

INTRODUCTORY & SUMMARY INFORMATION

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VILLAGE VISION & MISSION STATEMENT

DOWNERS GROVE VISION

Downers Grove
is a beautiful Village with
Unique neighborhoods and
an authentic downtown.
We are a technology community
with hometown feeling and
Convenient access to the Chicagoland region.
We are a great place for families to live
and business to thrive.

DOWNERS GROVE MISSION

Our Village government
provides exceptional municipal services
that are valued by our Citizens and Businesses.
We are fiscally responsible,
have passion for our customers, and
have an eye on the future.
We engage our citizens
and partner with others
to make Downers Grove a great community
in which to live and to do business.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Village of Downers Grove
Illinois**

For the Fiscal Year Beginning

January 1, 2011

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Village of Downers Grove, Illinois for its annual budget for the fiscal year beginning January 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Village Officials and Management Staff

Mayor & Village Council

Mayor

Martin Tully

Commissioners

Robert Barnett

Sean Patrick Durkin

Geoff Neustadt

Becky Rheintgen

Marilyn Schnell

William Waldack

Village Manager

David Fieldman

Village Attorney

Enza Petrarca

Village Clerk

April Holden

Deputy Village Manager

Michael Baker

Communications Director

Douglas Kozlowski

Community Development Director

Thomas Dabareiner

Finance Director

Judy Buttny

Fire Chief

James Jackson

Human Resources Director

Dennis Burke

Information Services Director

Liangfu Wu

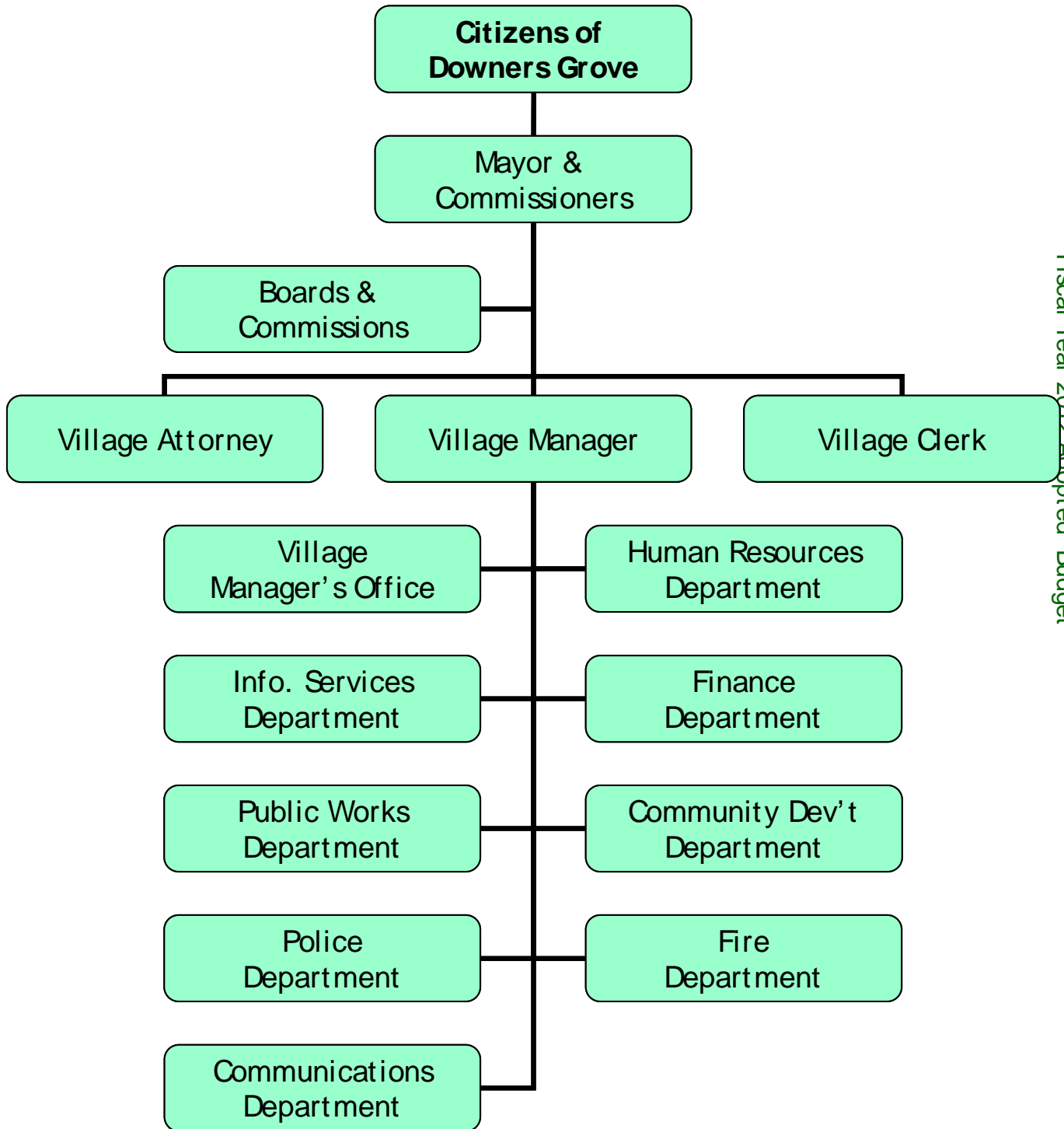
Police Chief

Robert Porter

Public Works Director

Naneil Newlon

VILLAGE ORGANIZATIONAL CHART



Fiscal Year 2012 Adopted Budget

BUDGET MESSAGE

TO: Honorable Mayor and Council
FROM: David Fieldman, Village Manager
RE: Adopted FY12 Municipal Budget
DATE: December 9, 2011

The Village Budget Team and I are pleased to present the Adopted FY12 Municipal Budget. The adopted budget reflects the Village's continued commitment to achieving the Strategic Plan goal of *Steward of Financial Sustainability* in the face of challenging economic conditions affecting nearly all municipalities in the state, region and nation. The adopted budget is consistent with the strategies and recommended actions of the 2012-14 Long Range Financial Plan (LRFP) that was prepared earlier this year.

The primary goals of the FY12 budget include:

- Balance the General Fund budget (revenues equal to expenses) in a manner consistent with the LRFP recommended actions.
- Continue to implement the recommendations of the 2010 Water Rate Study Report.
- Continue to invest in needed infrastructure improvements in a sustainable manner.

Adopted FY12 Budget Review and Approval Schedule

Publish the Proposed FY12 Budget	Friday, September 23
Budget Workshop	Saturday, October 1
Budget Discussion at Council Meeting	Tuesday, October 11
Coffee with the Council	Saturday, October 15
Budget Discussion at Council Meeting	Tuesday, October 18
Budget Public Hearing at Council Meeting	Tuesday, November 1
Vote to Adopt Budget, Hearing on Est. Tax Levy	Tuesday, November 8
Adopt Estimated Tax Levy	Tuesday, November 15
Tax Levy Public Hearing	Tuesday, December 6
Adoption of Tax Levy and Abatements	Tuesday, December 13

The Village budget is comprised of 26 active funds. The total municipal budget for all funds consists of approximately \$137.1 million in revenues and \$128.9 million in expenses. Table 1 below summarizes the revenues, expenses, beginning balance and ending balance for each fund within the budget. Three of the funds are managed by the Library District, an independent component unit of the Village.

Table 1
All Funds Revenues, Expenses and Fund Balances, FY12

Fund	Estimated Balance 12/31/11	FY12 Budgeted Revenue	FY12 Budgeted Expenses	Budgeted Balance 12/31/12
General Fund	\$16,619,488	\$41,349,312	\$41,349,024	\$16,619,776
Motor Fuel Tax	\$334,100	\$1,200,500	\$1,300,000	\$234,600
Downtown Redev. TIF	\$998,082	\$2,503,116	\$2,701,298	\$799,900
Foreign Fire	\$217,649	\$65,500	\$83,000	\$200,149
Ogden Avenue TIF	\$3,530,014	\$681,015	\$1,477,128	\$2,733,901
Tax Rebate	\$0	\$750,000	\$750,000	\$0
Transportation	(\$1,920,149)	\$299,078	\$273,948	(\$1,895,019)
Asset Forfeiture	\$0	\$50,000	\$50,000	\$0
Capital Projects	\$2,300,664	\$30,505,671	\$17,119,903	\$15,686,432
Municipal Buildings	\$187,900	\$265,100	\$453,000	\$0
Real Estate	\$264,906	\$60,090	\$126,645	\$198,351
Stormwater Improvement	\$10,563,434	\$4,743,439	\$13,427,187	\$1,879,686
Debt Service - Fairview Ave	\$19,259	\$200,000	\$200,000	\$19,259
Debt Service - Downtown TIF	\$742,211	\$2,873,313	\$2,873,313	\$742,211
Debt Service - SW/Facilities	\$0	\$4,163,871	\$4,163,871	\$0
Parking	\$1,122,613	\$2,164,100	\$2,493,629	\$793,084
Water	\$1,557,506	\$21,226,237	\$16,944,857	\$5,838,886
Equipment Replacement	\$1,173,951	\$1,186,500	\$1,395,500	\$964,951
Fleet Services	\$3,838	\$1,799,561	\$1,785,900	\$17,499
Risk Management	(\$1,311,450)	\$1,889,750	\$1,872,812	(\$1,294,512)
Health Insurance	\$315,565	\$6,290,738	\$6,289,716	\$316,587
Police Pension	\$39,753,645	\$3,488,541	\$3,263,502	\$39,978,684
Fire Pension	\$33,585,676	\$4,223,434	\$3,163,847	\$34,645,263
Library	\$3,511,180	\$4,430,497	\$4,620,396	\$3,321,281
Library Construction	\$244,176	\$612	\$80,000	\$164,788
Library Debt Service	\$872,546	\$647,780	\$646,780	\$873,546
Total	NA	\$137,057,754	\$128,905,256	NA

I. GENERAL FUND

The General Fund is the main operating fund of the Village and includes the majority of Village services. **The General Fund adopted budget is balanced with revenues and expenses of \$41.35 million.**

The Adopted FY12 Budget is the third annual budget prepared per the recommendations of the Long Range Financial Plan (LRFP). In 2010 and 2011, significant changes to the Village's budget and operations were made to address a substantial structural financial gap of \$4.5 million in 2010 that was projected to increase to \$6.0 million by 2012. Changes included reductions and eliminations of Village services and programs, voluntary and involuntary staffing reductions and revenue enhancements.

Through these changes, the structural gap in the General Fund was eliminated. In fact, during the past few years, **the Village has reduced General Fund expenses by approximately \$5 million.** The major expense reductions efforts are as follows:

- Eliminated 45.6 Full-Time Equivalent (FTE) positions
- Changed the Health Benefit Plan
- Changed the Health Plan Provider Network
- Eliminated Heritage Festival
- Eliminated the Bicycle Race
- Eliminated the Ice Festival
- Eliminated Counseling Services
- Eliminated the Community Grants Program

- Eliminated the D.A.R.E. Program
- Reduced the Taxi Subsidy Program
- Partnership with Westmont for Emergency Dispatching Services
- Execution of Multi-Year Contracts to Capture Favorable Bidding Environment
- Use of Technology including License Plate Recognition Program and Commuter Parking Pay by Phone

Because these appropriate actions were taken in 2010 and 2011, the Village is well positioned for the FY12 Budget. The LRFP includes a specific action plan for the 2012 General Fund budget. The adopted budget is consistent with the recommended action plan below.

LRFP 2012 Plan for the General Fund

- **Increase Operating Efficiencies**
 - Continuous Improvement
 - Culture of Lean
 - Increase Use of Technology
- **Reduce Personnel Expenses**
 - Monitor & Adjust Health Benefit Plan As Needed
 - Change Post Employment Benefit Plan
 - Create Employee Wellness Program
 - Create Risk Reduction Program
- **Partner with Others**
 - Capture Economy of Scale
 - Enhance Revenues
 - Reduce Net Operating Expenses
- **Enhance Revenue Base**
 - Economic Development
 - Annexation Initiative
- **Adjust Property Tax Levy as Needed**
- **Consider Other Revenue Enhancements as Needed**

Consistent with the above plan, **the FY12 Adopted Budget is balanced with revenues and expenses of \$41.35 million.** The ending fund balance is budgeted to be \$16.62 million, or 40.19% of budgeted expenses.

**Table 2
General Fund Revenues and Expenses, FY07 to FY12 (in millions)**

	Revenues	Expenses	Difference	Fund Balance	Fund Balance % of Expenses
FY07 (Actual)	\$41.14	\$42.72	(\$1.58)	17.05	39.91%
FY08 (Actual)	\$40.98	\$42.25	(\$1.27)	15.78	37.35%
FY09 (Actual)	\$38.95	\$39.28	(\$0.33)	15.44	39.31%
FY10 (Actual)	\$39.44	\$39.20	\$0.24	15.68	40.00%
FY11 (Budget)	\$40.07	\$40.07	---	14.65	36.56%
FY11 (Estimate)	\$41.34	\$40.40	\$.94	16.62	41.14%
FY12 (Budget)	\$41.35	\$41.35	---	16.62	40.19%

A. General Fund Expenses

As noted in Table 2 above, General Fund expenses are budgeted at \$41.35 million. The Village is committed to cost containment by implementing the recommendations of the LRFP on a daily basis. This is evident in the fact that **the budgeted FY12 expenses are nearly \$1.4 million less than 2007 actual expenses.**

Pursuant to the 2012 recommended actions in the LRFP, there are two major expense reduction efforts included in the FY12 Adopted Budget:

Reduction in Public Safety Pension Expenses: The State of Illinois requires each municipality to contribute to their Police and Fire Pension funds according to minimum contribution standards found in state statutes. The State also establishes the benefit levels for the participants in these pension funds. In 2011, the State amended the public safety pension funding regulations. The amendments:

- Decreased the required percent funded target from 100% to 90%
- Increased the amortization period from 23 to 30 years

Staff reviewed the above changes in the regulations and consulted with the Village's financial auditor. The increase in the amortization period adheres to Generally Accepted Accounting Principles (GAAP) and is consistent with the Village's financial management approach. However, the decrease in the required percent funded target does not adhere to GAAP, and if implemented would negatively impact the financial condition of the police and fire pension funds. Therefore, the Adopted Budget has been prepared using a 30-year amortization period and a 100% funding target. The funding of the pension funds meets and exceeds the State required regulations and provides for the continued fiscal health of the pension funds.

In 2011, the Village's required contributions to the Police and Fire Pension funds totaled \$4.08 million. The contributions in 2012 are budgeted to be \$3.69 million; a decrease of approximately \$393,000. If the Village were to continue contributing to the pension funds per past practices, the 2012 contribution would be \$4.06 million (see Table 3 below).

**Table 3
Village Contributions to Police and Fire Pension Funds, FY12**

	Budgeted	Per Past Practice	Difference
Police Pension Fund	1,567,925	1,774,327	(206,402)
Fire Pension Fund	2,122,822	2,231,888	(109,066)
Total	3,690,747	4,006,215	(315,468)

Change in Post Employment Benefit Plan: Currently, retired Village employees are offered benefits from the Village's self-insured medical plan. In 2012, the Village will be offering access to a Medicare supplement, a fully insured product, to all retirees 65 years of age and older. This change is expected to reduce FY12 expenses by \$60,000. In addition, this change will reduce the Village's long term unfunded liability for post employment benefits.

The vast majority of General Fund expenses are related to personnel. In fact, personnel expenses account for 77% of total expenses. The reduction in post employment benefit expenses help to reduce personnel expenses. However, due to increases in other personnel costs such as salaries and benefits, the result is a small increase in total personnel expenses. Personnel expenses are budgeted to increase by 2.08% compared to the FY11 budget (See Table 4 below).

**Table 4
General Fund Expenses by Category, FY11 and FY12**

Category	FY11 Budget	FY12 Budget	Change	% Change
Personnel	\$31,078,336	\$31,727,371	\$649,035	2.08%
Non-Personnel	\$8,995,574	\$9,621,653	\$626,079	6.96%
Total	\$40,073,910	\$41,349,024	1,275,114	3.18%

Non-personnel expenses are budgeted to increase by approximately \$626,000 or 6.96% the majority of which (\$476,000), is due to vehicle fleet and equipment replacement fund expense increases.

The balance of the increase is due primarily to contractual expenses related to the implementation of the 2012 High Priority Action Items (\$165,000). Other items contributing to this increase:

- Community Wide Notification System (\$41,000, previously paid for with proceeds from a settlement agreement)
- Planned purchase of “cloud computing” software applications (\$58,000)
- Planting of an additional 100 parkway trees to replace trees lost during the 2011 storms (\$33,800)
- An increase in the payment to the Downers Grove Economic Development Corporation (\$35,000, based on the budgeted \$70,000 increase in hotel tax revenue, of which the DGEDC receives 50%)
- Citizen survey (\$10,000).

These increases are offset by decreases in other non-personnel expenses for a total increase of \$626,079.

B. General Fund Revenues

Total General Fund revenue is budgeted to be \$41.35 million, an amount equal to budgeted expenses and nearly the same as 2007 actual revenues. There are a variety of revenue sources that support the General Fund. In the past several years, many of the General Fund revenue sources have declined or remained flat. As discussed during the LRFP meetings, most revenues are expected to grow slowly over the next few years. Sales Tax, Utility Taxes, Home Rule Sales Tax, State Income Tax, Hotel Tax, Fines, Building Permits and Cellular Equipment lease revenues are budgeted to increase modestly compared to the FY11 budget. **The property tax levy for pensions is budgeted to decrease by approximately \$393,000** (see the paragraph in the General Fund Expense section regarding pension expenses).

Table 5 below summarizes the top ten General Fund revenue sources. Pursuant to LRFP recommendations, most fees for service will be increased by 3%

**Table 5
Top Ten General Fund Revenue Sources**

	Source	FY09 Act	FY10 Act	FY11 Bud	FY11 Est	FY12 Bud
1	Sales Tax	10,300,409	10,308,322	10,200,000	10,600,000	10,800,000
2	Property Taxes - Operations	5,723,607	6,246,186	6,662,347	6,662,347	6,662,347
3	Utility Taxes	5,694,902	5,395,373	5,380,000	5,430,000	5,430,000
4	State Income Tax	3,960,237	3,834,683	3,500,000	3,600,000	3,650,000
5	Property Taxes - Pensions	2,861,687	3,690,574	4,083,851	4,083,851	3,690,747
6	Home Rule Sales Tax	--	971,936	1,800,000	1,875,000	1,950,000
7	Cellular Equipment. Fees	880,956	986,835	998,400	1,050,000	1,092,000
8	Fines	823,171	757,233	775,000	815,000	795,590
9	Building Related Permits	809,928	1,068,212	870,000	950,000	950,000
10	Hotel Tax	702,555	728,913	700,000	770,000	770,000
Sub-Total		31,757,452	33,988,267	34,969,598	35,836,198	35,790,684
All Other		7,191,061	5,449,063	5,105,243	5,501,438	5,558,628
Total		38,948,513	39,437,330	40,074,841	41,337,636	41,349,312

Real Estate Tax Levy for Operations – The property tax levy for general operations is budgeted to remain unchanged compared to the FY11 levy.

Property Tax – Pensions – The property tax levy for pensions is budgeted to decrease by \$393,104. The revenue from the property tax levy for pensions is equal to the budgeted pension expenses. For additional information, please see the section on pension expenses above.

Staffing Plan

The 2012 staffing plan includes a total of 328.98 FTE positions, a reduction of .15 FTE positions from the 2011 staffing plan. Since 2008 a total of 45.75 FTE positions have been eliminated.

Table 6
Staffing Plan, 2009 to 2012

Department	2009	2010	2011	2012	Change, 2011-12
Counseling & Social Services Dept.	3.90	1.25	1.25	--	(1.25)
Community Events Department	3.00	1.00	--	--	--
Village Manager's Office	6.60	4.60	5.60	4.60	(1.0)
Human Resources Department	4.50	3.50	3.50	3.60	.10
Legal Department	3.75	3.00	3.50	4.00	.50
Communications Department	6.25	5.50	5.25	6.25	1.0
Community Development Dept.	18.50	16.50	15.50	15.50	--
Building Services Division	9.25	8.25	8.00	8.00	--
Finance Department	13.18	12.18	12.18	12.18	--
Police Department	120.60	114.60	110.60	110.60	--
Public Works Department	77.75	74.25	68.00	69.50	1.5
Fire Department	88.75	85.75	85.00	84.00	(1.0)
Information Services Department	8.00	8.00	8.00	8.00	--
Village Clerk's Office	2.50	2.50	2.75	2.75	--
TOTAL	366.53	340.88	329.13	328.98	(.15)

Fiscal Year 2012 Adopted Budget

The following paragraphs summarize the key staffing changes reflected in the adopted FY12 budget.

Fire Department – In 2011, the Village restructured the Fire Prevention Bureau to reduce the number of employees while continuing to provide the same or enhanced level of service for annual fire inspections. The FY12 Budget reflects the reduction of 1.0 FTE fire inspector. The inspection work previously performed by the fire inspector will be performed by Village firefighters. They will perform the work when they are not working on their normal shift and will be paid an hourly rate specified in the collective bargaining agreement.

Human Resources and Legal Departments – In 2011, the Village restructured the Human Resources Department. The restructuring resulted in the elimination of the Assistant Director of Human Resources, the creation of a full time Risk Manager position, the relocation of an intern position from the Legal Department to the HR Department and the conversion of a part-time administrative assistant to a full-time position. The Human Resources Department and Legal Department work closely together on many issues including administration of employee benefits, implementation of personnel regulations and management of the Risk Fund. The recently created Risk Manager will focus on managing the Risk Fund and reducing the Village's total risk related expenses. These duties were previously handled by the Assistant HR Director in addition to other duties. This position is now located in the Legal Department. The HR Intern is responsible for assisting the HR Director with special projects intended to improve services provided to employees. The HR intern position replaces the Legal Intern position.

Counseling & Social Services – In September 2011, the Village ceased operating the Prentiss Creek Neighborhood Resource Center. The resource center closure was prompted by a vacancy in the Resource Coordinator position. Staff reviewed the operation of the center and determined that calls for police service had been declining since 2002 and that grant funding had decreased from about \$16,000 per year to under \$9,500. Therefore the FY12 Budget and staffing plan reflect the elimination of the Resource Coordinator (.75 FTE) and the two resource mentor positions (.50 FTE). Staff will monitor the conditions of the Prentiss Creek apartments to determine if future changes in staffing or operations are warranted.

Public Works Department – Staffing in the Public Works Department is being increased by 1.5 FTE by creating a full-time Stormwater Administrator position and increasing the .50 FTE Administrative Assistant position to a full-time position. Both changes are intended to increase staff capacity to manage needed infrastructure improvements.

Communications & Village Manager’s Office – Staffing in the Village Manager’s Office has been reduced by one position while staffing in the Communications Department has been increased by 1. In 2011, a Customer Service Assistant position was removed from the Manager’s Office and replaced with a Communications Specialist position. This change in departmental staffing was done to improve customer service and communication to residents. This staffing change is reflected in the FY12 Budget.

II. PROPERTY TAX LEVY

While the total municipal budget relies on a number of sources of revenue, the property tax levy continues to be a focus of judging the fiscal health of a community. Property taxes account for about 25% of the General Fund budget.

The Village’s property tax levy is comprised of six components each used to support specific services provided by the Village. Table 7 summarizes the real estate tax levy for FY11.

**Table 7
Village Property Tax Levy, FY10 & FY11**

Levy Component	FY11	FY12	Change
Corporate Levy	\$3,812,347	\$3,812,347	--
Fire Protection	\$2,850,000	\$2,850,000	--
Fire Pension	\$2,203,343	\$2,122,822	(\$80,521)
Police Pension	\$1,880,508	\$1,567,925	(\$312,583)
Stormwater	\$2,630,139	\$2,630,139	--
Debt Service After Abatements	--	--	--
Total	\$13,376,337	\$12,983,233	(\$393,104)

The total Property Tax Levy will decline by \$393,104 compared to the FY11 levy.

Based on conversations with the township assessor’s office, the total Equalized Assessed Valuation of all taxable property located within the Village limits is expected to decline by 7% from \$2.42 billion to \$2.23 billion. The application of the Village’s levy to the total taxable value of property results in an increase of the Village’s tax rate from .5625 in 2011 to an estimated .5860 in 2012.

Because the total property tax levy will decline, the amount paid by the owner of a typical residential property will also decrease. Table 8 below shows how the Village’s levy would affect a residential property with a market value of \$300,000 in 2011. The value of the property is expected to decline by 7% and would have a market value of \$279,000 in 2012. **In 2011, the example property paid \$562.50 to the Village. The same property in 2011 would pay \$544.98 (\$17.52 less).** It is important to note that the Village portion of the tax bill is generally about 10% of the total tax bill.

Table 8
Village Tax Levy on a \$300,000 Residential Property

	FY11	FY12
Equalized Assessed Value	\$100,000	\$93,000
Village Tax Rate	.5625	.5860
Village Tax Amount	\$562.50	\$544.98

III. IMPLEMENTATION OF WATER FUND CHANGES

The Village provides clean, safe and reliable water service to residents and commercial establishments in and around the Village. The water system serves a residential population of approximately 50,000 with a service area that includes all areas within the Village limits and a limited area outside the Village. The primary source of water supply for the Village is from the DuPage Water Commission. The Water Commission is supplied with water from the City of Chicago which draws water from Lake Michigan.

In 2010 the Village Council approved a Water Rate Study Report which includes the following findings and recommendations:

Based on projected water sales, the Village’s current water rates will not produce adequate revenues to cover the costs of operating and maintaining the water system in 2011 or during subsequent years.

The annual shortfalls under existing rates will exhaust the Village’s Water Fund cash balance during 2011.

There are several reasons for the revenue shortfalls, which include the following:

The Village has experienced annual reductions in water sales over the last five years, which has directly impacted revenues from water sales. The majority of the water system revenue (about 92.5%) is dependent on water sales.

The Village has experienced significant increases in the costs of purchased water from the DuPage Water Commission. These increases have been the primary reason for the increasing costs of operating the water system. It is anticipated that the Village will continue to experience significant annual increases (10%per year) in purchased water costs from the Water Commission.

Based on a review of the age of the water system’s buried and above ground assets, a significant portion of the water system has reached its useful life. If the Village does not address these assets, it runs the risk of portions of the system failing, leading to significant disruptions in water service. To address the aging water system, the Village will be required to make significant investments in the water system over the next 10 to 20 years.

The report also recommends a 14%increase in water rates in 2011, 2012 and 2013 along with lesser increases in 2014 and 2015. In 2011, the Village changed the water billing structure and rates pursuant to the plan. In November 2011, the Water Commission announced a series of rate increases that exceed the 10% used in the model; 25%in 2012, 18%in 2013 and 14%in 2014 and 2015. The FY12 Water Fund budget reflects a 25%increase in water rates (the original increase was 14%) to incorporate the Water Commission increase. **Revenues from the sale of water are budgeted to be \$11.16 million, up from the FY11 estimated revenues of \$9.1 million.**

The increase in the water rates, along with the implementation of the other recommendations in the report, will allow the Village to continue to operate and maintain the water system in a sustainable manner. The budget includes the issuance of a \$10 million bond. The proceeds will be used to construct replacement water-mains throughout the system. The debt service payments on the bond will be funded by the revenue from water rates.

IV. INFRASTRUCTURE INVESTMENT

Sustainable funding for the Village’s infrastructure systems was the primary focus of the 2012-14 LRFP meetings. The Village Council discussed infrastructure priorities, the sizing of the planned 2012 bond issuance, and potential revenues to address a \$3 million per year gap in the funding for maintenance of the Village’s infrastructure systems.

The adopted FY12 budget calls for the continued investment in Village infrastructure pursuant to the preliminary discussions of the 2012-14 LRFP. The adopted budget includes only the existing revenue sources dedicated to infrastructure and a \$25 million bond issuance with the proceeds to be used for street reconstructions. According to the 2008 plan for bond issuances, this bond was originally intended to pay for improvements to the

stormwater system. To address the rapidly deteriorating condition of streets, the bond is proposed to be used for street reconstruction projects.

Streets – The FY12 Budget calls for \$4.68 million to maintain Village streets, \$9.68 million to reconstruct the streets in the Nottingham and Valley View Estates Subdivision and portions of Brookbank and Grove Street, and \$375,000 for the design of roadway reconstructions that are planned to take place in the next few years.

In 2010, the Village completed an assessment of the condition of the streets, ranking street segments in seven categories ranging from *Good* to *Failed*. The assessment revealed that approximately 36% of the street segments (569 segments) in the Village are in *Poor* to *Failed* condition. Street segments in these conditions typically require reconstruction to be restored to *Good* condition. Street segments that are in *Good* to *Fair* condition require regular maintenance activities such as resurfacing and crack sealing to be maintained to these conditions. The cost of maintaining streets to these conditions is significantly less than reconstructing streets that have fallen into *Poor* to *Failed* condition. Generally speaking, the cost of reconstructing a street costs 4 times as much as maintaining a street.

Consistent with the Village's practice in recent years, the \$4.68 million will be used to maintain street segments that are in *Fair* condition in an effort to prevent them from falling into a worsened condition that requires the street to be reconstructed. If funding is available after the street maintenance contracts have been completed, the Village will patch portions of streets that are in *Poor* to *Failed* condition.

Stormwater – The FY12 Budget includes \$9.2 million for improvements to and maintenance of the Village's stormwater infrastructure system. Widespread flooding from heavy rains in October of 2006 prompted the Village to comprehensively address deficiencies in the infrastructure and maintenance of the public stormwater system. In 2007, the Village completed the Watershed Infrastructure Improvement Plan (WIIP). Projects recommended in the WIIP primarily address drainage and stormwater issues within the public system. The completion of these projects will create additional capacity within the system and improve drainage as a whole.

In 2008, the Village issued \$25 million in bonds with the proceeds earmarked for 15 high priority stormwater improvement projects identified in the WIIP. To date, 13 of the high priority projects have been completed or are under construction. In FY12, the Village plans to continue working on the remaining high priority projects and the stormwater budget provides over \$6.57 million from the proceeds of the 2008 bond issue for this continued investment.

There are other capital improvement projects and maintenance projects that must be undertaken to make sure that the stormwater system is functioning properly. To that end, the FY12 stormwater fund budget provides \$2.63 million for nine projects.

Sidewalks – The FY12 Budget includes \$600,000 for the construction of new sidewalks and over \$182,000 for the maintenance of existing sidewalks. This funding will allow the Village to continue to pursue the goal of constructing a sidewalk on at least one side of every street in the Village.

V. FUNDING FOR HIGH PRIORITY ACTION ITEMS

The Village Council has identified, on a preliminary basis, 12 *High Priority Action Items* for FY12. The FY12 Budget provides resources to accomplish these action items. Table 9 below indicates the 2012 *High Priority Action Items* and identifies how each of these actions will be funded in the FY12 Budget.

**Table 9
Funding for 2012 High Priority Action Items**

Action Item	Funding
Negotiate a Collective Bargaining Agreement with Fraternal Order of Police	\$20,000 for professional services is included in the General Fund for this project.
Negotiate a Collective Bargaining Agreement with Local 150 Operating Engineers	\$20,000 for professional services is included in the General Fund for this project.
Enforce the Sign Ordinance Compliance Deadline	\$5,000 for professional services is included in the General Fund for this project.
Complete a Historic Building Survey	\$50,000 for professional services is included in the General Fund for this project. These expenses are offset by a budgeted grant of \$25,000.
Implement a Stormwater Utility and/ or Additional Revenue to Support Infrastructure Investment	This project will be completed by staff. No specific additional funding is required.
Issue Bonds for Infrastructure Improvements	Professional services will be required for the bond issuance. \$150,000 is included in the Capital Fund and \$75,000 is included in the Water Fund for this project.
Update the Zoning and Subdivision Ordinances per the Comprehensive Plan recommendations	\$20,000 for professional services is included in the General Fund for this project. The balance of project expenses should be covered by a grant.
Consider Municipal Aggregation for the Purchase of Electricity	This project will be completed by staff. No specific additional funding is required.
Implement Recommendations of the Downtown Parking Plan	The parking plan is currently being reviewed by the Council. The budget does not include revenue or expenses for the implementation of the plan. Upon approval of the plan, changes to the budget may be required to implement the plan.
Consider Amendments to the Village Stormwater Regulations	This project will be completed by staff. No specific additional funding is required.
Prepare an Existing Facilities Maintenance & Modernization Plan	\$50,000 for professional services is included in the General Fund for this project.
Consider Creation of a Vacant Property Registry and Maintenance Program	This project will be completed by staff. No specific additional funding is required.

Fiscal Year 2012 Adopted Budget

VI. RISKS TO THE ADOPTED BUDGET

The biggest risk to the FY12 budget is the potential to receive less revenue in the General Fund than is budgeted. While the revenue budget is conservative, there is a chance that economic conditions could worsen, driving revenues lower than budgeted. Further, the State of Illinois may reduce the distribution of state shared revenues such as income tax to municipalities. Staff will monitor and report revenue performance to the Village Council throughout 2012. If revenues fall short of the budget, the Village should be ready to discuss amendments to the budget at any time during 2012. The amendments, if necessary, could include further expense reduction efforts, as well as additional revenue enhancements.

VII. CONCLUSION

The FY12 Budget is attached. The three primary goals (1. Balance the General Fund budget in a manner consistent with the LRFP recommended actions; 2. Continue to implement the recommendations of the 2010 Water Rate Study Report; and 3. Continue to invest in needed infrastructure improvements in a sustainable manner) can be addressed with the adoption and implementation of the budget. The Adopted Budget includes:

- Balanced General Fund with revenues and expenses equal at \$41.35 million.
- \$393,104 reduction in Public Safety pension expenses.
- \$60,000 reduction in post-employment benefit expenses.
- \$393,104 reduction in the total property tax levy.
- Continued reduction in staffing through attrition.
- Funding for the continued investment in Village infrastructure.
- Implementation of the recommendations for the operation of the water system.
- Funding for the 2012 High Priority Action Items.

As a result, the Village is positioned for a successful FY12 and continued financial health in the coming years.

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Sources By Fund, FY2012 Adopted Budget

Fund #	Fund Description	41-Local Taxes	42-Licenses & Permits	43-Intergov'tal Revenues	44-Sales Revenues
001	General Fund	19,139,540	1,322,711	15,483,000	20,000
102	Motor Fuel Tax	-	-	1,200,000	-
107	CBD-TIF	2,502,891	-	-	-
109	Foreign Fire Insurance	65,000	-	-	-
110	Ogden TIF	675,000	-	-	-
111	Tax Rebate	-	-	750,000	-
112	Transportation	-	-	158,978	-
114	Asset Forfeiture	-	-	-	-
220	Capital Projects	4,648,671	-	-	-
223	Major Buildings	-	-	-	-
226	Real Estate	-	-	-	-
243	Stormwater Improvement	4,580,139	-	-	-
337	Fairview Avenue Debt Service	200,000	-	-	-
338	CBD-TIF Debt Service	-	-	-	-
339	Stormwater/ Facilities Debt	-	-	-	-
471	Parking	-	-	-	1,144,000
481	Water	-	2,797	-	11,160,600
530	Equipment Replacement	-	-	-	-
531	Fleet Services	-	-	-	103,500
562	Risk Management	-	-	-	-
563	Health Insurance	-	-	-	1,909,700
651	Police Pension	-	-	-	-
652	Fire Pension	-	-	-	-
805	Library	4,140,942	-	50,000	150
821	Library Construction Fund	-	-	-	-
836	Library Debt	646,780	-	-	-
	TOTAL	36,598,963	1,325,508	17,641,978	14,337,950

Uses by Fund, FY2012 Adopted Budget

Fund #	Fund Description	51-Personnel Expenses	52-Supplies	53-Professional & Tech Services	54-Other Contractual Svcs
001	General Fund	31,727,371	1,105,148	1,560,937	1,655,370
102	Motor Fuel Tax	-	-	-	-
107	CBD-TIF	-	40,500	41,985	-
109	Foreign Fire Insurance	-	38,850	28,450	8,200
110	Ogden TIF	-	1,000	11,560	-
111	Tax Rebate	-	-	-	-
112	Transportation	187,902	45,759	3,750	36,537
114	Asset Forfeiture	-	-	15,000	-
220	Capital Projects	242,965	89,000	358,080	-
223	Major Buildings	-	-	-	-
226	Real Estate	-	2,000	3,000	61,600
243	Stormwater Improvement	469,165	37,900	134,407	239,515
337	Fairview Avenue Debt Service	-	-	-	-
338	CBD-TIF Debt Service	-	-	-	-
339	Stormwater/ Facilities Debt	-	-	-	-
471	Parking	164,365	17,263	32,040	105,064
481	Water	1,274,641	5,981,087	363,659	578,515
530	Equipment Replacement	-	-	-	-
531	Fleet Services	596,643	772,859	15,390	162,285
562	Risk Management	143,414	660	75,400	408,141
563	Health Insurance	126,803	775	436,643	522,000
651	Police Pension	-	150	161,500	-
652	Fire Pension	-	20	136,975	-
805	Library	2,979,760	137,129	172,951	351,703
821	Library Construction Fund	-	-	-	-
836	Library Debt	-	-	-	-
	TOTAL	37,913,029	8,270,100	3,551,727	4,128,930

45-Fees & Charges	46-Grants	47-Interest & Claims	48-Misc. & Contributions	49-Other Fin. Resources	TOTAL	Fund #
4,744,061	540,000	100,000	-	-	41,349,312	001
-	-	500	-	-	1,200,500	102
-	-	225	-	-	2,503,116	107
-	-	500	-	-	65,500	109
-	-	6,015	-	-	681,015	110
-	-	-	-	-	750,000	111
115,100	-	25,000	-	-	299,078	112
50,000	-	-	-	-	50,000	114
-	670,000	175,000	12,000	25,000,000	30,505,671	220
-	-	-	-	265,100	265,100	223
60,000	-	90	-	-	60,090	226
-	103,300	10,000	50,000	-	4,743,439	243
-	-	-	-	-	200,000	337
-	-	-	-	2,873,313	2,873,313	338
-	-	-	-	4,163,871	4,163,871	339
140,000	880,000	100	-	-	2,164,100	471
50,676	-	12,164	-	10,000,000	21,226,237	481
1,185,000	-	1,500	-	-	1,186,500	530
1,696,061	-	-	-	-	1,799,561	531
1,659,000	-	30,750	-	200,000	1,889,750	562
4,381,038	-	-	-	-	6,290,738	563
-	-	950,000	2,538,541	-	3,488,541	651
-	-	1,150,000	3,073,434	-	4,223,434	652
160,200	48,000	21,205	10,000	-	4,430,497	805
-	-	612	-	-	612	821
-	-	1,000	-	-	647,780	836
14,241,136	2,241,300	2,484,661	5,683,975	42,502,284	137,057,754	

56-Claims, Grants, & Debt	57-Controlled Assets	58-Capital Assets	59-Other Financial Uses	TOTAL	Fund #
5,003,898	85,900	10,400	200,000	41,349,024	001
-	1,300,000	-	-	1,300,000	102
-	45,500	-	2,573,313	2,701,298	107
7,500	-	-	-	83,000	109
35,000	-	1,350,000	79,568	1,477,128	110
750,000	-	-	-	750,000	111
-	-	-	-	273,948	112
-	35,000	-	-	50,000	114
9,525	3,775,125	11,680,000	965,208	17,119,903	220
-	312,000	141,000	-	453,000	223
7,000	-	-	53,045	126,645	226
6,307	2,807,750	6,268,380	3,463,763	13,427,187	243
200,000	-	-	-	200,000	337
2,873,313	-	-	-	2,873,313	338
4,163,871	-	-	-	4,163,871	339
5,726	85,000	1,250,000	834,172	2,493,629	471
793,294	257,200	6,590,000	1,106,462	16,944,857	481
-	397,000	998,500	-	1,395,500	530
102,800	22,500	-	113,423	1,785,900	531
1,245,197	-	-	-	1,872,812	562
5,125,433	-	-	78,062	6,289,716	563
3,095,000	-	-	6,852	3,263,502	651
3,020,000	-	-	6,852	3,163,847	652
31,687	39,650	907,516	-	4,620,396	805
-	80,000	-	-	80,000	821
646,780	-	-	-	646,780	836
27,122,329	9,242,625	29,195,796	9,480,720	128,905,256	

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