296,529
Net Income / Loss	1,407,871	1,155,245	(1,210,110)	685,265	820,296	1,005,848
<i>Depreciation</i> ⁽²⁾	<i>666,258</i>	<i>678,260</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Change in Net Assets	741,613	476,984	(1,210,110)	685,265	820,296	1,005,848
Ending Net Assets	23,261,831	23,738,816	22,528,706	24,424,081	25,244,377	26,250,224

Notes

(1) According to Village Policy, the Water and Sewer Fund Budget is balanced if the Change in Net Assets is equal to or greater than \$0.

(2) The Village does not budget depreciation.

(3) Budgeted but Non-Expensed Items include Capital Construction and Principal Payments, illustrated below:

	FY 2006 Actual	FY 2007 Actual	FY 2008 Revised Budget	FY 2008 Projected Actual	FY 2009 Approved Budget	FY 2010 Approved Budget
<i>Budgeted, Non-Expensed Items</i>						
Principal Payments	\$ -	\$ -	\$ 384,495	\$ 384,495	\$ 400,052	\$ 415,761
Capital Construction	941,700	302,055	5,993,028	2,641,000	1,629,000	2,678,000
Budgeted, Non-Expensed Items Total	\$ 941,700	\$ 302,055	\$ 6,377,523	\$ 3,025,495	\$ 2,029,052	\$ 3,093,761

(4) Sources of Revenues which are not budgeted include Other Financing Sources, illustrated below:

	FY 2006 Actual	FY 2007 Actual	FY 2008 Revised Budget	FY 2008 Projected Actual	FY 2009 Approved Budget	FY 2010 Approved Budget
<i>Not Budgeted, Other Sources of Funds</i>						
Other Financing Sources	-	-	-	-	1,417,000	7,900,000
Not Budgeted, Other Sources of Funds	\$ -	\$ -	\$ -	\$ -	\$ 1,417,000	\$ 7,900,000

RECYCLING AND REFUSE FUND

Description: The Recycling and Refuse Fund is another of the Village's three enterprise funds and is used to account for the revenues and expenses associated with the provision of recycling and refuse collection and disposal services to residents and businesses. Other services funded by the resources in this Fund include brush pickup, chipping services, and storm cleanup. All activities necessary to provide these services are accounted for, including administration, billing and collections, and operations.

Fund Structure

The Recycling and Refuse Fund is an enterprise fund which means the revenues, expenses, transfers, and changes in net assets are accounted for in accordance with full accrual accounting methods (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Instead of a Fund Balance, the Recycling and Refuse Fund utilizes Net Assets as the indicator of the accumulated equity of the Fund; Net Assets are equal to total assets (including all capital assets) less total liabilities.

A balanced budget in the Recycling and Refuse Fund is determined by the positive or negative change in Net Assets. The budgeted Change in Net Assets is indicative of the Fund's ability to generate sufficient resources to meet operating and non-operating expenses. If the Change in Net Assets is equal to or greater than \$0, the Fund's budget is considered to be balanced.

Analysis of Revenues and Expenditures

The 2009 Budget includes \$1,136,875 in estimated revenues for the Recycling and Refuse Fund, an increase of \$45,575 (4.01%) from the 2008 revenue estimate of \$1,091,300 and a \$52,487 (4.84%) increase from projected 2008 actual revenues of \$1,084,388. The 2010 Budget includes \$1,170,563 in total revenues for the Fund, an increase of \$33,688 (2.96%) from the 2009 revenue estimate (*please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-88 for more detailed analysis of various revenue sources*).

- Charges for Services revenues are estimated to increase \$31,800 or (2.95%), from \$1,078,200 in 2008 (*projected actual*) to \$1,110,000 in 2009. In 2010, Charges for Services are projected to increase an additional \$33,000 from \$1,110,000 to \$1,143,000. These increases are the result of an expected rise in users of the recycling refuse program.
- Miscellaneous operating revenues are expected to remain stable in 2009 and 2010 at \$20,000 per year; up from the 2008 projected actual of \$0 in 2008.
- Investment Income is expected to increase \$687 or (11.10%) from \$6,188 in 2008 (*projected actual*) to \$6,875 in 2009. In 2010, this revenue source is expected to further increase \$688 (10.01%) to \$7,563. The slight increases are expected to occur as higher interest rates will have a positive effect on the Village's return from its investments and money market account (*the Illinois Funds Account managed by the State of Illinois Treasury*).

The 2009 Budget includes \$1,068,612 in budgeted expenditures for Recycling and Refuse, a decrease of \$20,543 (-1.89%) from the 2008 revised Budget of \$1,089,155 and an increase of \$9,827 (.93%) from the projected 2008 actual of \$1,058,785. The 2010 Budget includes \$1,097,498 in total expenditures for the Fund, an increase of \$28,886 (2.70%) from 2009 budgeted expenditures.

- The 2009 Community and Financial Services budget will decrease \$5,300 (-8.43%), from a revised budget of \$62,850 in 2008 to a proposed expenditure budget of \$57,550 in 2009. In 2010, the Community and Financial Services budget will increase \$1,646 (2.86%) to \$59,196. The decrease in

2009 is due to a 2008 economic related reduction in force which will cause a decline in Personnel Services costs in 2009. In 2010 the increase is expected due to increases in of salaries and fringe benefits. Increases and decreases in health insurance premiums and IMRF pension contributions have a pronounced impact on this budget because of its small size.

- The 2009 Public Works Department budget will decrease \$15,243 (-1.49%), from a revised budget of \$1,026,305 in 2008 to a proposed expenditure budget of \$1,011,062 in 2008. In 2010, the Public Works budget will increase an additional \$27,240 (2.69%) to \$1,038,302. Like Community and Financial Services, the Public Works Department budget is impacted by a 2008 reduction in force causing lower salaries and fringe benefits in 2009. The increase in 2010 is caused by the expected salary increases and related fringe benefit costs.

Changes in Net Assets

Net Assets will increase \$73,263 (39.98%) in 2009 to a total of \$256,523 in 2009. In 2010, Net Assets will increase \$78,065 (30.43%) to a total of \$334,588.

Recycling and Refuse Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Net Assets
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006 <u>Actual</u>	FY 2007 <u>Actual</u>	FY 2008 <u>Revised Budget</u>	FY 2008 <u>Projected Actual</u>	FY 2009 <u>Approved Budget</u>	FY 2010 <u>Approved Budget</u>
Beginning Total Net Assets⁽¹⁾	\$ 100,826	\$ 142,041	\$ 152,658	\$ 152,658	\$ 183,261	\$ 256,523
<i>Operating Revenues</i>						
Charges for Services	978,678	1,026,944	1,078,200	1,078,200	1,110,000	1,143,000
Miscellaneous	7,112	-	4,500	-	20,000	20,000
Total Revenues	985,789	1,026,944	1,082,700	1,078,200	1,130,000	1,163,000
<i>Operating Expenses</i>						
Community & Financial Services	54,603	58,151	62,850	58,555	57,550	59,196
Public Works	906,454	976,264	1,026,305	1,000,230	1,011,062	1,038,302
Total Operating Expenses	961,057	1,034,415	1,089,155	1,058,785	1,068,612	1,097,498
Operating Income (Loss)	24,733	(7,470)	(6,455)	19,415	61,388	65,502
<i>Non-Operating Revenues (Expenses)</i>						
Investment Income	11,483	13,087	8,600	6,188	6,875	7,563
Total Non-Operating Revenues (Expenses)	11,483	13,087	8,600	6,188	6,875	7,563
Income (Loss) Before Transfers	36,215	5,616	2,145	25,603	68,263	73,065
<i>Transfers In/(out)</i>						
General Fund	5,000	5,000	5,000	5,000	5,000	5,000
Net Transfers	5,000	5,000	5,000	5,000	5,000	5,000
Change In Net Assets⁽²⁾	41,215	10,616	7,145	30,603	73,263	78,065
Ending Net Assets						
Unrestricted	142,041	152,658	159,803	183,261	256,523	334,588
Total Ending Net Assets	\$ 142,041	\$ 152,658	\$ 159,803	\$ 183,261	\$ 256,523	\$ 334,588

Notes

(1) Net Assets equal Total Assets less Total Liabilities

(2) If the Change in Net Assets is equal to or greater than \$0, then the budget for Recycling and Refuse is balanced according to Village Financial Policy.

MOTOR VEHICLE PARKING SYSTEM FUND

Description: The Motor Vehicle Parking System Fund is the third enterprise fund operated by the Village and accounts for the revenues and expenses related to the operation, maintenance, and enforcement of downtown and commuter parking facilities.

Fund Structure

The Motor Vehicle Parking System Fund is an enterprise fund which means the revenues, expenses, transfers, and changes in net assets are accounted for in accordance with full accrual accounting methods (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Instead of a Fund Balance, the Motor Vehicle Parking System Fund utilizes Net Assets as the indicator of accumulated Fund equity; Net Assets are equal to total assets (including all capital assets) less total liabilities. Net Assets reflect the total productive investment in the parking system by the Village.

Two categories of Net Assets have been established in the Motor Vehicle Parking System Fund to account for the disparate revenues, expenditures, and accumulated assets in the Fund, these categories include:

- Unreserved – Undesignated – Segment of the total Fund Balance available to redeem any or all current or future obligations of the Village (subject to a minimum balance established by policy).
- Reserved for Restricted Revenues – Segment of the Fund Balance that represents revenues restricted by Illinois State Statute or Village Code for a particular purpose. These revenues include SSA #16 Barrington Station and SSA #17 Wool Street Grill. This category of Fund Balance represents the accumulated total of the restricted revenues that have not been expended for their associated special purpose.

A balanced budget in the Motor Vehicle Parking System Fund is determined by the positive or negative change in Net Assets. The budgeted Change in Net Assets is indicative of the Fund's ability to generate sufficient resources to meet operating and non-operating expenses. If the Change in Net Assets is equal to or greater than \$0, the Fund's budget is considered to be balanced.

Analysis of Revenues and Expenses

The 2009 Budget includes \$1,129,671 in estimated revenues for the Motor Vehicle Parking System Fund, an increase of \$281,971 (33.26%) from the 2008 revenue estimate of \$847,700 and an increase of \$327,000 (40.74%) from projected 2008 actual revenues of \$802,671. The 2010 Budget includes \$1,148,376 in total revenues for the Fund, an increase of \$18,705 (1.66%) from the 2009 revenue estimate (*please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-88 for a more detailed analysis of various revenue sources*).

- Revenues from Property Taxes in both 2009 and 2010 are expected to remain constant from the 2008 projected actual of \$45,796.
- Revenues from Licenses and Permits are estimated to increase \$54,375 (24.25%) in 2009, from \$224,200 in 2008 (*projected actual*) to \$278,575 in 2009. License and Permit revenue is expected to increase \$12,980 (4.66%) in 2010 to \$291,555. The increase in 2009 is expected due to Village Board approved increases in parking permit rates effective early in the year. In 2010 increases are expected to occur due to a combination of additional commuter parking permit sales and employer/employee permit sales.
- Charges for Services revenue is estimated to increase \$181,500 (55.85%) in 2009 from \$325,000 in 2008 (*projected actual*) to \$506,500 in 2009. Revenues are expected to remain stable in 2010 at \$506,500. The increase in 2009 is expected to occur because the fee for daily parking commuter parking spaces will rise commensurate with the aforementioned parking permit sales.

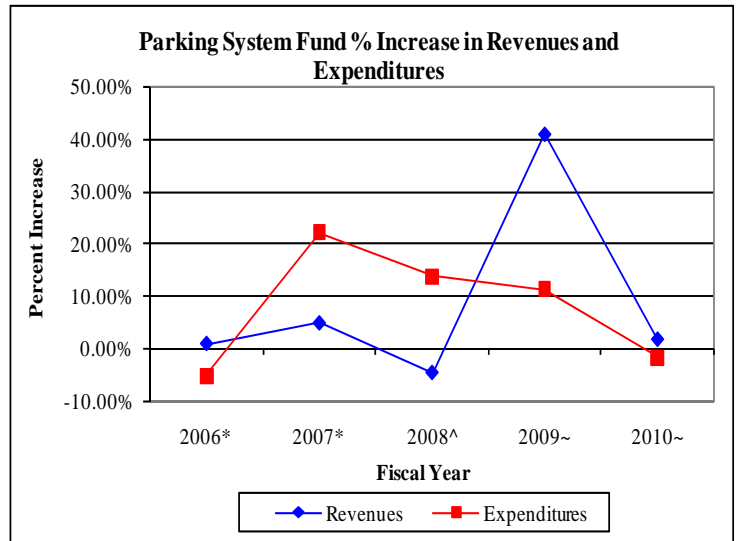
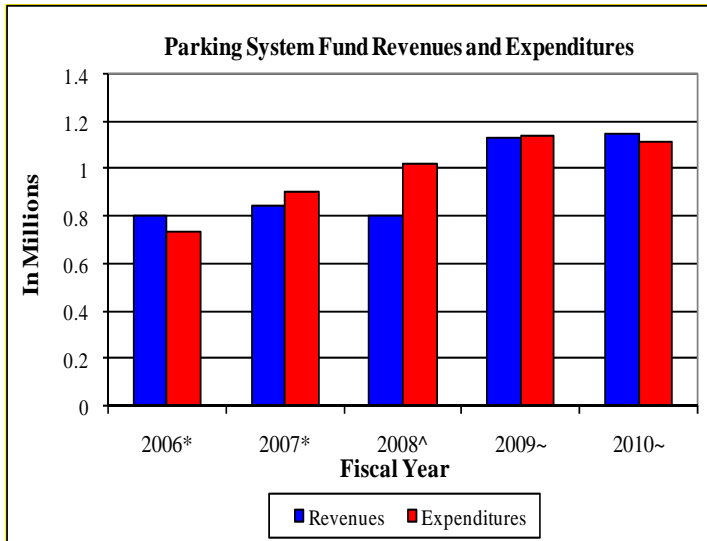
- Fines and Forfeitures revenue is estimated to increase \$61,600 (51.33%) in 2009, from \$120,000 in 2008 (*projected actual*) to \$181,600 in 2009. Revenues are expected to remain stable in 2010 at \$181,600. The increase in revenues in 2009 is primarily due to Village Board approved increase in parking fines in addition to anticipated continued effectiveness in the electronic parking fare system and its benefits in terms of parking enforcement.
- Village Property Usage revenue is estimated to remain stable in 2009 and 2010 at the 2008 projected actual of \$8,500. This revenue is reflective of the projection of rental income at the train station.
- Miscellaneous revenues are expected to increase \$24,000 (80%) from a 2008 projected actual of \$30,000 to \$54,000 in 2009. In 2010 Miscellaneous revenues are expected to remain stable at \$54,000. The increase in 2009 is due to new temporary daily commuter parking spaces to be made available in 2009.
- Investment Income is expected to increase \$5,525 (11.24%) in 2009, from \$49,175 in 2008 (*projected actual*) to \$54,700 in 2009. In 2010, this revenue source is expected to increase \$5,725 (10.47%) to \$60,425. These increases are expected to occur as higher interest rates will have a positive effect on the Village's return from its investments and money market account (*the Illinois Funds Account managed by the State of Illinois Treasury*).

The 2009 Budget includes \$1,138,659 in budgeted expenses for the Motor Vehicle Parking System Fund, a decrease of \$314,954 (-21.67%) from the 2008 Budget of \$1,453,613 and a decrease of \$114,281 (-11.16%) from the projected 2008 actual of \$1,024,378. The 2010 Budget includes \$1,117,319 in total expenses for the Fund, a decrease of \$21,340 (1.87%) from 2009 budgeted expenses (*please see the respective Department Budget Summaries for a detailed analysis of Departmental expenditures*).

- The 2009 Community and Financial Services budget will increase \$21,203 (6.22%), from a projected actual budget of \$341,127 in 2008 to a proposed expenditure budget of \$362,330 in 2009. In 2010, the Community and Financial Services budget will increase \$3,280 (.91%) from \$362,330 to \$365,610. The increase in 2009 is the result of increases in Operating Expenditures and Other Expenditures slightly offset by a decrease in Personnel Expenditures. Personnel Services costs are lower due to department reorganization of one full-time position to one part-time position and the related fringe benefit savings. Other Expenditures increase due to an increase in Interfund Charges. Operating Expenses increase due to increases in the cost to lease parking spaces. The increase in 2010 is brought about by small increases in Operating Expenditures and Other Expenditures slightly offset by a decrease in Personnel Services.
- The 2009 Police Department budget will decrease \$46,193 (-13.37%), from a projected actual of \$345,384 in 2008 to a proposed expenditure budget of \$299,191 in 2009. In 2010, the Police Department budget will increase \$7,667 (2.56%) to \$306,858. The decrease in 2009 is attributable to decreases in Personnel Services and Operating Expenditures. Personnel Services decrease due to department reorganization of two full-time employees to two part-time employees and related fringe benefit cost decline. Operating Expenditures decrease due to decline in supplies needed related to personnel cost decreases. Increase in 2010 is due to expected increases in Personnel Services for salary increases. Operating Expenditures are expected to remain stable in 2010.
- The 2009 Public Works Department budget will increase \$29,271 (10.17%), from a projected actual of \$287,867 in 2008 to a proposed expenditure budget of \$317,138 in 2009. In 2010, the Public Works budget will increase an additional \$7,712 (2.43%) from \$317,138 to \$324,850. The increase in 2009 is the result of increases in Personnel Services and Operating Expenses. Personnel Services increase in 2009 due to a rise in costs for salaries, health insurance premiums, and IMRF pension contributions. Operating Expenses increase as Commodities increase due to the tremendous increase in the cost of rock salt used to salt the parking lots. The increase in 2010 is caused by an increase in Personnel Services due to a rise in the cost of salaries and fringe benefits and an increase in Operating Expenses which include the cost of planned parking lot striping.

- The 2009 Non-Capital Construction budget will increase from \$50,000 (*projected actual*) in 2008 to \$160,000 in 2009 and then decrease to \$120,000 in 2010. These expenses in 2009 are for engineering costs associated with a proposed daily temporary parking lot (*please see Footnote Three on the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets as well as the Capital Improvements Section for illustrations and descriptions of these items*).

The difference between the amount of operating revenues and expenses in the Motor Vehicle Parking System Fund has been narrowing since 2004 with expenditures being in excess of revenues for the years 2007 through 2009 and the percent increase in expenses exceeds the percent increase in revenues in 2007 and 2008. Percent increases of revenues over expenditures are expected to increase sharply in 2009 as the cost of permit and daily fee parking rises.



* Actual Expenses ^Projected Expenses ~Budgeted Expenses

Changes in Net Assets

The Motor Vehicle Parking System Fund will have a negative Change in Net Assets of \$8,988 in 2009 and a positive Change in Net Assets of \$31,057 in 2010. The negative Change in Net Assets is caused by increased operational costs for maintenance at the newly renovated Train Station, snow removal for the commuter parking lots, and increases in commuter parking lot lease costs. In 2010, the positive change is expected because of the increase in parking permitting and daily fee parking.

Total Net Assets in 2009 will equal \$3,170,443 and in 2010 will equal \$3,201,501.

Motor Vehicle Parking System Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Net Assets
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning Total Net Assets	\$ 3,393,729	\$ 3,459,754	\$ 3,401,138	\$ 3,401,138	\$ 3,179,431	\$ 3,170,443
<i>Operating Revenues</i>						
Property Taxes	-	-	-	45,796	45,796	45,796
Licenses & Permits	222,461	222,535	216,296	224,200	278,575	291,555
Charges for Services	331,083	328,576	325,000	325,000	506,500	506,500
Fines & Forfeitures	125,424	118,576	145,656	120,000	181,600	181,600
Village Property Usage	21,653	13,021	5,748	8,500	8,500	8,500
Miscellaneous	126	60,134	74,000	30,000	54,000	54,000
Total Revenues	700,747	742,842	766,700	753,496	1,074,971	1,087,951
<i>Operating Expenses</i>						
Community & Financial Services	255,891	323,990	320,581	341,127	362,330	365,610
Police Department	283,777	330,286	352,074	345,384	299,191	306,858
Public Works	198,208	246,518	330,958	287,867	317,138	324,850
Non-Capital Construction	-	-	450,000	50,000	160,000	120,000
Total Operating Expenses	737,876	900,794	1,453,613	1,024,378	1,138,659	1,117,319
Operating Income (Loss)	(37,129)	(157,952)	(686,913)	(270,882)	(63,688)	(29,368)
<i>Non-Operating Revenues (Expenses)</i>						
Investment Income	103,154	99,336	81,000	49,175	54,700	60,425
Total Non-Operating Revenues (Expenses)	103,154	99,336	81,000	49,175	54,700	60,425
Net Income, Before Depreciation	66,025	(58,616)	(605,913)	(221,707)	(8,988)	31,057
<i>Depreciation⁽¹⁾</i>	14,827	4,917	-	-	-	-
Change in Net Assets	51,198	(63,533)	(605,913)	(221,707)	(8,988)	31,057
Ending Net Assets⁽²⁾						
Invested in Capital Assets -						
Net of Related Debt	1,753,028	1,801,304	1,801,304	1,801,304	1,801,304	1,801,304
Reserved for Restricted Revenues	-	-	-	45,796	45,796	45,796
Unrestricted	1,706,726	1,599,834	993,921	1,332,331	1,323,343	1,354,401
Total Ending Net Assets	\$ 3,459,754	\$ 3,401,138	\$ 2,795,225	\$ 3,179,431	\$ 3,170,443	\$ 3,201,501

Notes

- (1) The Village does not budget Depreciation.
- (2) According to Village Policy, the Motor Vehicle Parking System Fund Budget is balanced if the Change in Net Assets is equal to or greater than \$0.
- (3) Budgeted but Non-Expensed Items include Capital Construction and Principal Payments, illustrated below

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
<i>Budgeted, Non-Expensed Items</i>						
Capital Improvements	-	-	-	-	-	-
Budgeted, Non-Expensed Items Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

INFORMATION SYSTEMS FUND

Description: The Information Systems Fund is one of the Village's two internal service funds. The purpose of this Fund is to account for the revenues and expenses associated with the purchase, installation, and maintenance of information technology and communications hardware and software.

Fund Structure

The Information Systems Fund is an internal service fund which means the revenues, expenses, transfers, and changes in net assets are accounted for in accordance with full accrual accounting methods (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Instead of a Fund Balance, the Information Systems Fund utilizes Net Assets as the indicator of accumulated Fund equity; Net Assets are equal to total assets (including all capital assets) less total liabilities.

Determination of a balanced budget in the Information Systems Fund is based on whether the Fund maintains Net Assets, less capital assets that are higher than the minimum required for the future replacement of equipment plus three months of operating expenses. The Information Systems Fund includes an equipment replacement component which the Village utilizes to replace information technology software, hardware, and networking equipment. Positive or negative changes in Net Assets in any one particular year are not indicative of the financial results in the Fund as this change may be the result of additions or subtractions from the equipment replacement portion of Net Assets. Additions or subtractions to the equipment replacement portion of Net Assets are dependent on the amount and cost of the equipment to be purchased in one year offset by Interfund Charges revenue received for equipment replacement.

Analysis of Revenues and Expenses

The 2009 Budget includes \$612,053 in estimated revenues for the Information Systems Fund, an increase of \$163,417 (36.42%) from the 2008 projected actual of \$448,636. The 2010 Budget includes \$595,746, in total revenues for the Fund, a decrease of \$16,307 (2.66%) from the 2009 revenue estimate.

- Charges for Services revenue is estimated to increase by \$110,852 (224.85%), from \$49,301 in 2008 (*projected actual*) to \$160,153 in 2009. In 2010, Charges for Services are projected to decrease \$118,720 to \$41,433. The revenues for 2009 increase dramatically and then decrease just as dramatically in 2010 as a significant amount of expenses for Fire Department software, hardware, and network equipment are budgeted in 2009. The cost of these expenses is shared by the Village and District and revenues in 2009 and 2010 are reflective of the District reimbursement to the Village for its portion of these expenses.
- Interfund Charges revenue is estimated at \$426,856 in 2009, an increase of \$51,134 (13.61%) from the 2008 revenue of \$375,722 (*projected actual*). In 2010, Interfund Charges are estimated to further increase \$99,694 to a total of \$526,550. The increases in both 2009 and 2010 are the result of an increase in the amount needed for future equipment replacement.
- Investment Income is expected to increase \$1,431 (6.06%) in 2009, from \$23,613 in 2008 (*projected actual*) to \$25,044 in 2009. In 2010, this revenue source is expected to increase to \$27,763. The slight increase in 2009 and 2010 is expected to occur as slightly higher interest rates will have a positive effect on the Village's return from its investments and money market account (the Illinois Funds Account managed by the State of Illinois Treasury).

The 2009 Budget includes \$1,056,147 in budgeted expenses for Information Systems, an increase of \$659,091 (165.99%) from the 2008 Budget of \$397,056 and an increase of \$911,967 (632.52%) from the projected 2008 actual of \$144,180. The 2010 Budget includes \$386,831 in total expenses for the Fund, a decrease of \$669,316 (63.37%) from 2009 budgeted expenses. The increase in 2009 is the result of increases in Personnel Services, Operating Expenses and Other Expenses. Increases in Operating Expenses and Other

Expenses comprise the majority of the total increase. Operating Expenses increase due to purchase of new software, hardware and servers. Other Expenses increase due to an increase in Equipment Purchases in 2009. The decrease in 2010 is the result of a decline in Other Expenses offset by minor increases in Personnel Services and Operating Expenses as the budget for equipment purchases is reduced in 2010 (*please see the Village Manager Department Budget Summary on Pages 149-158 for a summary of the Information Systems Division and the equipment to be purchased*).

Changes in Net Assets

Net Assets will decrease \$444,094 (-37.64%) in 2009 to a total of \$735,721. In 2010, Net Assets will increase \$208,915 (28.40%) to a total of \$944,635. The budget is considered balanced because the Minimum Net Assets required for Future Equipment Replacements plus Three Months Operating Expenses are equal to \$546,331 in 2009 and \$678,992 in 2010. Net Assets are in excess of the minimum requirement by \$189,390 in 2009 and \$265,643 in 2010.

	<u>FY 2009</u>	<u>FY 2010</u>
Ending Net Assets	\$735,721	\$944,635
Minimum Net Assets Required for Future Equipment Replacements plus Three Months Operating Expenses	546,331	678,992
Net Assets in Excess of Minimum Requirements	\$189,390	\$265,643

Information Systems Fund
Summary of Revenues, Expenses, Transfers, and Changes in Net Assets
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006 <u>Actual</u>	FY 2007 <u>Actual</u>	FY 2008 Revised <u>Budget</u>	FY 2008 Projected <u>Actual</u>	FY 2009 Approved <u>Budget</u>	FY 2010 Approved <u>Budget</u>
Beginning Total Net Assets⁽¹⁾	\$ 900,457	\$ 886,487	\$ 875,359	\$ 875,359	\$ 1,179,815	\$ 735,721
<i>Operating Revenues</i>						
Charges for Services	31,417	49,994	49,301	49,301	160,153	41,433
Interfund Charges	172,505	303,416	375,722	375,722	426,856	526,550
Total Revenues	203,922	353,410	425,023	425,023	587,009	567,983
<i>Operating Expenses</i>						
Village Manager	257,284	405,359	397,056	144,180	1,056,147	386,831
Total Operating Expenses	257,284	405,359	397,056	144,180	1,056,147	386,831
Operating Income (Loss)	(53,362)	(51,948)	27,967	280,843	(469,138)	181,152
<i>Non-Operating Revenues (Expenses)</i>						
Investment Income	39,392	40,820	38,000	23,613	25,044	27,763
Total Non-Operating Revenues (Expenses)	39,392	40,820	38,000	23,613	25,044	27,763
Change in Net Assets	(13,970)	(11,129)	65,967	304,456	(444,094)	208,915
Ending Net Assets⁽²⁾	886,487	875,359	941,326	1,179,815	735,721	944,635

Notes

(1) Net Assets equal Total Assets less Total Liabilities

(2) Minimum Ending Net Assets established for the Information Systems Fund are equivalent to future equipment replacement needs plus three months of operating expenses. The minimum amounts for 2009 and 2010 equal:

	FY 2009	FY 2010
Future Equipment Replacement	\$ 476,448	\$ 607,409
Three Months Operating Expenses	264,037	96,708
Total Minimum Fund Balance	\$ 740,485	\$ 704,117

According to Village Policy, the Budget is considered balanced if the Ending Net Assets for the Fund are higher than the minimum required Fund Balance

CENTRAL GARAGE FUND

Description: The Central Garage Fund is one of the Village's internal service funds and is used to account for the revenues and expenses related to the purchase and maintenance of vehicles and related equipment for all Village Departments.

Fund Structure

The Central Garage Fund is an internal service fund which means the revenues, expenses, transfers, and changes in net assets are accounted for in accordance with full accrual accounting methods (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Instead of a Fund Balance, the Central Garage Fund utilizes Net Assets as the indicator of accumulated Fund equity; Net Assets are equal to total assets (including all capital assets) less total liabilities.

Determination of a balanced budget in the Central Garage Fund is based on whether the Fund maintains Net Assets, less capital assets that are higher than the minimum required for the future replacement of vehicles and equipment plus three months of operating expenses. The Central Garage Fund includes an equipment replacement component which the Village utilizes to replace vehicles and related equipment. Positive or negative changes in Net Assets in any one particular year are not indicative of the financial condition of the Fund as this change may be the result of additions or subtractions from the vehicle and equipment replacement portion of Net Assets. Additions or subtractions to the vehicle and equipment replacement portion of Net Assets are dependent on the number and cost of vehicles and equipment to be purchased in one year offset by the Interfund Charges revenue received for vehicle and equipment replacement.

Analysis of Revenues and Expenses

The 2009 Budget includes \$1,318,236 in estimated revenues for the Central Garage Fund, an increase of \$122,809 (10.27%) from the 2008 revenue estimate of \$1,195,427 and an increase of \$12,623 (.97%) from projected 2008 actual revenues of \$1,305,613. The 2010 Budget includes \$956,520 in total revenues for the Fund, a decrease of \$361,716 (-27.44%) from the 2009 revenue estimate.

- Charges for Services revenue is estimated to increase \$261,718 (175.55%), from \$149,082 in 2008 (*projected actual*) to \$410,800 in 2009. In 2010, Charges for Services are projected to decrease to \$45,000. The increase in 2009 is caused by an increase in revenues from the Barrington Countryside Fire Protection District. In 2009, several large purchases for the Fire Department will occur, including the purchase of an ambulance and a Pumper Vehicle. The cost of these expenses is shared by the Village and District and revenues in 2009 are reflective of the District's reimbursement to the Village for its portion of these expenses. In 2010, there are no new vehicles scheduled to be purchased therefore revenue from the District will decrease.
- Miscellaneous revenues are estimated to increase \$20,500 (54.67%), from \$37,500 in 2008 to \$58,000 in 2009. Miscellaneous revenues are estimated to decrease by \$21,025 in 2010 to \$36,975 (-36.25%). Miscellaneous revenues are the result of sales of vehicles and equipment that have reached the end of their useful lives and are being replaced.
- Revenue from Interfund Charges is estimated at \$767,749 in 2009, a decrease of \$273,874 (-26.29%) from 2008 projected revenues of \$1,041,623. In 2010, Interfund Charges are estimated to increase \$16,991 (2.21%) to a total of \$784,740. The decrease in 2009 is caused by a reduction in the transfer for equipment replacement. The increase in 2010 is the result of a more accurate reflection of the vehicle depreciation transfer from other operating funds of the Village.
- Investment Income is expected to increase \$4,279 (5.53%) in 2009, from \$77,408 in 2008 (*projected actual*) to \$81,687 in 2009. In 2010, this revenue source is expected to increase \$8,118. The increase in 2009 is projected to occur because higher interest rates are expected to have a positive effect on the

Village's return from its investments and money market account (*the Illinois Funds Account managed by the State of Illinois Treasury*).

The 2009 Budget includes \$1,604,350 in budgeted expenses for Central Garage, a decrease of \$409,356 (20.32%) from the 2008 Budget of \$2,013,706 and a decrease of \$233,637 (12.71%) from the projected 2008 actual of \$1,837,987. The 2010 Budget includes \$1,052,303 in total expenses for the Fund, a decrease of \$552,047 (34.41%) from 2009 budgeted expenses.

- The 2009 Public Works Department budget will increase \$31,363 (4.51%), from \$694,987 (*projected actual*) in 2008 to a proposed expenditure budget of \$726,350 in 2009. In 2010, the Public Works budget will decrease \$34,547 (4.76%) to \$691,803. The increase in 2009 is due an increase in Operating Expenses offset by small decreases in Personnel Services and Equipment. Operating Expenses increase due to an increase in Commodities including Oil and Gas. The decrease in 2010 is caused by decreases in Operating Expenses and Equipment offset by an increase in Personnel Services. Equipment Expenses decrease due to a reduction in the amount budgeted for Equipment Reserve purchases. Personnel Services increase due to a rise in costs for salaries, health insurance premiums, and IMRF pension contributions.
- The 2009 Non-Capital Equipment budget will decrease \$122,200 (-18.10%) from \$675,200 (*projected actual*) in 2008 to \$553,000 in 2009. In 2010, Non-Capital Equipment purchases decrease \$342,500 (61.93%) to \$210,500. The displays for 2009 and 2010 do not include major capital equipment purchases that are budgeted but not expensed however they are included in Footnote 4 (*please see Footnote Four on the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets as well as the Capital Improvements Section for illustrations and descriptions of these items*).
- Capital equipment purchases (*displayed in Footnote 4 on the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets at the end of this Fund Summary*) will decrease from a revised budget of \$594,500 in 2008 to \$325,000 in 2009. In 2010, a decrease of \$175,000 (-53.85%) to a total of \$150,000 will occur. The 2009 budget includes several vehicle purchases including an Ambulance and a Pumper Vehicle (*please see the Public Works Department Summary on Pages 208-230*). The 2010 Budget has fewer vehicle purchases and is therefore less than the 2009 budget.

Changes in Net Assets

Net Assets will increase \$38,886 (1.07%) in 2009 to a total of \$3,665,485. In 2010, Net Assets will increase an additional \$54,217 (1.48%) to a total of \$3,719,702. The Budget for both years is considered balanced in that Net Assets needed for future equipment replacements plus three months Operating Expenses are equal to \$1,870,714 in 2009 and \$2,148,097 in 2010. This leaves Net Assets, less projected capital assets, in excess of the minimum requirement by \$396,859 in 2009 and \$939,321 in 2010.

	<u>FY 2009</u>	<u>FY 2010</u>
Ending Net Assets, Less Projected Capital Assets	\$2,267,573	\$3,087,418
Minimum Net Assets Required for Future Equipment Replacement plus Three Months Operating Expenses	1,870,714	2,148,097
Net Assets in Excess of Minimum Requirements	\$396,859	\$939,321

Central Garage Fund
Summary of Revenues, Expenses, Transfers, and Changes in Net Assets
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning Total Net Assets⁽¹⁾	\$ 3,543,756	\$ 3,636,786	\$ 3,691,174	\$ 3,691,174	\$ 3,626,600	\$ 3,665,485
Operating Revenues						
Charges for Services	209,514	35,687	149,082	149,082	410,800	45,000
Miscellaneous	35,818	47,217	50,000	37,500	58,000	36,975
Interfund Charges	626,061	912,961	897,345	1,041,623	767,749	784,740
Total Revenues	871,393	995,864	1,096,427	1,228,205	1,236,549	866,715
Operating Expenses						
Public Works	524,251	598,918	604,206	694,987	726,350	691,803
Non-Capital Equipment	265,577	325,981	824,050	675,200	553,000	210,500
Total Operating Expenses	789,828	924,899	1,428,256	1,370,187	1,279,350	902,303
Operating Income (Loss)	81,565	70,965	(331,829)	(141,982)	(42,801)	(35,588)
Non-Operating Revenues (Expenses)						
Investment Income	119,312	139,783	99,000	77,408	81,687	89,805
Total Non-Operating Revenues (Expenses)	119,312	139,783	99,000	77,408	81,687	89,805
Net Income, Before Depreciation	200,877	210,748	(232,829)	(64,574)	38,886	54,217
Depreciation⁽²⁾	107,847	156,360	-	-	-	-
Change in Net Assets	93,030	54,388	(232,829)	(64,574)	38,886	54,217
Ending Net Assets⁽³⁾	\$ 3,636,786	\$ 3,691,174	\$ 3,458,345	\$ 3,626,600	\$ 3,665,485	\$ 3,719,702

Notes

- (1) Net Assets equal Total Assets less Total Liabilities
- (2) The Village does not budget Depreciation so it is not reflected in the Budget columns.
- (3) Minimum Ending Net Assets established for the Central Garage Fund are equivalent to future equipment replacement needs plus three months of operating expenditures. According to Village Policy, the Budget is considered balanced if Ending Net Assets (less Projected Capital Assets) are higher than the minimum Fund Balance. The minimum amounts for 2009 and 2010 equal:

	FY 2009	FY 2010
Future Equipment Replacement	\$ 1,686,885	\$ 1,973,071
Three Months Operating Expenses	183,829	175,026
Total Minimum Fund Balance	\$ 1,870,714	\$ 2,148,097
Ending Net Assets	3,665,485	4,430,160
Projected Ending Capital Assets	1,397,912	1,342,742
Projected Ending Unrestricted Net Assets	2,267,573	3,087,418

- (4) Budgeted but Non-Expensed Items include Capital Equipment Purchases, illustrated below

	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Budgeted, Non-Expensed Items						
Capital Expenditures	323,392	121,768	594,500	521,500	325,000	150,000
Budgeted, Non-Expensed Items Total	\$ 323,392	\$ 121,768	\$ 594,500	\$ 521,500	\$ 325,000	\$ 150,000

FIREFIGHTERS' AND POLICE PENSION FUNDS

Description: The pension funds are fiduciary funds that hold financial resources in trust to provide funding for the retirement benefits of Firefighters and Police Officers and their beneficiaries.

Fund Structure

The Firefighters' and Police Pension Funds are fiduciary funds; accounting for the revenues, expenses, transfers, and change in Plan Assets Held in Trust is based on full accrual accounting principles (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Plan Assets Held in Trust is equal to total assets (*including all capital assets*) less total liabilities.

A balanced budget in these Funds is achieved when additions exceed deductions in the Fund.

Minimum Net Assets Held In Trust

The goal of the Village is to fully fund both Pension Funds. The necessary balance for Plan Assets Held in Trust to meet this objective is established annually in the respective actuarial report.

Firefighters' Pension Fund -Analysis of Revenues and Expenditures

The 2009 Budget includes \$966,000 in estimated revenues for the Firefighters' Pension Fund, a decrease of \$206,657 (17.62%) from the 2008 revised budget of \$1,172,657 and a decrease of \$86,000 (8.17%) from projected 2008 actual revenues of \$1,052,000. The 2010 Budget includes \$1,038,000 in total revenues for the Fund, an increase of \$72,000 (7.45%) from the 2009 revenue estimate.

- Investment Income is expected to decrease \$100,000 or 30.77% in 2009, from \$325,000 in 2008 (*projected actual*) to \$225,000. In 2010, this revenue source is expected to increase \$20,000 (8.90%) to a total of \$245,000. The decrease in 2009 is attributable to the downturn in the economy and decline in the stock market during 2008. The Firefighters' Pension fund is able to and currently has a significant percentage of its portfolio invested in equity based mutual funds. As a result, the fund's investment income is expected to decrease in 2009. In 2010, Investment Income is projected to increase as economic prospects seem to be marginally positive.
- Miscellaneous revenue is estimated to increase \$2,000 (.70%) in 2009, from \$287,000 in 2008 to \$289,000 in 2009. In 2010, Miscellaneous revenue is estimated to increase an additional \$14,000 (4.84%) to a total of \$303,000. In both 2009 and 2010 Miscellaneous revenue is estimated to increase due to increases in the salaries of plan participants which will generate higher member contributions (*member contributions are based on a percent of salary, as member salaries increase so do contributions*).
- Interfund Charges revenue is estimated at \$452,000 in 2009, an increase of \$12,000 (2.73%) from 2008 projected revenues of \$440,000. In 2010, Interfund Charges are estimated to increase an additional \$38,000 (5.34%) to a total of \$490,000. Interfund Charges are owed by the General Fund to the Pension Fund and equal the amount the Village is obligated to contribute to the Pension Fund to ensure it is fully funded.

The 2009 Budget includes \$214,825 in budgeted expenses for the Firefighters' Pension Fund, an increase of \$124,875 (13.34%) from the 2008 Revised Budget of \$89,950 and an increase of \$125,913 from the projected 2008 actual of \$88,912. The 2010 Budget increases to \$220,825 in total expenses for the Fund.

- Administrative Expenses in 2009 equal \$64,825, a decrease of \$287 from 2008 projected actual expenses of \$65,112. In 2010, Administrative Expenses increase to \$65,825. The decrease in 2009 is the result of

decreased legal expenses offset by increases in Accounting Services and Investment and Custody Fees. The increase in 2010 is attributed to increases in Legal and Accounting Services.

- The 2009 budget for Separation and Benefit Payments increases \$126,200 from \$23,800 in 2008 (*projected actual*) to a total of \$150,000 as the first Disability Pension was granted in 2009 and two additional disability applications are outstanding. In 2010, Separation and Benefit Payment expenses are projected to increase to \$155,000.

Changes in Net Assets Held In Trust for Firefighters

Plan Assets Held in Trust will increase \$751,175 (9.80%) in 2009 to a total of \$8,424,089. In 2010, Plan Assets Held in Trust will increase an additional \$817,175 (9.70%) to a total of \$9,241,264.

Police Pension Fund -Analysis of Revenues and Expenditures

The 2009 Budget includes \$1,284,500 in estimated revenues for the Police Pension Fund, a decrease of \$429,342 (25.05%) from the 2008 revenue estimate of \$1,713,842 and a decrease of \$243,780 (15.95%) from projected 2008 actual revenues of \$1,528,280. The 2010 Budget includes \$1,328,500 in total revenues for the Fund, an increase of \$44,000 (3.43%) from the 2009 revenue estimate.

- Investment Income is expected to decrease \$187,500 (22.73%) in 2009, from \$825,000 in 2008 (*projected actual*) to \$637,500. In 2010, Investment Income is expected to increase \$85,000 (13.33%) to a total of \$722,500. The decrease in 2009 is attributable to the downturn in the economy and decline in the stock market during 2008. The Police Pension fund is able to and currently has a significant percentage of its portfolio invested in equity based mutual funds. As a result, the fund's investment income is expected to decrease in 2009. In 2010, Investment Income is projected to increase as economic prospects seem to be marginally positive.
- Miscellaneous revenue is estimated to decrease \$20,000 (7.69%) in 2009, from \$260,000 in 2008 to \$240,000 in 2009. In 2010, Miscellaneous Revenue is estimated to decrease an additional \$16,000 (6.66%) to a total of \$224,000. The decrease in 2009 is the result of lower member contributions beginning in May due to the reduction of employees as a result of the expiration of the contract to provide police services to the Village of Inverness. In 2010, Miscellaneous Revenue is again estimated to decrease as the Fund will received reduced member contributions for the entire year.
- Interfund Charges revenue is estimated at \$407,000 in 2009, a decrease of \$36,280 (8.18%) from 2008 projected revenues of \$443,280. In 2010, Interfund Charges are estimated to decrease an additional \$25,145 (5.48%) to a total of \$483,858.

The 2009 Budget includes \$1,240,425 in budgeted expenses for the Police Pension Fund, an increase of \$271,585 (28.03%) from the 2008 Revised Budget of \$968,840 and an increase of \$311,822 (32.19%) from the projected 2008 actual of \$928,603. The 2010 Budget is projected to increase an additional \$31,330 (2.53%) to a total of \$1,271,755.

- Administrative Expenses in 2009 equal \$120,425, an increase of \$9,938 (8.99%) from 2008 projected actual expenses of \$110,487. In 2010, Administrative Expenses increase slightly to \$124,755. The increase in 2009 and 2010 is primarily due to increases in accounting expenses, auditing expenses and Investment and Custody Fees.
- The 2008 Budget for Separation Payments will remain stable at \$30,000 in both 2009 and 2010.
- The Budget for Benefit Payments increases \$301,884 (38.30%) in 2009, from \$788,116 in 2008 (*projected actual*) to a total of \$1,090,000. In 2010, Benefit Payments are projected to increase an additional \$27,000 (2.48%) to a total of \$1,117,000. Increases in both years are the result of increases in benefits for current retirees and beneficiaries coupled with the additional benefits for seven new retiree's effective May 1, 2009.

Changes in Net Assets Held In Trust for Police Officers

Plan Assets Held in Trust will increase \$44,075 (.25%) in 2009 to a total of \$17,711,897. In 2010, Plan Assets Held in Trust will increase an additional \$56,745 (.32%) to a total of \$17,768,642.

Police and Firefighter's Pension Funds
Summary of Revenues, Expenditures, Transfers, and Changes in Net Assets Held in Trust
Fiscal Year 2006 Actual through Fiscal Year 2010 Budget

Firefighter's Pension Fund						
	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Net Plan Assets⁽¹⁾	\$ 4,610,677	\$ 5,687,212	\$ 6,709,826	\$ 6,709,826	\$ 7,672,914	\$ 8,424,089
<i>Additions</i>						
Investment Income	428,802	314,790	325,000	325,000	225,000	245,000
Miscellaneous	222,352	247,210	287,000	287,000	289,000	303,000
Interfund Charges	455,008	494,909	560,657	440,000	452,000	490,000
Total Additions	1,106,162	1,056,909	1,172,657	1,052,000	966,000	1,038,000
<i>Deductions</i>						
Administrative Expenses	29,627	32,994	59,950	65,112	64,825	65,825
Separation Payments	-	1,301	30,000	4,800	30,000	30,000
Benefit Payments	-	-	-	19,000	120,000	125,000
Total Deductions	29,627	34,294	89,950	88,912	214,825	220,825
Change in Net Assets	1,076,535	1,022,614	1,082,707	963,088	751,175	817,175
Plan Assets Held in Trust⁽¹⁾	\$ 5,687,212	\$ 6,709,826	\$ 7,792,533	\$ 7,672,914	\$ 8,424,089	\$ 9,241,264
Police Pension Fund						
	FY 2006	FY 2007	FY 2008	FY 2008	FY 2009	FY 2010
	<u>Actual</u>	<u>Actual</u>	<u>Revised</u>	<u>Projected</u>	<u>Approved</u>	<u>Approved</u>
			<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Plan Assets Held in Trust⁽¹⁾	\$ 14,600,971	\$ 15,755,555	\$ 17,068,145	\$ 17,068,145	\$ 17,667,822	\$ 17,711,897
<i>Additions</i>						
Investment Income	1,194,583	1,298,552	969,984	825,000	637,500	722,500
Miscellaneous	242,130	323,906	260,000	260,000	240,000	224,000
Interfund Charges	398,321	430,751	483,858	443,280	407,000	382,000
Total Additions	1,835,035	2,053,209	1,713,842	1,528,280	1,284,500	1,328,500
<i>Deductions</i>						
Administrative Expenses	87,403	89,081	128,840	110,487	120,425	124,755
Separation Payments	20,678	-	30,000	30,000	30,000	30,000
Benefit Payments	572,369	651,538	810,000	788,116	1,090,000	1,117,000
Total Deductions	680,450	740,620	968,840	928,603	1,240,425	1,271,755
Change in Net Assets	1,154,584	1,312,589	745,002	599,677	44,075	56,745
Plan Assets Held in Trust⁽¹⁾	\$ 15,755,555	\$ 17,068,145	\$ 17,813,147	\$ 17,667,822	\$ 17,711,897	\$ 17,768,642

(1) Net Plan Assets are defined as current assets less current liabilities; long term liabilities and assets are not included in this calculation.