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MEMORANDUM

TO: Village President and Board of Trustees
Residents of the Village of Beecher

FROM: Robert O. Barber, Village Administrator

DATE: 4/18/18

RE: MESSAGE FOR PROPOSED BUDGET, FY 2018/2019

Attached is the proposed budget for the fiscal year beginning May 1, 2018 through April 30, 2019. This budget is the result of several staff meetings, three drafts, and a four hour budget workshop with the Board of Trustees on March 5, 2018 where the budget was reviewed line by line. The budget is also This is the final draft of the budget as recommended by the Village Board in workshop for public hearing.

Despite the poor fiscal condition of the State, we do not anticipate any changes to our revenue stream in the coming fiscal year. The lack of cooperation at the State level is so bad that the status quo is expected to continue until the next general election in the Fall of 2018. This proposed budget is balanced and does not use any cash reserves to fund operations. There are some one time expenditures for capital items that do use some cash reserves. However, it is expected that all of the funds should retain the same balance or even slightly improve over the course of the year. The only exceptions to this would be Water and Sewer Capital Fund and the Watermain Replacement Account due to the infrastructure projects these funds will be financing. The major story lines of the budget include a new full-time police officer position funded by cuts to other areas in the police department budget, funding to create a TIF District, and a loan from Water and Sewer Debt to General to pay for a quiet zone for the Village. There are no anticipated service cuts or increases in fees or taxes to pay for this budget with the exception of the annual \$0.10 rate increases to the water and sewer rates.

Listed below is the history and the projection of fund balance across the major funds of the Village. These are actual cash values and do not include accruals.

**FUND BALANCES AT THE END OF EACH FISCAL YEAR
APRIL 30, 2005 THROUGH APRIL 30, 2019 (PROJECTED)**

	General Fund	W/S Operations	W/S Capital (Watermains)	W/S Debt
4/30/05	\$303,233	\$156,770	\$ 685,168	\$108,060
4/30/06	\$454,351	\$179,333	\$1,125,515	\$170,918
4/30/07	\$427,442	\$205,083	\$ 943,001	\$202,162
4/30/08	\$153,597	\$ 49,572	\$ 380,427	\$258,506
4/30/09	\$371,280	\$147,094	\$145,066	\$357,948
4/30/10	\$368,866	\$200,767	\$167,550	\$348,925
4/30/11	\$565,823**	\$205,051**	\$154,127	\$335,104
4/30/12	\$465,673***	\$240,715	\$196,223	\$321,000
4/30/13	\$592,976	\$328,687	\$128,542	\$289,804
4/30/14	\$324,605****	\$226,565****	\$112,993	\$364,430
4/30/15	\$373,474	\$160,202	\$155,004*****	\$380,255
4/30/16	\$527,316	\$ 98,955	\$263,193	\$318,628
4/30/17	\$533,127	\$ 74,662	\$388,953	\$ 288,134(1)
4/30/18*	\$587,989*	\$ 76,607*	\$562,097*	\$ 427,133*
4/30/19*	\$567,989*	\$ 76,607*	\$100,000*	\$ 597,133*

* = projected

** = \$100,000 moved out of General and \$50,000 moved out of W/S Operations in this fiscal year to create the Capital Equipment Replacement Sinking Fund in March, 2011.

***=\$195,000 in reserves were used to pay off the OSLAD loan for Firemen's Park in October, 2011.

****= \$390,000 moved from various funds into the 625 Dixie Highway Improvements Account.

***** = first year of funding in the Watermain Replacement Account which is a significant source of capital.

(1) = all of the reserves are pledged to sewer plant Phase II Design which will be reimbursed by IEPA loan.

The key objective to our entire budget process in the last eleven years since the Great Recession of 2007 was to preserve fund balance and prevent any type of deficit spending while minimizing the impact to Village residents in terms of cost increases and service reductions. The need to replace equipment in the public works department also had to be addressed. Despite these competing objectives, the Village Board was able to cut a sufficient amount from the operating expenses of these funds to accomplish the Board's goals. Several desired programs were reduced or eliminated, and the employees were asked to do more with less. Alternative revenue sources had to be found, such as funding the Village newsletter with ad revenue. So far we have survived, and although some services were reduced, the public has not yet had to feel the service cuts other than some inconvenience. We now await to see what the State of Illinois is going to do us as the legislature struggles with huge deficits resulting from poor spending practices and a State budget which remains in deficit.

A key component of the budget is the policy of freezing the Village property tax levy while balancing the budget. This will be the seventh year in which the tax levy has remained the same (2011, 2012, 2013, 2014, 2015, 2016 and 2017 levies), and the sixth straight year in which budgeted reserves are not used to meet operations. The General Fund is balanced for now, with the exception of using \$20,000 in reserves for the creation of the TIF District. If the State does reduce our LGDF and does not provide alternative revenue, staff has plans for the adoption of a doomsday budget that cuts everything but that which is required to provide essential services and not lay off any employees.

Across all of the funds IMRF contributions dropped from 0.1108 to 0.1077. This is due to the Village being closer to full funding and the good investment climate paying returns. IPBC EWBC PPO Health Insurance Rates decreased by 2.6% for this coming year (effective 7/1) and the Teamsters Plan for the police officers increased by 10%.

This is the year that the \$10 million sewer rehabilitation project begins. This project will be financed through the Water and Sewer Capital Account. We will pay the contractor his invoices upon receipt of loan disbursements from the IEPA. This creates a 60 to 90 day lag for the contractor but this was agreed to in the contract since the Village simply does not have sufficient resources to cover \$1 million invoices. The Capital Account is also scheduled to fund \$49,000 in improvements to the Miller Street lift station and \$29,400 for the purchase of 100 more meters to complete the fourth year of our replacement program.

The Water and Sewer Debt Service Fund will be reimbursed \$620,000 by the IEPA for the advanced funding of all the design engineering provided by Baxter and Woodman on the sewer treatment plant. The Village will immediately pay off the \$350,000 owed to First Community Bank and Trust. This fund will then loan General \$100,000 for the quiet zone and General will pay this loan off at the rate of \$20,000 per year for five years starting next year. After the dust settles, it is projected that this fund will still have \$597,000 on account on 4/30/19.

The table below compares the total expenditures of all funds from prior years to the proposed year:

FISCAL YEAR	CORPORATE, ENTERPRISE, MFT, CAPITAL AND DEBT VILLAGE FUNDS	INTERNAL SERVICE, EXTERNAL FUNDS	ALL FUNDS
2007/2008	\$ 7,151,957	\$ 418,400	\$ 7,570,357
2008/2009	\$ 6,491,486	\$ 510,020	\$ 7,001,506
2009/2010	\$ 6,653,899	\$ 378,240	\$ 7,032,139
2009/2010 (amended)	\$ 6,527,405	\$ 378,240	\$ 6,905,645
2010/2011	\$ 5,907,057	\$1,772,720	\$ 7,679,777
2011/2012	\$ 5,491,770	\$ 669,574	\$ 6,161,344
2012/2013	\$ 4,511,213	\$1,007,815	\$ 5,539,028
2013/2014	\$ 4,279,389	\$1,228,767	\$ 5,508,156
2013/2014(amended)	\$ 4,749,389	\$1,228,767	\$ 5,978,156
2014/2015	\$ 4,324,249	\$1,418,422	\$ 5,742,671
2015/2016	\$ 5,314,972	\$1,053,352	\$ 6,368,324
2016/2017	\$ 6,617,839	\$ 819,515	\$ 7,437,354
2017/2018	\$ 6,445,180	\$ 856,540	\$ 7,301,720
2018/2019(proposed) (\$10 million sewer plant project removed)	\$ 5,795,121	\$ 967,586	\$ 6,762,707
Change from prior year	- \$ 650,059 - 10.09%	+ \$ 111,046 + 12.96%	- \$ 539,013 - 7.38%

The decrease in corporate spending is due primarily to the completion of the Penfield St. Watermain project. The increase in external fund spending is due to a larger Fourth of July cash flow since we underbudgeted cash flows last year, and more expensive fuel costs in the fuel fund.

The following is a synopsis of each of the funds and the departments within each fund.

GENERAL FUND REVENUE

The property tax levy remains frozen for operations and now the debt service levy will also remain consistent. After cash reserves are removed from both the current and the proposed budget, there is a net increase of \$131,481 in new revenue. The largest contributors to this increase are gaming revenues (up \$22,808), sales and use taxes (up \$26,500) IMIC dividends (\$6,000), EASTCOM equity distribution (\$23,119), encumbrances (\$30,800) and the loan from Water and Sewer Debt to complete the quiet zones (\$100,000). There were also some revenues which declined: State Income Tax (\$23,000), and telecommunications tax (\$16,600). Most other revenues remain flat as the local economy is stable but not growing.

The big question is the future of the State's fiscal crisis. There does not appear to be any proposed changes to our state shared revenues this year as everyone hunkers down for the Fall general election. However, the State will have to deal with its financial position which is approaching bankruptcy status. There are discussions about revenue enhancements once again (sales tax on services, graduated income tax, personal property taxes) but it is unknown if these will include a local share or result in a local taking. We will deal with these issues next year.

GENERAL FUND EXPENSES BY DEPARTMENT

President and Board of Trustees

We have budgeted for up to four elected officials to attend the IML Conference in October, but have been advised to provide for as many Trustees who want to attend. The newsletter will continue to be funded by advertising sales for one more year, and we have budgeted memberships in two COG's: the SSMMA and the WCGL. The pay for Clerk, Deputy Clerk and Treasurer have been moved from O+M to General Fund creating the \$15,000 increase in this Department.

Advisory Boards and Commissions

CMAP will be funding the comprehensive plan project and will bill us for our local share of up to \$13,000.

Department of Administration

The only substantial change to this Department budget is a request for a new server and three year maintenance agreement for \$4,500. Legal services were increased to cover the cost of the labor attorney as we negotiate with Teamsters Local #700.

Department of Inspectional Services

Charges by Safebuilt are based on building permit spreadsheet provided. Code Enforcement was moved to the police department budget in the prior fiscal year.

Emergency Management Agency

This department had a significant start-up budget last year and is now in a maintenance phase which allowed for some decreased expenses. Smart phone application was discontinued. \$11,000 was cut out of this department.

Department of Police

This department is 50.23% of the General Fund's expenses; an decrease of 1.27% from last year's ratio of 51.5%. The Public Safety Committee desired to have another full-time police officer, and cuts were made to the Police Department budget to make that happen. Dispatching costs were reduced by \$15,177, and part-time police pay was also cut by \$70,604. This paid for the salary and benefits of the new officer position. It should be explained that Administration views the combination of full-time, part-time and overtime pay (\$741,122) can be used to provide police coverage regardless of which of the three line items are used. This provides the Chief with flexibility of scheduling and to cover the unknowns which occur during the year. For example, the loss of a Chief for four months will result in a lower full-time cost but overtime and part-time had to be used to cover some of the shifts. This was unanticipated.

Security cameras for Firemen's Park was budgeted at \$5,847. This funding came from cuts in other areas of the General Fund. A Ford SUV is also proposed to replace the 2010 Ford Crown Vic and these vehicles are more expensive but have a better track and maintenance record. Overall the police department budget increased by only \$20,655 from the prior year.

The new Chief has inherited this budget and next year he will be able to present his own budget proposal. The budget that is proposed is by far from perfect but the best we could do at the time. We have to give the department time to adjust to new policies and procedures as a result of a change in leadership and consider funding new programs and changing some others.

Department of Environmental Health and Sanitation

We continue to receive free mosquito bricks for the sewer system as part of a State program but we do not know how long this program will last. This has reduced our mosquito abatements by about 50%. We also increased the animal control program by about \$400 to reflect actual costs.

Department of Streets and Alleys

Overall spending increased in this department by only \$1,959. Tree trimming and removal remains in MFT so we can complete the ash tree removal program. No new equipment is planned for purchase for the Street Department in the coming year. Pond maintenance remains in the budget at \$5,000 as we contract for aquatic spraying. There are no significant changes to this departmental budget.

Department of Buildings and Public Properties

We will be using a different cleaning service moving forward which cut the cleaning costs in half. Painting of the police station exterior metal and some caulking will be done for \$4,350. The Gould Street boardwalk will be sealed for \$3,250. This could be an annual expense moving forward.

Capital Improvements

The creation of a TIF District for \$20,000 and the creation of a quiet zone for \$100,000 are budgeted here. The TIF creation is funded with reserves while the quiet zone is funded with a loan from the Water and Sewer Debt Fund. General will pay this back in five annual \$20,000 installments beginning next year.

Comprehensive Expenses

This department's costs have increased by \$9,000. The General Fund is paying off four pieces of equipment; the bucket truck, a pick-up truck, the Ford tractor, and the first payment on a new 2018 Ford pick-up with plow. Sales tax reimbursements include Walt's (\$128,818). Property tax reimbursements include Dutch American foods (\$3,567) and Ohlendorf Trust (\$790). Comprehensive insurance costs have finally begun to stabilize as worker's compensation claims from prior year begin to fall off the books.

Parks and Recreation Department

This year's project includes the Village's share of a tot lot for Firemen's Park (\$5,000) and a new billboard for the ice rink (\$500). \$1,900 is budgeted for mulching all the playgrounds. Four port-a-johns will be rented for Lion's Park, Welton Stedt Park, and two for Firemen's Park. The Fourth of July Commission continues to pay for a part-time employee to mow and maintain Firemen's Park which is of great help to the men.

Youth Commission and Developer's Escrow Accounts are shown in the budget merely as pass-through accounts.

CAPITAL EQUIPMENT SINKING FUND

A total of \$35,422 is now being collected annually from payments due from other funds in the budget. Last year, a new dump truck was purchased replacing the 1988 Ford F800 which has been re-assigned as the sludge hauling truck. This \$45,000 purchase was not in the budget so the five year plan was re-arranged. The plan is to replace a pick-up truck in 2018 for \$41,500 and not replace the backhoe-loader until 2020. Public Works has made this recommendation and it was approved by the committee. This required some re-shuffling of the financing plan but the overall outlook is good for equipment replacement as long as we stick to paying off these purchases over time. This will require fiscal discipline.

REFUSE FUND

This fund is another pass-through for collections and payment to Homewood Disposal and reflects the rates to be charged which now go up an average of \$0.50 per month each year. \$8,000 is budgeted for the purchase of yardwaste bags which are sold out of the Village Hall to residents. \$25,418 is also transferred to the General Fund to assist in paying for brush and leaf collection.

PARKS AND RECREATION CAPITAL FUND

This fund was eliminated in the Summer of 2016 but the Village Board has recently decided to eliminate the "due to" in the budget from park impact fees to General and begin accumulating park impact fees once again for future park improvements.

MOTOR FUEL TAX FUND

Revenue for this fund is based on \$25.75 per capita. \$77,925 is budgeted for engineering work on Penfield Street reconstruction with the remainder coming from the Infrastructure Account. This project is slated for a 2020 start so the reimbursement budgeted for this engineering work from the STP Grant probably will not come in until next fiscal year. MFT Reserves will have to be used to float this period of time. The Safe Routes to Schools project is completed but we have not yet received our final invoice on that project. \$35,244 has been set aside for this purpose. \$11,200 is budgeted for cement to be purchased for sidewalk and curb repairs. The amount of road salt to be ordered was increased from 300 to 600 tons so that we can keep our salt dome full. Tree trimming and removals is budgeted at \$16,000 and this should get us through another year of ash tree removals.

JOINT FUEL FUND

This is also an intergovernmental pass-through fund for the purchase and sale of fuel to the other taxing bodies. The Village acts as fiduciary agent of this account. This year we are purchasing fuel on the open market so a price of of \$2.50 per gallon for 46,000 gallons 87 UNL and \$2.85 per gallon for 27,000 gallons of diesel has been budgeted.

TREE DONATION ACCOUNT, FOURTH OF JULY ACCOUNT AND BEAUTIFICATION ACCOUNT are pass-through accounts. The Commissions established by the Village create their own budgets with the Village acting as fiduciary. Since the Village is required to appropriate for these accounts, we include them in our budgets but do not maintain an internal general ledger on these accounts. This now becomes the responsibility of each of the Commission's Treasurers.

GENERAL OBLIGATION BOND ACCOUNT

This account receives property tax levies for bond and interest payments through transfers from the General Fund and makes the payments out of this account to the bondholders. These bonds were for the new public works facility built in 2009. In 2017 these bonds were refinanced and extended out another 14 years and the interest rate was reduced from 5.0% to 2.6%. An average levy of approximately \$86,000 was set so that taxes will not rise to cover bonded debt for the next 14 years. Taxpayers also saved over \$87,000 as a result of this deal. This year the levy and bond payments total \$87,295.

PUBLIC INFRASTRUCTURE ACCOUNT

This account has as its revenue source the 1/2% infrastructure sales tax, which now generates about \$144,000 per year. This year the Account is committed to repaying the \$32,000 as the fourth of 5 loan payments for the \$150,000 borrowed to complete the Phase I Report for the Penfield STP Project, \$25,000 for annual crack-sealing, \$20,000 for sidewalk repair and \$20,000 for curb failure repair. \$5,000 is also budgeted for the mudjacking of handicapped ramps that have sunk and no longer meet ADA requirements. Mudjacking has proven itself successful as a new technology for leveling heaved sidewalks that are still in good shape. The road resurfacing program scheduled for this coming year has been pushed back at least one more year as the Village ramps up the Penfield STP project which will cost the Village \$980,000 in 2020. We will be in a position to borrow this funding at that time with a 10 year loan. \$353,000 is also budgeted for the completion of engineering on Penfield.

WATER FUND

Revenue projections were based on actual 2017 collections on 111,312,165 billed gallons (\$570,568) plus \$11,131 in new \$0.10 rate collections starting 3/1/18 for total water collection

revenue of \$729,903. \$6,430 was also charged against this revenue for credits which remain in the system that will be applied in the coming year. This year, no reserve cash is being planned for use from the O+M Account and staff is trying to stabilize fund balance in O+M to a 60 day reserve, which would require \$181,781. The projected 4/30/18 fund balance is \$76,000 so we have a ways to go here. The lower fund is due to the credits being applied to disputed water bills when over-reading meters were proven to be in use and the new housing water credit incentive. It is hoped that fund balance will start creeping back upward once these credits are used up.

Projects in the Water Department this year include turning 1/3 of the valves in the system (\$7,000), the replacing of two hydrants, five valves, four b-boxes and two large commercial meters. \$16,000 is budgeted for the Water Fund's share of the last phase of improvement to the SCADA system. 30 residential meters are budgeted here bringing the total number of meters to be replaced at 130 for the coming year including those budgeted in the Water and Sewer Capital Account. \$4,500 is also in the budget as an incentive for public works employees to attain and/or retain their technical licenses. The water tower on Gould Street is also scheduled for power washing and inspection for \$3,500 and it is hoped at least another five years will be gained on the paint current paint coating. Chemical costs were also reduced since the Village no longer needs to add flouride to the water. There is enough natural flouride present in the well water now to do the job.

The Village plans to transfer \$151,776 to the Watermain Replacement Account and \$10,116 to the debt service fund as partial payment on the 2002 water tank and booster station loan. The third of 15 payments of \$4,970 will be made to the CESFA for the 2016 F450 dump and the first of 15 payments of \$4,125 will be made on the 2003 International 4700 Dump Truck. \$11,200 is also budgeted to hire one Summer employee this year. The seasonal worker is returning from last year and will stay on through leaf season for 1,000 hours. This worker will be used to mow grass, water flowers and work the leaf machine as primary duties.

SEWER FUND

Consistent with the forecast for water revenue, actual 2017 collections were taken (\$483,102) and \$11,131 was added for the \$0.10 rate increase effective 3/1/18 for a total revenue of \$494,233. No reserve cash is planned for use as was explained for the Water Fund.

Projects in the Sewer Department this year include sludge removal (\$17,842), and sewer license promotion training and specialty pay (\$3,000). Since the sewer plant will be undergoing construction, no repairs or replacements are scheduled. \$16,000 was set aside for SCADA repairs as we will try to merge the new sewer plant SCADA system with our existiing system which we will be keeping with the Water Department.

\$110,820 in debt charges is being transferred to the debt fund as coverage on the 2018 IEPA loan. \$12,673 is being transferred to the capital equipment sinking fund as payment for two trucks and a skid steer loader purchased on behalf of this department.

WATER AND SEWER CAPITAL IMPROVEMENTS

This fund now only has tap-in fees as its source of revenue. Watermain replacement charges are placed into a separate and distinct account. Since tap-in fees are not budgeted, reserves have to be used for all expenses in the fund. At the present rate, this fund will be depleted after this year. However, the Village does collect tap-ins each year which offset some of the expenses. In order to sustain \$48,900 in recurring annual expenses budgeted in this fund the Village needs to collect 8 tap-in fees per year. This appears to be doable.

We have set aside \$2,500 for any type of water or sewer unforeseen emergency, \$4,500 for economic development purposes, \$6,000 for Village Planner services, and \$29,400 for the purchase of 100 additional meters and MXU's to be installed in the system. \$20,000 has been budgeted for the replacement of the pumps and motors at the Miller Street lift station and another \$30,000 for replacing the force main leading out of the lift station to the nearest gravity feed manhole one block to the west. This is the Village's oldest lift station (1982) and these items need to be replaced. Last but not least is the huge \$10,000,000 wastewater treatment plant rehab project offset by an IEPA loan of equal amount. This project is expected to begin during this coming fiscal year and be complete in the next fiscal year.

WATER AND SEWER DEBT SERVICE FUND

Revenue for this fund comes from the utility tax on natural gas and electric (\$186,615), transfers of debt charges on water and sewer billing collections (\$120,936), the second 1/2% of the infrastructure sales tax (\$147,052) and \$83,729 in reserve cash which was collected in prior years as a loan to the General Fund in the amount of \$100,000 for the establishment of quiet zones. This funding will be paid back over five years from General Fund reserves. The \$350,000 loan from FCB+T which paid for the first 1/2 of the engineering on the new sewer plant will be paid off this coming fiscal year once the \$620,000 in IEPA reimbursement funds come in. There is also a payment of \$79,865 to Midland States Bank for the 2002 water tank and booster station loan which will mature in 2023. The 1996 IEPA loan was paid off in 2016 and this revenue is now being banked for the 2020 loan repayment schedule.

As of this printing, the Village has no outstanding engineering fees for Phase II Design of the wastewater treatment plant. After transfers are made in April of 2018 and the IEPA reimbursement check of \$620,000 arrives, The Debt Fund will have \$1,058,664 on account. After payment is made to First Community Bank in the amount of \$354,317 on the balloon loan, \$704,347 remains. The General Fund is borrowing \$100,000, so the low mark in this Account will be \$604,347. Staff proposes to pay off the 2002 loan on May 4, 2019 for \$355,000, leaving a balance of \$249,347. Annual payments on the \$10 million sewer plant loan at 1.12% for 30 years will be \$389,333. Annual revenue for debt will be a minimum of \$454,603 which will leave \$65,270 in annual operating surplus. It is this funding that will be used to cover the increased costs of the sewer plant.

WATERMAIN REPLACEMENT ACCOUNT

This is a new account set up two years ago to separate the charges coming in for this specific purpose. This account will have annual operating revenues of \$151,776. \$406,000 in reserve cash is being pledged to complete the Dunbar Street watermain replacement so this account will have close to a zero balance later this Summer and it will take two years to build the fund back up for another watermain replacement project given current revenue.

Cost to Residents

How does the budget as a whole affect what the current resident will pay to the Village this year compared to last year? There is a combined water and sewer rate increase of \$0.20 per 1,000 gallons which went into effect on March 1st. This rate increase will pay for the increasing cost of pumping water, chemical injection, and overall maintenance of water and sewer systems. This will cost the average water costumer \$2.80 per billing on an average 14,000 gallon water bill, or \$16.80 per year.

It must be stated that although levies are “frozen”, declining assessed value may not mean there is no change in the Village property tax rate to residents. The property tax paid to the Village by a property owner is a function of the assessed value of the property and the tax rate. There will also be a \$0.50 per month (or \$1.00 per billing) increase in the refuse rates effective July 1, 2017. Therefore, a typical single family home valued at \$235,000 using 14,000 gallons of water per billing will pay on average \$ more to the Village of Beecher in fiscal year 2018/2019 than it did in fiscal year 2017/2018.

This is a synopsis of the cost to the Village resident:

Increased water and sewer rates (\$0.20/1,000 gl x 14,000 gl)	\$ + 16.80
No change from prior year's operating levy	-0-
Refuse rate increase of \$1.00 per billing	+ 6.00
NET INCREASE TO A TYPICAL FAMILY	\$ + 22.80

Summary

All funds of the Village are balanced for the coming year with the exception of \$20,000 in the General Fund for the creation of a TIF District, \$92,300 in reserves from the Water and Sewer Capital Fund for meters and the Miller Street lift station, \$83,729 in Water and Sewer Debt Fund Reserves for a \$100,000 loan to the General Fund for the establishment of a quiet zone, and \$406,965 for the replacement of watermains on Dunbar from Hodges to Indiana. In total, \$603,000 in reserves will be used for capital projects only and not for any operating expenses.

There are several projects scheduled for this year, which include replacing over 130 aging meters, \$32,000 in SCADA upgrades, Dunbar watermain replacement, power washing the elevated tank, sidewalk and curb replacement, a complete revision of the Village's comprehensive land use plan, and Phase II design of Penfield along with the bridge. The largest of these projects is the sewer plant rehabilitation project at \$10,000,000; the single largest capital project in the Village's history.

The use of conservative revenue estimates and the ability to spot trends in the five year financial plan have allowed the Village to achieve an A+ rating from Standard and Poors. This rating is contingent on the Village holding significant reserves in the future and this may not be obtainable due to our capital needs and the State affecting our revenues. However, this rating should be appreciated and cherished while we have it. This budget also does not foresee the use of any cash reserves to fund operations.

If this budget holds true in the coming year, the following fund balances are projected on April 30, 2019:

General Fund:	\$ 567,989
Refuse Fund:	\$ 57,138
Park Improvement Fund:	\$ -0-
Motor Fuel Tax Fund:	\$ 29,000
Joint Fuel Fund:	\$ 41,000
Bond Redemption	\$ 1,000
Public Infrastructure:	\$ 314,000
Capital Equipment Replac.	\$ 14,070
Operations and Maint.:	\$ 76,000
Water and Sewer Capital:	\$ 1,000
Watermain Replacement:	\$ 132,000
Water and Sewer Debt:	\$ 604,347

TOTAL FUND BALANCE ON 4/30/19: \$ 1,837,544

This compares to a current projected fund balance of \$2,138,000 on April 30, 2018. This amount is 31.70% of the total budget of \$5,795,121 and would fund just about 60 days of operation. The 1996 Village Board target for fund balance was 60 days of operation and the municipal standard is 90 days of operation or 25% per fund. These fund balances will have to be watched closely in future years and efforts should continue to maintain fund balance while providing quality service to residents. This will be the most difficult task facing local elected officials in the years ahead, considering the fiscal condition of the State and its ability to transfer the burden to local governments.