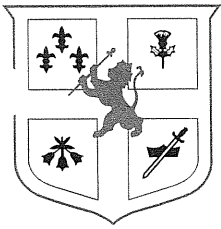


# VILLAGE OF BANNOCKBURN

INCORPORATED 1929

2275 TELEGRAPH ROAD • BANNOCKBURN, ILLINOIS 60015-1533



MICHAEL W. GRUTZA  
*President*

JAMES W. BARKEMEYER  
*Trustee – Police  
Commissioner*

MARVIN H. BERMAN  
*Trustee – Roads,  
Right-of-Way Commissioner*

DANIEL KIRBY  
*Trustee – Water  
Commissioner*

SANDRA LABUNSKI  
*Trustee – Sanitary/Storm  
Sewer Commissioner*

MICHAEL LETOURNEAU  
*Trustee – Building &  
Zoning Commissioner*

GENE NORDBY  
*Trustee – Finance  
Commissioner*

JAMES BOYLE  
*Clerk*

R. DREW IRVIN  
*Manager*

STAFF AND TRUSTEE  
E-MAIL  
*first initial + last name +  
@bannockburn.org*

To: Village President Grutza & Board of Trustees  
From: R. Drew Irvin, Village Manager  
Linda McCulloch, Finance Director  
Date: March 13, 2006  
Re: Village 5-Year Budget  
May 1, 2006 – April 30, 2011

## Introduction

The Village's 5-year budget and capital improvement program details follow for your review and consideration. The budget document is divided into six sections. Each report includes variance columns that provide percentage and dollar changes from the anticipated fiscal 05/06 line totals to the proposed fiscal 06/07 budget amounts. Footnotes for each report provide information pertinent to unusual activity. Section descriptions follow.

- Summary – Consolidates revenues by type; subtotals operational costs; incorporates beginning fund balances, operational reserves, and capital; and projects actual and available fund balances.
- By Fund - Totals revenues, operational expenses, interfund transfers, loan and bond proceeds, capital by fund.
- Detail - By fund, provides complete revenue, operational expenditures, and capital expenditure details.
- CIP - Compiles all capital detail by fund for ready reference.
- Charts - Depicts revenue sources, expenditure allocations, and property tax information.
- Gant chart - Provides more detailing timing of upcoming capital projects.

## **Revenues**

Village revenue sources have grown steadily. The **Taxes** classification is comprised of property, income, sales, personal property, telecommunications, and hotel taxes, plus telephone franchise revenue. Excluding bonds and loans, taxes are 62.5% of the fiscal 06/07 proposed revenues. Sales taxes are 19% of all revenues, 51% of all taxes, and excluding bonds and loans, 27% of revenues.

**Services and Fees** include permits, interest, stop work fines, ARC and ZBA application fees, business and liquor licenses, grants, recaptures, reforestation, tickets and court fines, alarm applications and fines, and miscellaneous sales.

The **Use of Other Funds** reflects the depletion of designated funds for specific projects. In this 5-year budget document, they are: 1). Motor Fuel Tax for one large road related project, 2). Waukegan Road escrow funds for widening to create a turn lane, 3). Special Service Area #1 and #2 for the Rt 22 sanitary sewer liftstation, and 4). Special Service Area #4 funds for signalization at Rt 22 and Lakeside Drive.

**Debt Repaid** is a noteworthy cash flow component for the General Fund. In 1996, the General Fund advanced monies, rather than solicit bond proceeds, for SSA #7, #8, #9, and #10 water and sewer projects. These advances accrue interest, with repayments structured until 2011. Similarly, funds were advanced for SSA #13 and #14 for water and sewer in 2001, with repayment to be completed in 2012. SSA #11 and #12, also advanced monies from the General Fund, were for Lakeside Drive improvements. These advances will be fulfilled in 2010. In 2005, SSA #16 construction began, with the General Fund advancing \$375,000. This advance will be paid off in 2021. When these advances are repaid, the reduction in General Fund liquidity will exceed \$130,000 from current levels.

**Bonds and Loans** include \$375,000 for SSA #16 in fiscal 05/06, bonds secured in fiscal 06/07 for Water Improvement Projects, and beginning in fiscal 07/08, the General Fund co-paying \$100,000 for 10 years as part of the Water Fund debt repayments. Following this repayment, the Water Fund will repay the General Fund this \$1,000,000 advancement plus interest. Fiscal 08/09 includes \$1,700,000 in bond proceeds for several Road Improvement projects. With insufficient revenues to cover operational costs, this bond and debt activity will be occurring in the General Fund. The Village issued bonds for SSA #6 (paid off in 2000) and for the Village Hall (paid off in 2003). The planned use of bonds for water and road improvements obligates cash flow in excess of 10-years. The legal debt limit for the Village, excluding Alternate Revenue Source bonds, is \$11.6 million. While WIP bonds will be ARS bonds, Road bonds may be General Obligation bonds. If GO bonds are issued for \$1.7 million, the Village would be at 14.6% of our legal debt limit.

**Water and Sewer** totals user fee revenues, reflecting the intentionally increased rate structure to fund infrastructure and operational costs, and participate in debt repayments.

## **Operational Expenses**

Most operational expenses remain consistent, with small to moderate fluctuations in annual totals. Some operational expenses have spiked, often reflecting higher than anticipated maintenance costs from items such as aging assets, eg. water main repairs, tree trimming (from drought conditions), squad repairs, and replacing road signs.

New or expanded expenditure items include web site services, professional services relating to Code amendments, Garden Club projects, and canine grant expenditures. Professional services (legal, engineering, landscape architect, etc) are charged as reimbursable expenses or to specific projects whenever possible.

Personnel costs, including insurance and pension benefits, are indicative of the census of the employee pool. IMRF is actuarially based, factoring in age, compensation, and years of service.

Some operational expense fluctuations coincide with revenue fluctuations. Increased water consumption, yielding higher user revenues, can cause increases in both Highland Park and Lake Forest water purchases. The disparity in these purchase rates can easily spike operational cost totals from one year to the next. Sanitary treatment fee increases may not coincide with our fiscal year.

Throughout the reports, footnotes address atypical fluctuations.

## **Capital**

The Village is planning for the completion of significant capital improvement projects during the next five years. Specifically, by fund:

### General

- Assist with WIP bond funding (extends for 10 years before repayments commence)
- Village Hall maintenance
- Continue Open Space landscaping
- Phase II ESDA sirens
- Reservoir #27 development (jointly funded with Hotel Fund)
- Fund Road project bonding
- SSA 15 sewer costs on 12-acre site through fy 2018

### Police

- Annual squad purchase
- Continue replacement/upgrades of videos, radar and radios

### Hotel

- Reservoir #27 development (jointly funded with General Fund)

## Capital Continued

### Road and Path

- Resurface Aitken, Orchard, Robin, Stirling, Telegraph (North & South), Valley
- Restoration - Meadow
- Telegraph path
- Continue entry pillar program
- Rt 22 related:
  - Lakeside & Telegraph Rd signalization
  - Pathway
  - ROW Landscape
  - Utility burial
  - Median irrigation
  - Median landscape
  - East bridge path
- Waukegan:
  - Widen with escrow funds
  - Utility burial
  - Pathway

### Storm

- Waukegan/RR
- Valley
- Meadow
- Other areas to be prioritized

### Water

- Replace mains on Aitken, Cedarcrest, Meadow, North Telegraph, Robin, Stirling, South Telegraph, Valley
- Reservoir related:
  - CPAC Parking
  - Duffy Loop
- Lake Forest meter pit
- Lincolnshire / Bannockburn main (VOB share is 17%)
- Continue hydrant replacements
- On-going bond payments for WIP (\$256,000/yr for 18 years)
- Continue phased meter replacements
- Remote Read system
- Rt 22 related
  - Replace hydrants
  - Relocate water

### Special Service Areas

- Complete SSA 15 paving
- Rt 22 liftstation for sanitary sewer

Completion of these projects creates a need for prioritization of resources and funding.