AGENDA
President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Village Board Room
33 S. Arlington Heights Road, Arlington Heights, IL 60005
June 24, 2019
7:30 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

A. Review of the 12-month Period Ending 12/31/18 Comprehensive Annual Financial Report (CAFR) - Lauterbach & Amen, LLP

B. Operating Fund Overview / Recommended Budget Ceilings - 2020

V. OTHER BUSINESS

VI. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.

Committee-of-the-Whole
6/24/2019

Item: Review of the 12-month Period Ending 12/31/18 Comprehensive Annual Financial Report (CAFR)

Department: Finance

ATTACHMENTS:

Description	**Type**
No Attachments Available	

Committee-of-the-Whole
6/24/2019

Item: Operating Fund Overview / Recommended Budget Ceilings 2020

Department: Finance

ATTACHMENTS:

Description	Type
Operating Fund Overview/Recommended Budget Ceilings - 2020	Exhibits

I N T E R

O F F I C E

MEMO

To: Randy Recklaus, Village Manager
From: Tom Kuehne, Finance Director/Treasurer
Date: June 14, 2019
Subject: **OPERATING FUND OVERVIEW/RECOMMENDED BUDGET CEILINGS – 2020**

The General Fund and the Water & Sewer Fund are the Village's key operating funds covered in this analysis. As of the end of 2018 the General Fund's ending balance as a percent of expenditures equaled 40%. This is in excess of the Village's minimum fund balance policy of 25% of expenditures. Maintaining adequate reserves helps ensure the Village's excellent bond rating, which lowers bond interest charges associated with that rating. These reserves also provide a source of funds for extraordinary weather related events or other damages, and provide the flexibility needed to make prudent decisions during times of economic uncertainty.

The Water & Sewer Fund's 2018 ending working cash balance was 26% of expenses. This was higher than expected due to transfers in of $657,619 from the Northwest Water Commission, and anther transfer in of $233,736 due to the closure of two of the Village's expired Special Assessment Areas. During 2014 the Village implemented a five-year rate increase plan in order to significantly increase our water main replacement program. However, since 2015 the number of gallons of water sold per year has been about 8% lower than the average gallons sold over the last 14 years. As a result, Staff's water revenue projections continue to be based on an amount lower than the 14 year average. The planned increase in the water main replacement program was also stretched out over more years. In August or September 2019 Village Staff will present the five-year Water & Sewer rate study and capital funding plan, including optional rate increase scenarios for the Board's review.

Conservative revenue projections have been made for the three-year projections prepared for each of these operating funds. In addition, full staffing levels have been assumed without regard to temporary vacancies that occur each year. For this reason the projections can be considered "worst-case" scenarios of the future. This is more evident with the General Fund because of the variety of revenue sources that are dependent on the local economy. On the other hand, the Water & Sewer Fund's revenue stream is based on user fees, which are somewhat more predictable but vary depending on usage.

General Fund

The Village's General Fund revenue growth has improved over the last year due to an uptick in the economy. Sales, Home-Rule Sales, and Income tax receipts for 2019 are projected to come in about 1% to 2% higher than the 2019 budgeted increase of 2%. The State has continued to divert 5% of the Village's income tax revenue stream to State coffers. This represents an ongoing diversion of about $390,000 in Village funds to the State.

Local Use tax receipts are projected to come in 14% higher than budgeted due to last year's ruling by the Supreme Court on the collection of internet sales taxes. Over the last decade there has been downward pressure on sales tax receipts due to the expansion of online retail sales, and the closure of brick and mortar businesses. In 2015 the State passed a law requiring Internet retailers with no physical presence, but which have potential nexus, to collect a 6.25% State Use Tax (but not local sales taxes). The State receives 80% of the Use Tax receipts with the remaining 20% divided between local entities based on a formula and population. As a result, the Village's portion of the State Use Tax has increased, but it represents only a portion of the sales tax lost through online purchases. In June 2018 the U.S. Supreme Court ruled that all larger out-of-state online vendors are required to collect sales or use taxes. This action has continued to increase the amount that municipalities receive through the allocated portion of the Use Tax. Our three year projections reflect an annual increase of 5% in the Use Tax above the projected 14% increase to the 2019 base.

Fortunately, as part of the State's recently approved budget, as of July 1, 2020 large on-line, out-of-state retailers will be required to pay regular State and local sales taxes. This will go a long way to leveling the playing field with brick and mortar establishments. As this unfolds over the succeeding years, the Village will likely see a decline in Use tax receipts, but hopefully a larger increase in regular Sales and Home-Rule Sales tax receipts.

Exhibits 1 and 2 show the history of Sales and Income tax receipts respectively. These revenues have historically been the Village's key General Fund growth revenues that cover expenditure increases. The 2019 growth in these revenue sources has been built into the 2020 base for these revenues, which then includes an additional projected amount of growth during 2020. **Exhibit 3** shows the history of Use tax receipts.

Disruptive technologies continue to significantly alter the way that businesses and entire industries operate. Some innovations are having a direct effect on the Village's revenue base. As noted above, the growth in Local Use tax receipts is a reflection of the ongoing rise of e-commerce. A couple of other General Fund revenue sources are being affected by disruptive technologies. Telecommunications tax receipts continued to decline by $319,200 from the 2019 Budget to the 2020 Budget, as more residents "cut the cord" to their land lines. This revenue source is projected to decrease by an additional 5% in each of the succeeding years. Cable Franchise Fees are also projected to decrease by $150,000 from the 2019 Budget to the 2020 Budget, as more residents are choosing internet streaming services over regular cable or premium channels. Cable Franchise fees are not applied to internet steaming services like Netflix, Amazon and Hulu.

Some General Fund revenues showing marked increases between the 2019 and 2020 budget years include Building Permits and Interest on Investments. The 2020 projected budget for both of these revenues is increasing by $200,000 each based on the actual experience over the prior three years. Vehicle Sticker revenues are also projected to increase by $200,000 or 16% from the 2019 budget to the 2020 budget as a result of the Village's enhanced vehicle sticker enforcement program. In an effort to increase compliance with the vehicle sticker purchase requirement, Staff compared the State's motor vehicle database for Arlington Heights against the Village's vehicle sticker database. This resulted in 15,000 mailings for 26,000 vehicles. A number of these mailings resulted in correcting inaccurate data maintained by the State or the Village. However, since the start of this new enhanced enforcement program an additional 7,500 stickers have been sold, which have generated $210,000 in new vehicle sticker revenue and $210,000 in additional late fee penalties. Other General Fund revenues have been fairly consistent from year to year.

The historical and three-year projections for the General Fund for 2020 through 2022 **(shown in Exhibits 4 and 5)** reflect past performance, and provide estimates of the fund's projected revenues and expenditures. Nearly 80% of the General Fund's expenditures are for Personal Services, which include wages and benefits. To project these expenditures staff prepares detailed spreadsheets which include each authorized position. As noted earlier, these projections conservatively assume that all positions are filled and that there are no vacancies. Some of the key revenue and expenditure assumptions include the following:

General Fund Assumptions

Revenues:	
Food & Beverage Tax (FBT)	+ 2% in 2020, 2% in 2021, and 3% in 2022
Home Rule Sales Tax	same as above
Sales Tax	same as above, adj. for loss of car dealer
Income Tax	same as above
Local Use Tax	+ 5% in 2020, 2021, and 2022
Property Tax (Village and Library)	1.97% 2019 levy, 1.73% in 2020, 1.66% in 2021
Telecommunications Tax	-$319,200 from 2019 budget, - 5% thereafter
Utility Tax	+ 0%
Expenditures:	
Wages	+2.73%, 2020 Projected v. 2019 Budget (includes steps if applicable)
Health Insurance	+ 8%

Property Tax Projections

One of Staff's key goals is to work to keep any proposed property tax increase as low as possible as shown in **Exhibit 6 – Property Tax Levy History.** The upcoming 2019 property tax levy for the 2020 Budget was shaping up to be difficult, as there are upward pressures on the levy due to the Illinois Municipal Retirement Fund's (IMRF's) change in its assumed rate of return from 7.5% to 7.25%. In addition, the IMRF, Police and Fire Pension Fund's all incurred 2018 investment losses due to the steep market decline in December 2018. To offset some of these expected property tax increases, the Village worked to undertake the following steps:

1. The overall debt service levy is decreasing by $267,000. It is hoped that the August 2019 bond refinancing will reduce the debt service levy a bit more.
2. The Village paid down a portion of the unfunded liabilities in the Police and Fire pension funds by transferring $1.5 million to each of these funds using 2018 General Fund surplus monies. Per the Village's actuary, this reduced the projected property tax increase in each of these funds by about 3%, or a combined decrease of $288,000 per year between now and 2040.
3. The enhanced vehicle sticker enforcement program is projected to generate an additional $200,000 per year.
4. The Village is instituting an ongoing plan to increase fines and fees over five years based on the rate of inflation. The 2020 projected General Fund budget includes about $200,000 in additional revenue from this new plan, reflecting a planned increase in Business License fees which were last increased in 2006.

5. The aforementioned increases in sales, income, and local use tax receipts, as well as the increases in Building Permits and Interest on Investments have been included in the revenue base for 2020.
6. Village Staff is continuing to work with our Health Insurance Consultants to come up with ways to help control health insurance cost increases. Any savings in this area won't be known until later this summer, and could possibly help reduce the final property tax levy estimate.

A second key Staff goal is to ensure that sufficient funds are available to provide a consistent, high level of Village services each and every year.

As shown in **Exhibit 7,** the first step in developing the Village's property tax levy is entering the known debt service payment requirements and the annual required contributions for the Police and Fire Pension levies. For many years the Village has also increased the capital levy by $100,000 each year to account for cost increases associated with the annual street program. The FICA and IMRF levies are derived from the detailed wage sheets prepared for the 2020-2022 budget projections. Once all of the revenue projections for the General Fund are completed, the remaining gap between the General Fund's estimated revenues and expenditures is divided equally between the Fire and Police Protection levies. It should be noted that this is a property tax estimate for budget ceiling purposes. The final property tax levy amount will be decided by the Board during the 2020 budget meetings held in November 2019.

Staff's projections show a balanced General Fund for 2020. The 2019 estimated property tax levy increase for the Village is 1.97% higher than the prior year extended levy, and the Library's current estimated levy increase is 1%, resulting in a total estimated levy increase of 1.70%. **Exhibit 8**, shows this increase would equate to a property tax increase of $23 for a home valued at $300,000.

As the 2020 Budget is prepared over the next few months, staff will continue to work to identify other viable operational cost reductions in an attempt to out-perform the projections, without lowering Village standards. However, cost savings could be offset by revenues that come in less than currently projected.

Water & Sewer Fund

In September 2014 the Village Board approved a five-year water and sewer rate adjustment plan that allowed the Village to increase the amount spent on its water main replacement program by about six times from about $400,000 per year in 2015 to $2.5 million a year by 2020. The Village's water and sanitary sewer infrastructure is aging, and the average number of water main breaks are two to three times that of comparable communities. Longer term plans anticipate that water main replacement program costs will continue to increase up to an annual $4 million commitment by 2024. Once we are able to reach this funding level, the Village will be at the industry standard of replacing 1% of our water mains each year. However, in order to catch up with the 1960's era water mains that are prematurely reaching the end of their useful lives, as well as the water tank repainting program and the need for new water meters, a new five-year water and sewer rate study will be completed for the Village Board's review by August or September 2019.

The Water & Sewer Fund has underperformed over the last few years due to service charge revenues coming in lower than projected. This is likely due to wetter spring/summer weather, more efficient plumbing systems, and older water meters that tend to slow down as they reach the end of their useful lives. As such, water and sewer revenue estimates are based on water usage which is lower than the 14 year average. **Exhibit 9** shows gallons of water sold and water and sewer revenues for the last 14 years. The 2014 water and sewer rate study initially projected that the Village would be able to increase the water main replacement program to $3 million by 2020 and $4 million by 2022. It was also projected that the Water & Sewer Fund would have a 2020 working cash balance of 24%, rather than the current projected 2020 balance of 10%. In addition to the underperforming revenues, during 2019 there were three budget amendments which increased the water main budget from $2.5 million to $3.4 million. One change was a prior year encumbrance for $200,000. The Cypress Area water main replacement was also accelerated from two years to one year which resulted in a $500,000 budget amendment. A final change involved accelerated water main work to ensure that it coincided with some street work being done as part of the MFT street reconstruction program. **Exhibits 10 and 11** show the historical and three-year projections for this fund.

Proposed Budget Ceilings for 2020

The 2020 budget process began in March 2019 with the biennial review of the five-year Capital Improvement Plan (CIP). Any changes to the second year of the CIP were previously sent to the Village Board. They will be included in the proposed 2020 Budget for final consideration by the Board during its budget deliberations in November.

The second step in the Village's budget process includes the financial review of the two key operating funds, the General Fund and the Water & Sewer Fund, culminating in the establishment of budget ceiling amounts for these two operating funds. As part of this step staff makes various assumptions on revenue, expense, and property tax increases as outlined earlier. These two steps lead to the development of the proposed budget document which is reviewed prior to approval of the final budget. **Exhibit 12** is a draft copy of the budget calendar for 2020.

The recommended expenditure ceilings for the General Fund and the Water & Sewer Fund are based on the following projections:

	General Fund	Water & Sewer Fund
Revenues	$ 79,018,500	$ 19,954,300
Expenditures	(79,018,500)	(20,431,900)
Surplus (deficit)*	0	(477,600)
Beginning Balance	32,403,930	2,581,309
Ending Balance	$ 32,403,930	$ 2,103,709

*Deficit due to no projected increase in water and sewer rates. Rate Study completed by August or September 2019.

Recommendation

It is recommended that the Board approve the proposed budget ceilings for 2020 of $79,018,500 for the General Fund and $20,431,900 for the Water & Sewer Fund.

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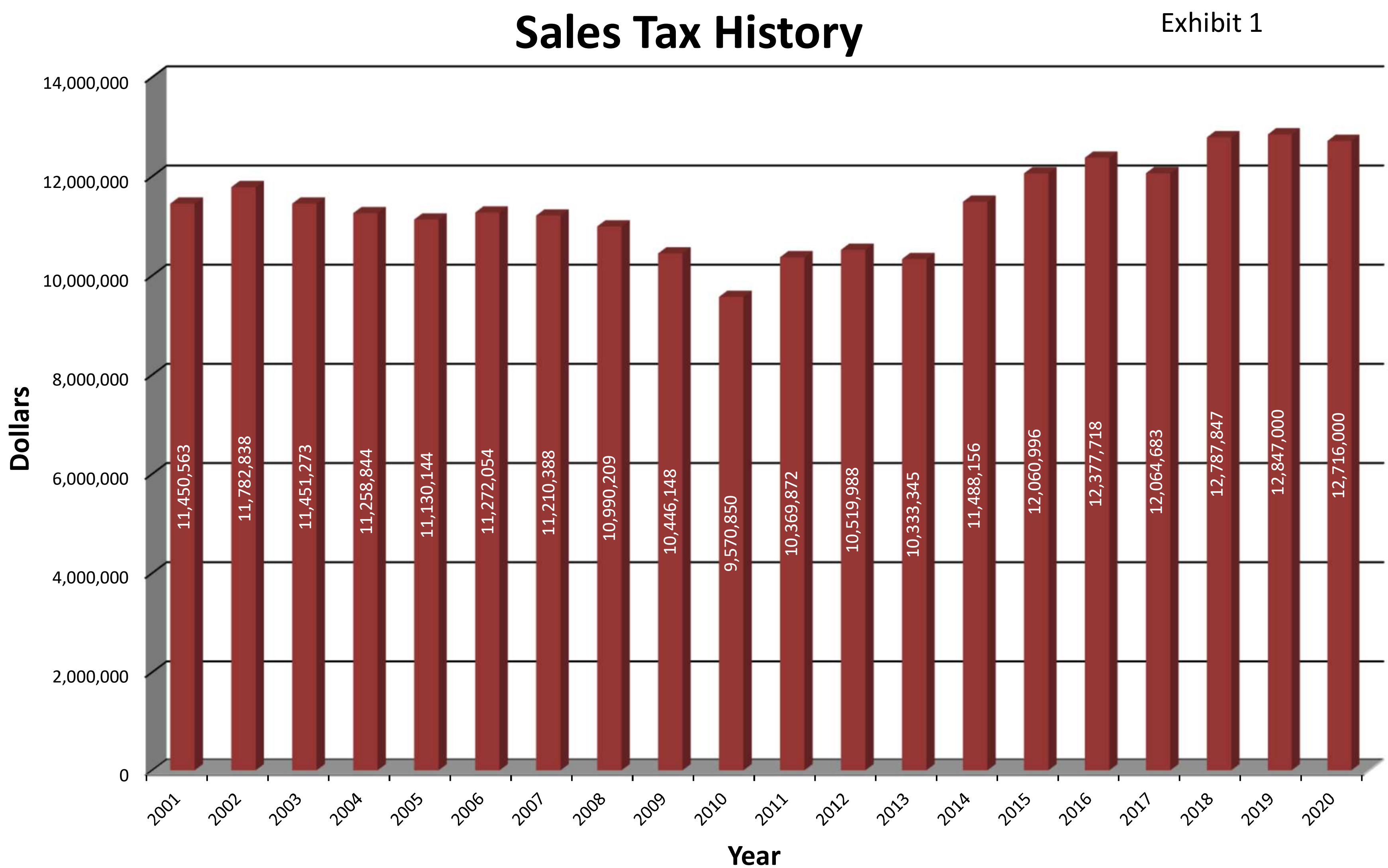
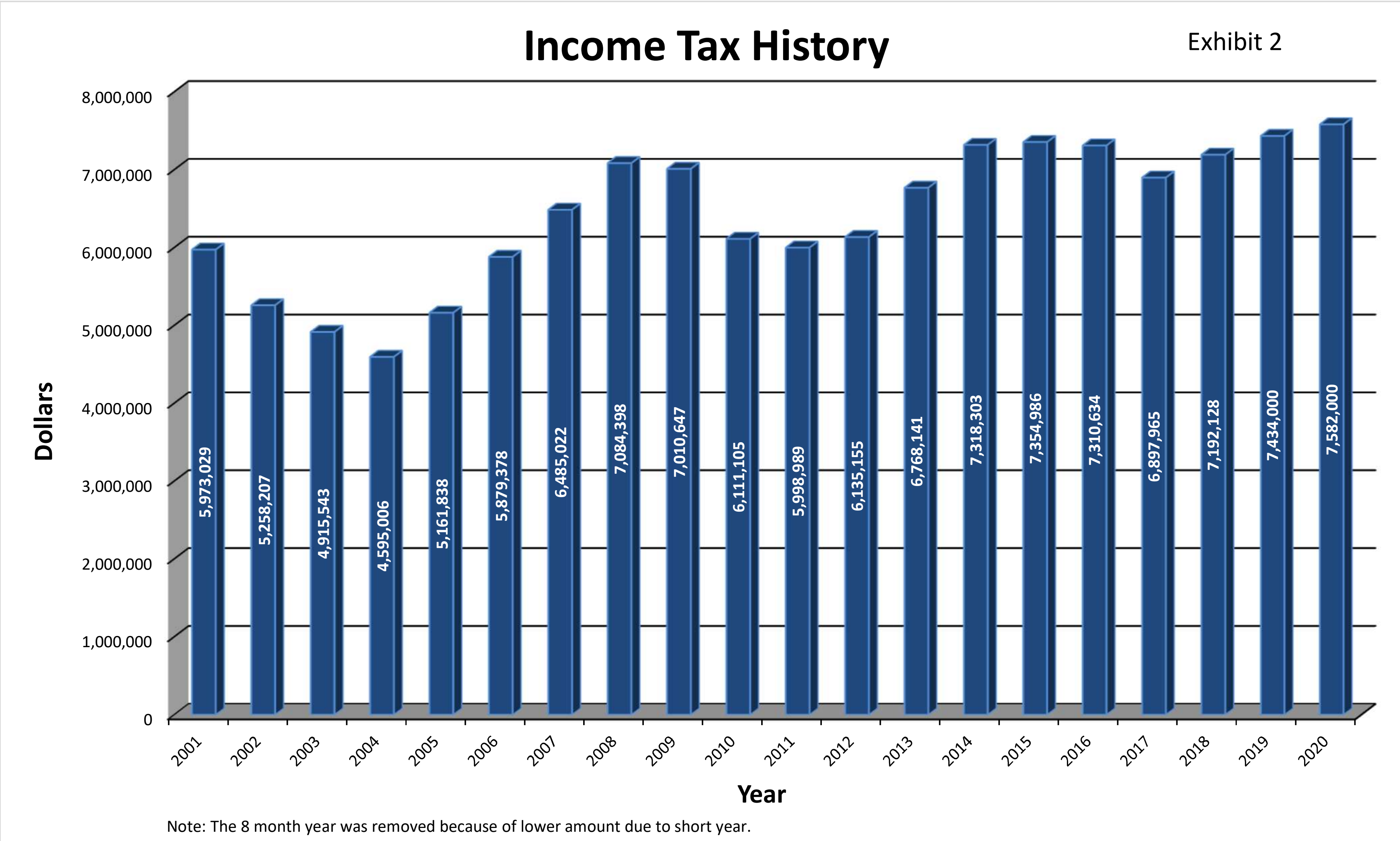


Note: The 8 month year was removed because of lower amount due to short year.


Income Tax History
Exhibit 2
Dollars
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
5,973,029
5,258,207
4,915,543
4,595,006
5,161,838
5,879,378
6,485,022
7,084,398
7,010,647
6,111,105
5,998,989
6,135,155
6,768,141
7,318,303
7,354,986
7,310,634
6,897,965
7,192,128
7,434,000
7,582,000
2001
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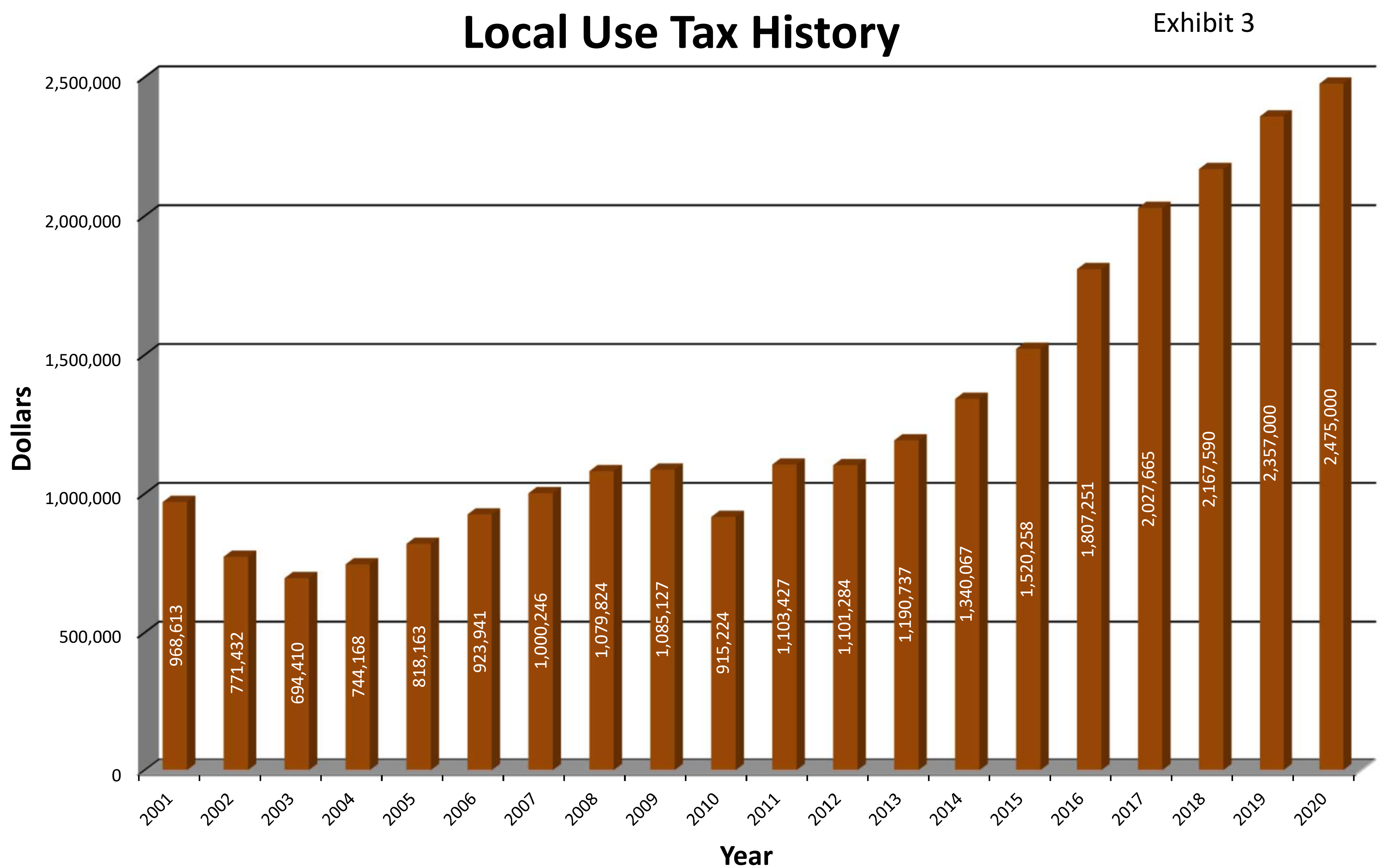
Note: The 8 month year was removed because of lower amount due to short year.



Note: The 8 month year was removed because of lower amount due to short year.

Exhibit 4

GENERAL FUND
THREE YEAR PROJECTIONS
FISCAL YEARS 2020 THROUGH 2022

SOURCES OF FUNDS

	2018 ACTUAL	2019 EST ACTUAL	2019 CURRENT BUDGET	2020 PROP BUDGET	2021 PROJ BUDGET	2022 PROJ BUDGET
BEGINNING FUND BALANCE	**$30,647,253**	**$30,705,240**	**$30,705,240**	**$32,403,930**	**$32,403,930**	**$31,500,870**
TAXES	$62,247,827	$63,908,000	$63,338,400	$65,237,500	$66,357,440	$67,783,868
INTERGOV'T	273,471	263,000	238,000	263,000	263,000	263,000
LICENSES/PERMITS	4,314,641	4,242,500	3,833,500	4,448,000	4,448,000	4,448,000
FEES	5,143,498	5,203,000	5,251,000	5,226,800	5,234,600	5,242,500
FINES	535,678	571,100	586,100	571,100	571,100	571,100
SERVICE CHG	2,057,768	2,088,600	2,086,600	2,140,100	2,193,200	2,247,800
INTEREST INC.	474,478	361,000	150,000	361,000	361,000	361,000
SALES/REIMB/RENTS	127,393	143,000	138,500	143,000	143,000	143,000
OTHER	552,696	401,900	397,900	428,000	435,300	442,800
SUB-TOTAL	**$75,727,450**	**$77,182,100**	**$76,020,000**	**78,818,500**	**$80,006,640**	**$81,503,068**
TRANSFERS IN	200,000	200,000	200,000	200,000	200,000	200,000
TOTAL REVENUES	**$75,927,450**	**$77,382,100**	**$76,220,000**	**$79,018,500**	**$80,206,640**	**$81,703,068**

USES OF FUNDS

	2018 ACTUAL	2019 EST ACTUAL	2019 CURRENT BUDGET	2020 PROP BUDGET	2021 PROJ BUDGET	2022 PROJ BUDGET
PERSONAL SERVICES	$61,119,457	$60,377,300	$60,818,100	$63,454,800	$65,792,700	$68,075,700
CONTRACTUAL	11,144,878	11,654,600	11,773,387	11,683,100	11,854,700	12,118,200
COMMODITIES	2,183,725	2,514,710	2,667,848	2,562,000	2,591,100	2,620,700
OTHER CHARGES	926,391	816,800	852,811	868,600	871,200	873,800
SUB-TOTAL	**$75,374,451**	**$75,363,410**	**$76,112,146**	**$78,568,500**	**$81,109,700**	**$83,688,400**
CONTINGENCY	0	300,000	300,000	450,000	0	0
TRANSFERS OUT	495,012	20,000	20,000	0	0	0
TOTAL EXPENDITURES	**$75,869,463**	**$75,683,410**	**$76,432,146**	**$79,018,500**	**$81,109,700**	**$83,688,400**
SURPLUS(DEFICIT)	**57,987**	**1,698,690**	**(212,146)**	**0**	**(903,060)**	**(1,985,332)**
ENDING FUND BALANCE	**$30,705,240**	**$32,403,930**	**$30,493,094**	**$32,403,930**	**$31,500,870**	**$29,515,538**
FUND BALANCE AS % OF EXP.	**40%**	**43%**	**40%**	**41%**	**39%**	**35%**

Note: Village policy is to maintain at least a 25% fund balance.

ASSUMPTIONS:

Expenditures

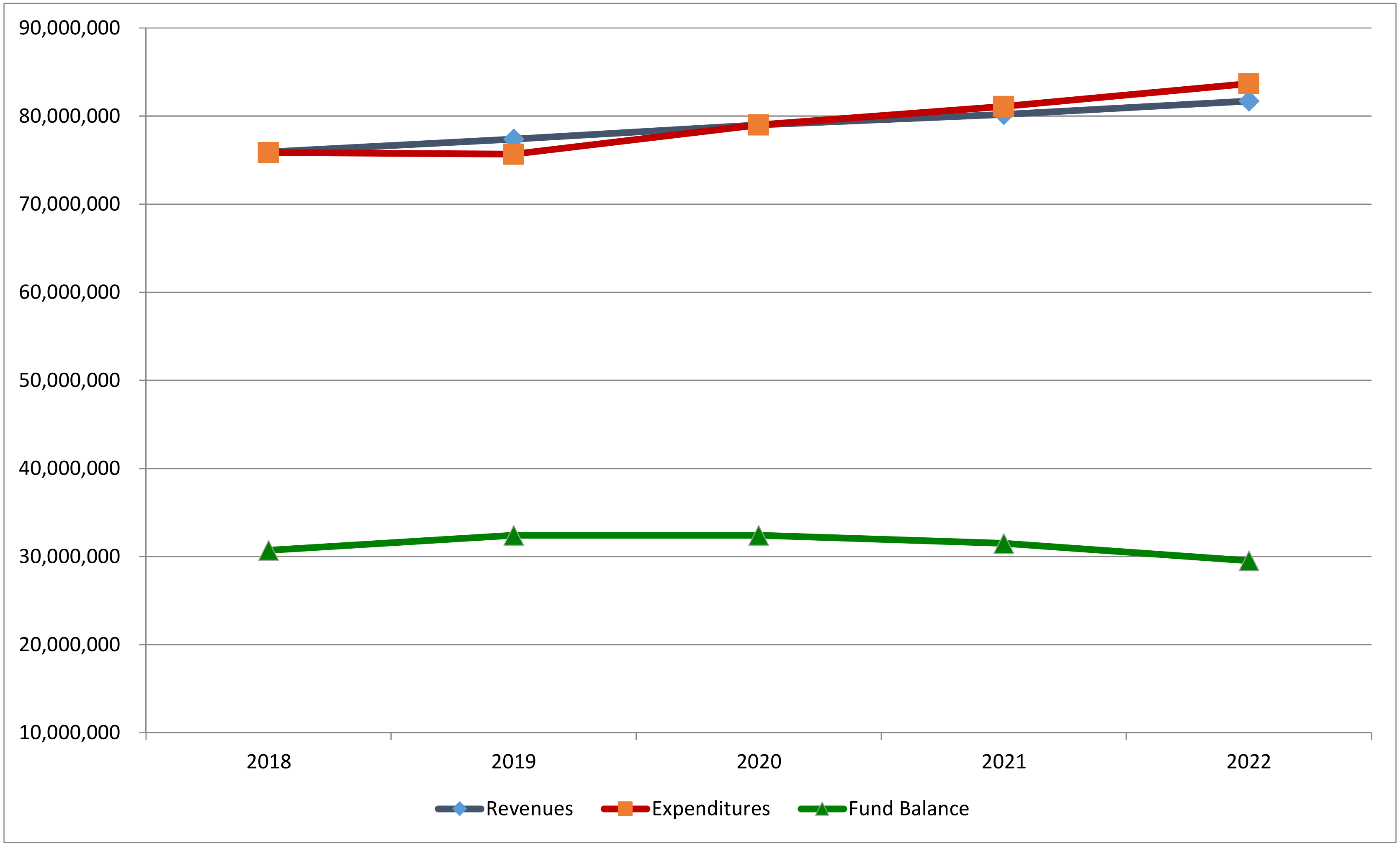
Salaries increased 2.5% for 2020 Projected v. 2019 Budget and includes steps, if applicable. All years include an estimated 8% health insurance increase. Vehicle Maintenance / Replacement increase at 3%. Contractual Services and Commodities increased 1%.

Revenues

Sales Tax, Home Rule Sales Tax & Income Tax: 2% increase 2020, 2021, 2022. Local Use Tax: 5% increase in 2020, 2021, 2022. Telecommunications Tax: -$350,700 in 2020 and -5% thereafter.

GENERAL FUND
REVENUES vs EXPENDITURES 2018-2022
Staff Proposal

Exhibit 5



	ACTUAL 2018	ESTIMATED ACTUAL 2019	PROPOSED BUDGET 2020	PROPOSED BUDGET 2021	PROPOSED BUDGET 2022
Revenues	75,927,450	77,382,100	79,018,500	80,206,640	81,703,068
Expenditures	75,869,463	75,683,410	79,018,500	81,109,700	83,688,400
Surplus/Deficit	57,987	1,698,690	0	(903,060)	(1,985,332)
Fund Balance	30,705,240	32,403,930	32,403,930	31,500,870	29,515,538
Fund Bal as % of Expend	40%	43%	41%	39%	35%

PROPERTY TAX LEVY HISTORY

Exhibit 6

LEVY YEARS 2003 - 2019

LEVY YEAR	VILLAGE % INCREASE	LIBRARY % INCREASE	TOTAL % INCREASE	COMMENTS	BUDGET YEAR
2019	1.97	1.00	1.70		2020
2018	1.97	1.00	1.70		2019
2017	3.68	0.00	2.61	To cover sales and State income tax decreases	2018
2016	1.95	0.00	1.38	Entire increase for street purposes (Phase 2)	2017
2015	3.59	0.00	2.51	Entire increase for street purposes (Phase 1)	2016
2014	0.00	0.00	0.00		8-mo.
2013	2.65	0.00	1.84		FY2015
2012	1.74	0.00	1.20		FY2014
2011	0.00	0.00	0.00		FY2013
2010	4.30	0.00	2.93	Police/Fire Pension Funds - market crash	FY2012
2009	5.74	1.77	4.44	Police/Fire Pension Funds - market crash	FY2011
2008	0.32	0.00	0.21		FY2010
2007	2.48	4.90	3.26		FY2009
2006	11.14	9.20	10.51	Taxing districts captured expiration of TIF #1	FY2008
2005	14.67	4.99	11.32	Fire Pension benefit increase - State legislation	FY2007
2004	11.98	4.00	9.09	Police/Fire Pension benefit increase - State legislation	FY2006
2003	2.14	0.99	1.72		FY2005

Exhibit 7

VILLAGE OF ARLINGTON HEIGHTS
TOTAL ESTIMATED VILLAGE AND LIBRARY CALCULATIONS
(2019 Est. Tax Levy for the 2020 Budget with 2018 Extended Tax Levy)

	EXTENDED 2018 LEVY FOR 2019 BUDGET YEAR	**PROPOSED 2019 LEVY FOR 2020 BUDGET YEAR**	DOLLAR CHANGE	% CHANGE	
VILLAGE					
POLICE PROTECTION	**6,307,450**	**6,400,000**	92,550	1.47%	
FIRE PROTECTION	**6,307,450**	**6,400,000**	92,550	1.47%	=> General Fd rev - exp gap
IMRF	**1,400,870**	**1,816,000**	415,130	29.63%	2020 wage projections
SOCIAL SECURITY	**1,441,270**	**1,482,000**	40,730	2.83%	2020 wage projections
POLICE PENSION FUND	**4,057,170**	**4,209,000**	151,830	3.74%	Actuary ARC
FIRE PENSION FUND	**5,002,530**	**5,130,000**	127,470	2.55%	Actuary ARC
TOTAL GENERAL FUND	**24,516,740**	**25,437,000**	920,260	3.75%	
CAPITAL IMPROVEMENT	**5,454,000**	**5,500,000**	46,000	0.84%	+$100K/year
DEBT SERVICE	**6,953,207**	**6,714,900**	(238,307)	-3.43%	Bond Documents
TOTAL VILLAGE TAX LEVY	**36,923,947**	**37,651,900**	**727,953**	**1.97%**	
TOTAL LIBRARY TAX LEVY	**14,391,649**	**14,535,900**	**144,251**	**1.00%**	
GRAND TOTAL TAX LEVY	**51,315,596**	**52,187,800**	**872,204**	**1.70%**	

Exhibit 8

TAX LEVY SUMMARY
VILLAGE OF ARLINGTON HEIGHTS/PUBLIC LIBRARY

WHAT EFFECT WILL THE 2019 LEVY HAVE ON MY TAXES?

	2018 LEVY	(EST.) 2019 LEVY	$ CHANGE	% CHANGE
COUNTY PROPERTY VALUE (EST.)	$300,000	$300,000		
X (TIMES) CLASSIFICATION FACTOR	10%	10%		
= (EQUALS) ASSESSED VALUATION	$30,000	$30,000		
X (TIMES) STATE EQUALIZER	2.9627	2.9627		
- (MINUS) MAX. HOMEOWNERS' EXEMPTION	$10,000	$10,000		
= (EQUALS) EQUALIZED ASSESSED VALUATION	$78,881	$78,881		
/ (DIVIDED BY) 100	$789	$789		
X (TIMES) VILLAGE TAX RATE	1.2531	1.2778		
= (EQUALS) **VILLAGE TAX BILL**	$988.46	$1,007.93	**$19**	1.97%
X (TIMES) LIBRARY TAX RATE	0.4884	0.4933		
= (EQUALS) **LIBRARY TAX BILL**	$385.25	389.11	**$4**	1.00%
TOTAL VILLAGE & PUBLIC LIBRARY TAX BILL	$1,373.71	$1,397.04	**$23**	1.70%

Notes: 1. Assumes no changes in assessed values or other effects on taxes, such as reassessments, tax appeals, changes in the State multiplier, or changes in the homeowner's exemption.

WATER SALES REVENUE
FY2005 - 2024

Exhibit 9

		GALLONS PUMPED	GALLONS SOLD	% BILLED	WATER RATE	SEWER RATE	TOTAL RATE	REVENUE WATER SALES	REVENUE SEWER CHARGE	REVENUE TOTAL	
FY2005	Actual	3,061,453,800	**2,720,209,000**	89%	3.68	0.32	**4.00**	$10,010,372	$856,398	**$10,866,770**	
FY2006	Actual	3,367,027,800	**2,989,144,000**	89%	3.68	0.32	**4.00**	$11,000,050	$945,487	**$11,945,537**	
FY2007	Actual	3,068,023,700	**2,753,010,000**	90%	3.68	0.32	**4.00**	$10,131,079	$851,581	**$10,982,660**	
FY2008	Actual	3,060,495,400	**2,798,325,000**	91%	3.68	0.32	**4.00**	$10,297,835	$881,290	**$11,179,125**	
FY2009	Actual	3,004,517,500	**2,590,607,000**	86%	3.79	0.38	**4.17**	$9,818,401	$976,094	**$10,794,495**	
FY2010	Actual	2,938,992,000	**2,500,534,000**	85%	3.90	0.46	**4.36**	$9,752,083	$1,160,038	**$10,912,121**	
FY2011	Actual	2,912,509,000	**2,560,758,000**	88%	4.03	0.55	**4.58**	$10,319,857	$1,392,361	**$11,712,218**	
FY2012	Actual	2,826,183,700	**2,468,574,000**	87%	4.14	0.67	**4.81**	$10,223,983	$1,654,606	**$11,878,589**	wet
FY2013	Actual	3,020,832,700	**2,625,364,000**	87%	4.25	0.80	**5.05**	$11,157,800	$2,100,300	**$13,258,100**	dry
FY2014	Actual	2,848,611,900	**2,452,807,000**	86%	4.35	0.95	**5.30**	$10,669,700	$2,330,200	**$12,999,900**	wet
FY2015	Actual	2,729,590,200	**2,321,132,000**	85%	4.42	1.14	**5.56**	$10,259,400	$2,646,100	**$12,905,500**	wet
2016	Actual	2,755,922,700	**2,305,838,000**	84%	5.52	1.42	**6.94**	$12,728,223	$3,289,570	**$16,017,793**	wet spring
2017	Actual	2,705,355,000	**2,369,248,000**	88%	5.80	1.50	**7.30**	$13,146,983	$3,413,202	**$16,560,185**	wet spring
2018	Actual	2,705,217,000	**2,205,253,000**	82%	6.09	1.57	**7.66**	$13,489,654	$3,515,289	**$17,004,943**	wet spring
Fourteen Year Average		**2,928,909,457**	**2,547,200,214**	87%							
2019	Estimated		**2,325,000,000**		6.39	1.65	**8.04**	$14,856,800	$3,836,300	**$18,693,100**	normal/wet
2020	Projected		**2,325,000,000**		6.39	1.65	**8.04**	$14,856,800	$3,836,300	**$18,693,100**	normal/wet
2021	Projected		**2,325,000,000**		6.39	1.65	**8.04**	$14,856,800	$3,836,300	**$18,693,100**	normal/wet
2022	Projected		**2,325,000,000**		6.39	1.65	**8.04**	$14,856,800	$3,836,300	**$18,693,100**	normal/wet
2023	Projected		**2,325,000,000**		6.39	1.65	**8.04**	$14,856,800	$3,836,300	**$18,693,100**	normal/wet
2024	Projected		**2,325,000,000**		6.39	1.65	**8.04**	$14,856,800	$3,836,300	**$18,693,100**	normal/wet

Gallons pumped provided by G. Voight (Finance) and Public Works/Gallons sold calculated using actual audited water revenues.

Exhibit 10

WATER AND SEWER FUND
THREE YEAR PROJECTIONS
FISCAL YEARS 2020 THROUGH 2022

SOURCES OF FUNDS

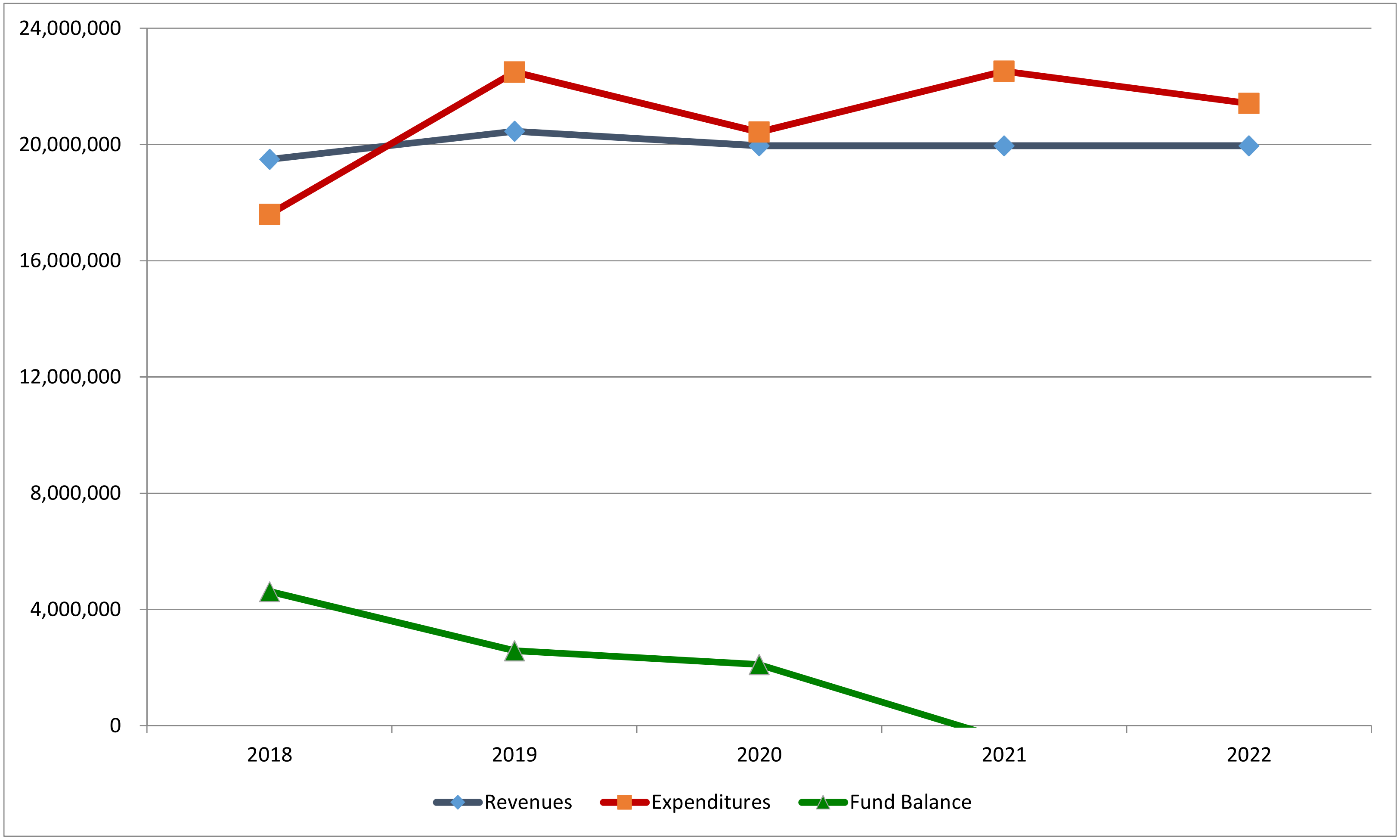
	2018 ACTUAL	2019 EST ACTUAL	2019 CURRENT BUDGET	2020 PROP BUDGET	2021 PROJ BUDGET	2022 PROJ BUDGET
BEGINNING WORKING CASH	**$2,727,603**	**$4,618,724**	**$4,618,724**	**$2,581,309**	**$2,103,709**	**($464,491)**
SERVICE CHG	$18,199,275	$19,816,300	$20,340,000	$19,816,300	$19,816,300	$19,816,300
INTEREST INC.	$22,924	$20,000	$6,500	$20,000	$20,000	$20,000
SALES/REIMB/RENTS	$118,586	$98,000	$87,000	$98,000	$98,000	$98,000
OTHER	$1,147,021	$520,000	$515,000	$20,000	$20,000	$20,000
SUB-TOTAL	**$19,487,806**	**$20,454,300**	**$20,948,500**	**$19,954,300**	**$19,954,300**	**$19,954,300**
TRANSFERS IN	0	0	0	0	0	0
TOTAL REVENUES	**$19,487,806**	**$20,454,300**	**$20,948,500**	**$19,954,300**	**$19,954,300**	**$19,954,300**

USES OF FUNDS

	2018 ACTUAL	2019 EST ACTUAL	2019 CURRENT BUDGET	2020 PROP BUDGET	2021 PROJ BUDGET	2022 PROJ BUDGET
PERSONAL SERVICES	$6,319,648	$6,459,100	$6,644,300	$6,969,800	$7,264,500	$7,555,200
CONTRACTUAL	2,451,913	2,545,500	2,546,480	2,470,300	2,506,700	2,543,600
NORTHWEST WATER COMMISSION	3,676,300	3,926,000	3,926,000	4,024,200	4,124,900	4,228,100
COMMODITIES	601,835	754,500	754,500	759,400	767,900	776,500
OTHER CHARGES	1,786,592	1,731,900	1,715,200	1,783,400	1,836,500	1,891,100
CAPITAL ITEMS	2,760,397	6,774,715	6,935,914	4,199,800	6,022,000	4,425,400
SUB-TOTAL	**$17,596,685**	**$22,191,715**	**$22,522,394**	**$20,206,900**	**$22,522,500**	**$21,419,900**
CONTINGENCY	0	300,000	300,000	225,000	0	0
TRANSFERS OUT	0	0	0	0	0	0
TOTAL EXPENDITURES	**$17,596,685**	**$22,491,715**	**$22,822,394**	**$20,431,900**	**$22,522,500**	**$21,419,900**
SURPLUS(DEFICIT)	**1,891,121**	**(2,037,415)**	**(1,873,894)**	**(477,600)**	**(2,568,200)**	**(1,465,600)**
ENDING WORKING CASH	**$4,618,724**	**$2,581,309**	**$2,744,830**	**$2,103,709**	**($464,491)**	**($1,930,091)**
WORKING CASH AS % OF EXPENDITUR	**26%**	**11%**	**12%**	**10%**	**-2%**	**-9%**

Note: Village policy is to maintain at least a 25% fund balance.

WATER AND SEWER FUND
REVENUES vs EXPENDITURES 2018-2022



	ACTUAL 2018	ESTIMATED ACTUAL 2019	PROPOSED BUDGET 2020	PROPOSED BUDGET 2021	PROPOSED BUDGET 2022
Revenues	19,487,806	20,454,300	19,954,300	19,954,300	19,954,300
Expenditures	17,596,685	22,491,715	20,431,900	22,522,500	21,419,900
Surplus/Deficit	1,891,121	(2,037,415)	(477,600)	(2,568,200)	(1,465,600)
Fund Balance	4,618,724	2,581,309	2,103,709	(464,491)	(1,930,091)
Fund Bal as % of Expend	26%	11%	10%	-2%	-9%

Exhibit 12

BUDGET CALENDAR

For Preparation of 2020 Budget

(January 1, 2019 – December 31, 2019)

DATE	DAY	ACTIVITY
March - June, 2019	–	Capital Improvement Project Recap prepared.
June 14, 2019	Friday	Operating Fund Overview/Recommended 2020 Budget Ceilings and Proposed 2019 Property Tax Levy released to Village Board for discussion at June 24 Committee-of-the-Whole meeting.
June 24, 2019	**Monday**	Committee-of-the-Whole reviews Comprehensive Annual Financial Report, and discusses the Operating Fund Overview, Recommended 2020 Budget Ceilings, and proposed 2020 tax levy.
July 1, 2019	Monday	Board considers any motions stemming from June 24 Committee-of-the-Whole meeting regarding the recommended 2020 Budget Ceilings.
July 12, 2019	Friday	Budget worksheets are forwarded to departments. Departments prepare detailed budgets.
August 12, 2019	Monday	Department budget requests and projections due.
Aug 12 – Sep 6, 2019	–	Finance Department compiles departmental budget submissions.
September 6, 2019	Friday	First draft of 2020 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 11 – Sep 13, 2019	–	Departments meet with Village Manager and Budget Team.
Sep 16 – Oct 24, 2019	–	Final draft of 2020 budget prepared.
October 25, 2019	Friday	Release final draft of 2019 Budget to Village Board.
November 12, 2019	**Tuesday**	**1st Budget Meeting** – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, HR, Finance, Building Services, Planning & Community Development, and Police
November 14, 2019	**Thursday**	**2nd Budget Meeting** – Budgets for Metropolis Theater, Boards & Commissions, Legal, Health & Human Services, Engineering, Public Works, Water & Sewer, Parking Operations, Fleet Services, and Fire
November 19, 2019	**Tuesday**	**3rd Budget Meeting** – If needed
November 20, 2019	Wednesday	Notice of Public Hearing on 2020 Budget published in newspaper.
December 2, 2019	**Monday**	Board approves 2019 Tax Levy and Abatement Ordinances. Public Hearing on 2020 Budget. Approval of 2020 Budget at formal meeting.