



# VILLAGE OF BANNOCKBURN



## 2018-2019 FISCAL YEAR BUDGET



# Village of Bannockburn

## TABLE OF CONTENTS

### Section 1: Transmittal Letter

Stephanie Hannon – Finance Director .....	1-6
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### Section 2: Organization, Services, Budget Process and Structure

Village of Bannockburn Map.....	9
List of Principal Officers and Officials.....	10
Organizational Chart.....	11
Village Commissions, Committees, and Board .....	12
Community Profile.....	13-14
Community Characteristics.....	15-17
Fund Structure.....	18
Department Fund Relationship Structure.....	19
Budget Process & Preparation .....	20
Budget Timetable.....	21
Basis for Budgeting and Fund Structure.....	22-23
Account Numbers .....	24

### Section 3: Executive Overview

Budget in Brief.....	27-33
Strategic Planning.....	34-45
Revenue Trends and Projections.....	46-56
Expenditure Trends and Projections .....	57-59
Debt Position.....	60-63
Fund Balance Projections by Fund .....	64-65

Village of Bannockburn  
**TABLE OF CONTENTS (continued)**

**Section 4: General Fund Summary and Detail**

General Fund Revenue.....	67-71
General Fund Expenditures.....	72
Administration .....	73-79
Police.....	80-84
Building & Development.....	85-86
Zoning Map.....	87
Public Works.....	88-90
Community Development.....	91
Insurance.....	92
Debt Service.....	92
Capital Outlay.....	93
Net Income.....	93

**Section 5: Special Revenue Funds**

Motor Fuel Tax .....	95-96
SSA #1 .....	97-98
SSA #2 .....	99-100
SSA #16 .....	101-102
SSA #17 .....	103-104
SSA #3 & SSA #4.....	105
SSA #5a & SSA #6a .....	106

Village of Bannockburn  
**TABLE OF CONTENTS (continued)**

**Section 6: Enterprise Funds**

Water Fund.....	109-112
Sanitary Sewer Fund.....	113-117

**Section 7: Capital Improvement Plan**

Introduction.....	119-123
Administration .....	124
Police.....	124
Community Development.....	124
Public Works.....	125
Water & Sewer Funds.....	126
Maps.....	127-129

**Section 8: Supplemental Information**

Financial Policy .....	131-132
Capital Improvement Program and Budget Policy.....	133-137
Investment Policy.....	138-154
Purchasing Policy.....	155-183
Fund Reserve Policy .....	184-189
Glossary .....	190-195

# SECTION 1



Transmittal Letter

Stephanie Hannon – Finance Director



**MANAGEMENT'S LETTER TO THE  
CORPORATE AUTHORITIES OF  
THE VILLAGE OF BANNOCKBURN, ILLINOIS**

April 23, 2018

Dear President Rothing and Board of Trustees:

It is a pleasure to submit to the Village Board the proposed budget for the Village of Bannockburn for the Fiscal Year ending April 30, 2019. Primarily due to the strategic initiatives to be undertaken, the Village will enter the Fiscal Year 2018-2019 with a surplus in its operating budget. While the Village's revenue profile remains stagnant in the current economy, a continued relatively strong financial position permits the Village to maintain predictable levels of service. The proposed budget reflects a continued commitment to maintaining sufficient reserves to cover the Village's operating needs, meet long-term financial goals and plan for the growth and development of the Village.

The Village has benefited from a history of sound financial planning. Current initiatives focus on organizational efficiency, maintaining a stable tax environment, rehabilitating infrastructure and stimulating new development and redevelopment. The Village is making progress in many areas; such as, positioning itself to move forward with establishing long-term planning for infrastructure in the Water and Sewer fund and the establishment of a maintenance program for roads. The Village Board and staff have worked diligently to provide for a balanced tax structure with no new taxes proposed and appropriate public safety, infrastructure and general services.

The 2018-2019 budget documents follow a different format than previous years. The document has been completely restructured in design, context, organization, and structure to provide a better flow of information through a more logical sequence. The new format allows the reader to go from a more summarized format to as much detail as desired. It begins with this transmittal letter, which explains the layout of the budget document, as well as an overview of the budget process and the financial impact of the budget.

The Financial Summaries section allows the reader to view the total budget, at a glance, both in chart form and graph form. Other information provided in this section includes Fund Balance Summaries, graphs and financial summaries of General Fund Revenues and Expenses, historical information on staffing levels, and Debt Service Schedules.

The remainder of the report is broken down into functions (revenues and general government, public safety, community development and public works expenditures) for the General Fund and then separate tabs for all other funds. Within each tab, the goal has been to try to provide budget notes (or highlight) and a Summarized Financial Report for the respective section, followed by the detailed budgets for each account.

## ECONOMIC AND POLITICAL CLIMATE

National factors affecting the Village include proposed changes by the White House to modify or impose tariffs on imported goods, stricter regulation of immigration laws and work visas, modifications to the Affordable Care Act, revisions to the corporate and personal tax code and the yet unapproved Marketplace Fairness Act, which would create a national basis upon which to tax internet sales. Modification of one or more of these regulations could affect local industries positively or adversely.

With respect to workforce, at the national level, the unemployment rate has dropped from 4.5 percent to 4.1 percent year-over-year. Illinois has seen its seasonally adjusted employment rate decrease from 5.0 percent to 4.4 percent for the period ending March, 2018. Since 2005, the unemployment rate in Bannockburn, Illinois has ranged from 2.4% in May 1999 to 12.1% in January 2010. The Village ended March 2018 with a seasonally-unadjusted unemployment rate of 4.6 percent or a drop from the 5.2% a year ago. The Village of Bannockburn unemployment rate, although higher than the State and National rate, falls within the natural rate of unemployment, which is between 4.5 percent and 5.0 percent, according to the Federal Reserve.

The Village of Bannockburn's higher unemployment rate can occur even in a healthy economy and is unavoidable. The two main reasons for the Village's unemployment rate appear to be caused by the unemployed generally having the luxury to search until they find the right opportunity because they have saved enough money so they can quit unfulfilling jobs and by new unemployment related to Trinity International University students who are looking for a job that fits their new skills and qualifications.

For the 2014-2024 industry projection period, the Local Workforce Investment Area job market is expected to grow 8.0 percent, or 29,619 total positions. Industries with the greatest growth potential include professional, scientific & technology services (25%), construction (16%), healthcare and social services (15%), leisure and hospitality (14%), financial activities (11%), and educational occupations (9%). The postal service occupations is expecting the sharpest decline by 2024 of 33% per the Local Workforce Investment Area long-term (2014-2024) forecast.

The local housing market remained strong into 2017 but cooled later in the fiscal year. The median list price per square foot in Bannockburn is \$258, which is higher than the Chicago Metro average of \$163. The median price of homes currently listed in Bannockburn is \$950,000 per the Zillow home index.

The State of Illinois remains the greatest external economic threat to the Village's operations. The legislature developed and adopted a patchwork budget in June, 2017. The budget was vetoed by Governor Bruce Rauner and subsequently overridden by both chambers of the General Assembly. The 2018 budget was the first budget adopted since the Governor took office in 2015. A combination of revenue cuts, administrative fees and diminished income tax receipts negatively impacted the Village's budget by approximately \$52,700.

The George Mason University Mercatus Center's financial rankings by state report, regarding the State of Illinois, expresses, "On the basis of its fiscal solvency in five separate categories, Illinois is ranked 49th among the US states for its fiscal health. Illinois performs poorly on both a short- and long-run basis. The State has between 52 percent and 134 percent of the cash needed to cover short-term obligations. Revenues cover 96 percent of expenses, and overall net position declined by \$28 per capita in FY2015. On a long-run basis, a net asset ratio of -2.77 points to Illinois's heavy reliance on debt. Long-term liabilities are 317 percent of total assets, or \$12,118 per capita. On a guaranteed-to-be-paid basis, unfunded pension obligations are \$344.85 billion, or 54 percent of state personal income. OPEB (other (pension) postemployment benefits) is 8 percent of state personal income."

"While the backlog of bills is likely to continue into the future, the results of this analysis are improved over previous years. With the increase in the income tax rate and an improved economy, the revenues of the State appear to be becoming more aligned with the current level of spending. No scenario analyzed resulted in completely paying down the backlog of bills except the first scenario but there were scenarios where the State was seeing surpluses over the three years which reduced the backlog. This is an improvement to prior years where the State was expected to see deficits even when spending was frozen", per the Commission on Government Forecasting and Accountability (COGFA) three Year Budget Forecast 2019-2021.

The Village continues to be concerned with potential additional State of Illinois attempts to reduce the amount of State funds distributed to local governments. As such, the Village has taken a conservative budget approach to its reliance on state shared revenues. Improving organizational efficiency, becoming innovative with methods of service delivery and pursuing grant funding opportunities are factors that will be used to assist the Village with navigating the slow-to-recover economy. Moderate revenue growth combined with strict expenditure management should allow the Village to continue to deliver essential services at their current levels. However, in order to fund future infrastructure improvements, capital expenditures, and major programs or purchases, the Village will investigate new revenue sources and analyze current Village fees and rates. Monitoring trends in the private sector and being responsive to changes in the market will also be needed for the Village to withstand any relapse in the economy.

### **Budget Process**

This year's budget process involved an in depth analysis of organizational processes, personnel, services and long term liability management. The budget process began later than prior years due to the hiring of a new finance director in the middle of January. The first step in the process included the development of a preliminary budget for the General Fund. The General Fund provides the majority of the Village's services, such as public safety; building and zoning; engineering; public works; streets, drainage, building and vehicle maintenance recording and reporting requirements; financial services; and general administration. When preparing the General Fund's preliminary budget, staff was provided with the following guidelines:

- Review the current year's budget and adjust estimated year-ends for any changes.
- Review revenue streams for changes.
- Reflect salaries and wages increases of 3.0% and merit increases when appropriate.
- Include legal and regulatory requirements.
- Maintain operations at status quo (no additional additions or cuts in services or staffing levels).

The FY2018-2019 preliminary budget for the General Fund reflected net income of \$38,757. The Village Board completed an in-depth review of the General Fund, Motor Fuel Tax (MFT), Special Service Areas (SSA's), Water and Sewer funds preliminary budgets during its March 12, 2018 and April 23, 2018 Board Meetings. Changes discussed during the board meetings have been incorporated within this budget document. These revisions include the addition of legal expenses for village code updates of \$10,000 and additional capital cost of \$5,000 to cover total costs for a new roof on the Village Hall. The final General Fund net income budget amount is \$23,757.

### **Strategic Planning**

The Village completed a strategic planning initiative which included the establishment of a mission statement, core values, overarching goals, and departmental programs. The following core values, as defined by the Village Board, have guided the development of the budget as a function of the Village's vision and mission to serve our **C.I.T.I.Z.E.N.S.** through: **C**ommunity, **I**nnovation, **T**radition, **I**ntegrity, **Z**oning & Economic Development, **E**fficiency & Excellence, **N**atural Settings, **S**ervice & Safety. A more detailed analysis of the strategic initiatives can be found in Section 3: Executive Overview. The core values and overarching goals have established the Village's strategic theme and provided the framework for the Village's 2018-19 departmental programs.

The Village's priority focus areas, as established by the Village Board, are to Preserve Village Character, Ensure Operational Excellence, Ensure Excellence in Governance, Foster an Engaged Community and Strengthen Partnerships, Promote Economic Development, and Promote the Village of Bannockburn. Within these priority areas, a number of initiatives have been identified to grow local economic activity, to prepare the current and future Village Boards for the challenges ahead and to continue the Village's longstanding tradition of sound fiscal management.

### **Budget Summary – All Funds**

The 2018-2019 Budget (All Funds) is projecting a net deficit of \$14,658. The Village has budgeted \$5,068,066 in total revenues and other sources for all funds, \$5,462,059 in total expenditures, and enterprise fund capitalized assets and principal payments of \$379,335 which are excluded from the total expenditures when calculating the projected net deficit for 2018-2019. Detail regarding each fund's projected net fund income (loss) for the year is available in the Executive Overview section on the Fund Balance Projections by Fund schedule (see pages 64-65).

A review of the Fund Balance Schedule (All Funds) shows that several funds are projecting a net loss for Fiscal Year 2018-2019. For most funds, the net losses represent the use of accumulated reserves for capital improvements, debt reduction, or infrastructure assessments. Net losses (including capital expenditures and principal payments) are projected in Special Service Area #1 (SSA #1) Fund (\$505), Water Fund (\$382,430), Sewer Fund (\$81,594). Net income is projected in the General Fund (\$23,757), MFT Fund (\$40,752), SSA #2 Fund – (\$6,005), and SSA #16 Fund (\$22).

**General Fund:**

The General Fund is projecting a net gain of \$23,757. General Fund revenues are projected to total \$3,723,533. The budget reflects a \$102,871 increase in revenue from the prior year due to sales tax revenues related to two new grocery stores and the implementation of a food and beverage tax offset by lower building permit fees. The General Fund expenses are budgeted at \$3,699,776. The budget reflects a \$50,080 increase in expenditures, mainly as capital improvements. The Village is planning to purchase a squad car and replace the roof at the Village Hall. The Village's net income reflects intergovernmental taxes, local taxes, fines & fees, licensing/permits, public safety revenue, and other general revenue. The only fee increases were related to elevator fees. The FY2018-19 budget reflects full year revenues for the Village's two new grocery stores, Heinen's and Mariano's. The grocery stores increased revenues are reflected in the local tax revenue area by the newly created Food and Beverage tax in FY2016-17 by \$53,000 and new net sales tax revenue of \$122,420. The largest factor affecting the General Fund continues to be its reliance on economically-driven revenue streams to support its basic Village services.

For the 2018-2019 Fiscal Year, no significant service modifications are anticipated. The Village will continue its efforts to deploy new technologies that permit the conducting of Village business via the web, acceptance of credit/debit forms of payment and automation of processes for police fines and utility billing payments. The purpose of these initiatives is three-fold: 1) to improve the services available to residents and those conducting business with the Village, 2) to reduce dual entry and streamline processes, thereby reducing costs, and 3) to improve internal controls over the Village's numerous financial transactions. The new financial software has been a major thrust of technology enhancement, with a new general ledger system, payroll, accounts payable, account receivable, and cash receipting modules which were implemented in May 2016 and a new utility billing module to be implemented in July 2018. Also, integration of the new payroll and general ledger systems has streamlined the entire recording process. The Village continues to improve its website with better layouts and cleaner interfaces with a variety of new, innovative features to make navigation easier. The Village will be continually updating and adding new forms, which will allow for a more efficient government.

**All other Funds:**

The projected increase in fund balance of \$40,752 in the MFT Fund will be used to increase the fund balance for future capital projects. The fund revenues are projected at \$40,772 and based upon the Illinois Municipal League estimates. Expenditures are budgeted at \$20 to cover bank fees. The Village plans to reserve the MFT fund balance to provide infrastructure improvements to its roads, paths, and sidewalks detailed in its capital improvement plan.

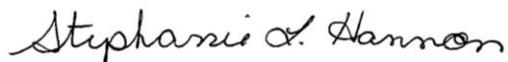
The SSA #1 Fund projects a deficit of \$505. Expenditures project for the fund will be used to pay for utility system maintenance, as needed. The deficit will be paid for by accumulated reserves from prior years' revenues. SSA #2 projects a surplus of \$6,005 which will be used to increase the reserve for future utility system maintenance and infrastructure improvements as required. SSA #16 and SSA #17 were established to pay for sanitary sewer system construction, maintenance and debt payments. The debt payments are to repay General Fund advances for sanitary sewer system construction. Currently, the tax levied on SSA #16 and SSA #17 cover the debt payments and are zero based budgeted.

The Water Fund reflects a projected net loss of \$6,997 excluding capital improvements and debt payments. If capital improvements and debt payments are included, the Village will experience a deficit of \$382,430. The operating budget reflects projected revenues to total \$971,711. This is a \$17,862 increase from the prior year in interest income on reserve balances and a 1% increase in water rates offset by lower recapture/connection fees. The Water Fund expenditures are anticipated to be \$1,260,708 (which includes capital improvements) which is \$147,673 higher than the prior year when depreciation is included. The Water Fund loss is due to increases in depreciation, capital improvements related to infrastructure and system improvements which include upgrades to the SCADA system, billing software, high resolution registers, and water pump part replacements.

The Sewer Fund reflects a projected loss of \$77,692 excluding capital improvements and debt payments. If capital improvements and debt payments are included, the fund will experience a deficit of \$81,594. The operating budget reflects projected revenues to total \$265,881. Revenues are projected to decrease due to lower recapture/connection fees. Operating expenses are budgeted at \$343,572. This increase of \$47,571 reflects additional expenses related to a project 3% rate increase from the Village of Deerfield for sewer charges and the implementation of service charges to recover General Fund administrative expenses. The budgeted Capital expenditures are lower than the prior year by \$135,000 since the Village had budgeted for televising, smoke testing, and major repairs in FY2017-18 and are not anticipated in FY2018-19.

The development of an annual budget is both a monumental and rewarding task, reflecting the contributions of the entire organization. This year's preparation of the budget has been a team effort and I cannot overemphasize my gratitude to the entire Village staff for their diligence and perseverance in improving this important financial tool. Many thanks to Village Manager Maria Lasday, Police Chief Ron Price, and Assistant to the Village Manager Ryan Mentkowski, for their contribution in creating this budget document and for their cooperation, responsiveness and ability to get the job done. Finally, the Village Board deserves sincere appreciation for their stewardship over Village finances and planning for the Village's future.

Sincerely,



Stephanie L. Hannon  
Finance Director

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<b>C</b>	COMMUNITY
<b>I</b>	INNOVATION
<b>T</b>	TRADITION
<b>I</b>	INTEGRITY
<b>Z</b>	ZONING & ECONOMIC DEVELOPMENT
<b>E</b>	EFFICIENCY & EXCELLENCE
<b>N</b>	NATURAL SETTINGS
<b>S</b>	SERVICE & SAFETY

# SECTION 2



## Organization & Services

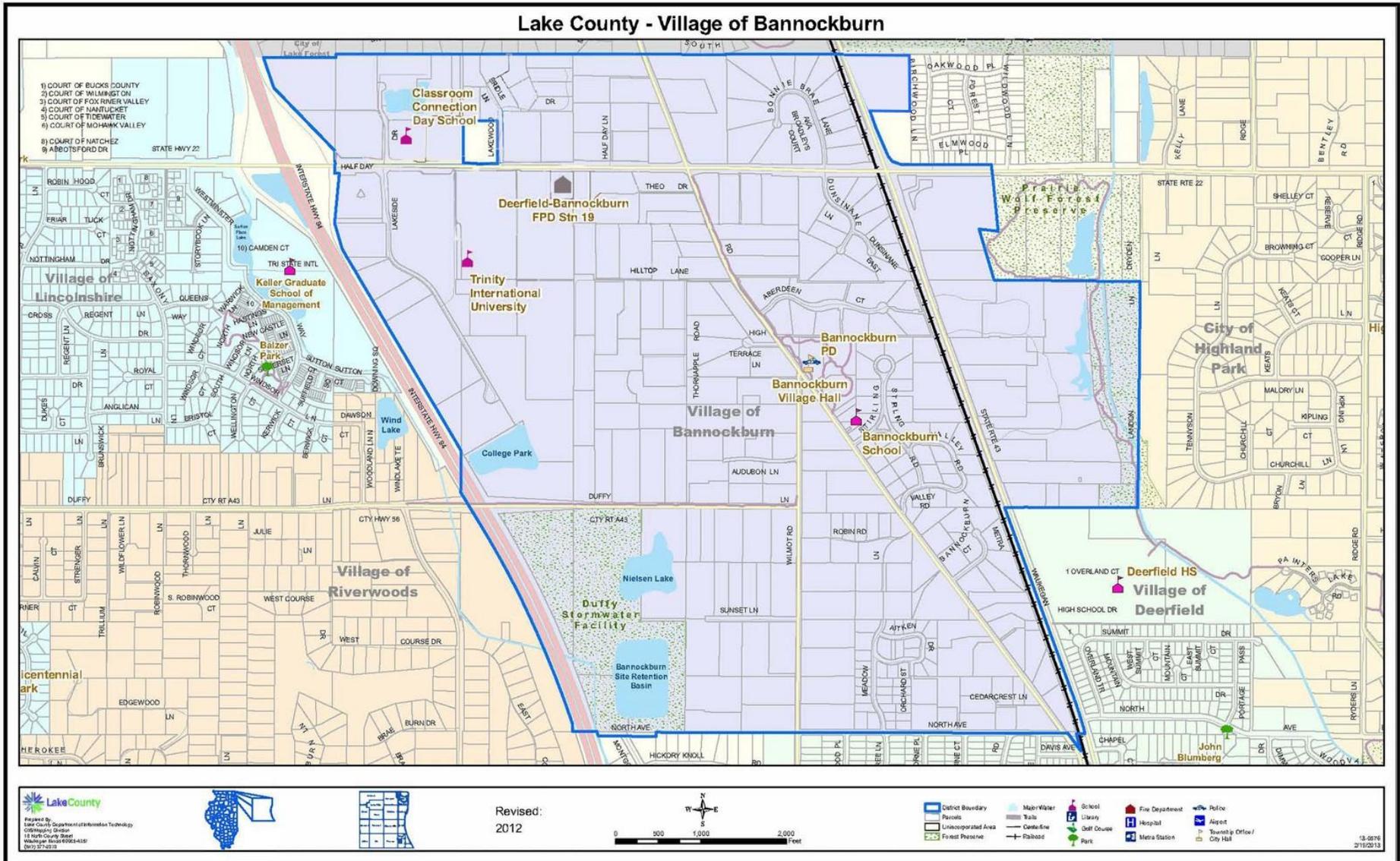
- Village of Bannockburn Map
- List of Principal Officers
- Organizational Chart
- Village Commissions, Committees, and Board
- Community Profile
- Community Characteristics

## Budget Process and Structure

- Budget Process
- Budget Timetable
- Basis for Budgeting and Fund Structure
- Account Numbers



# Village of Bannockburn



# VILLAGE ORGANIZATION

## List of Principal Officers and Officials

### President

Frank "Bud" Rothing

### Village Board of Trustees/Commissioners

David Ansani – Finance

David Korner – Building

James Boyle – Police

Diana Lackner - Community Development

Mary Herrmann – Water & Sewer

Kerry Martin – Roads & Right-of-Way

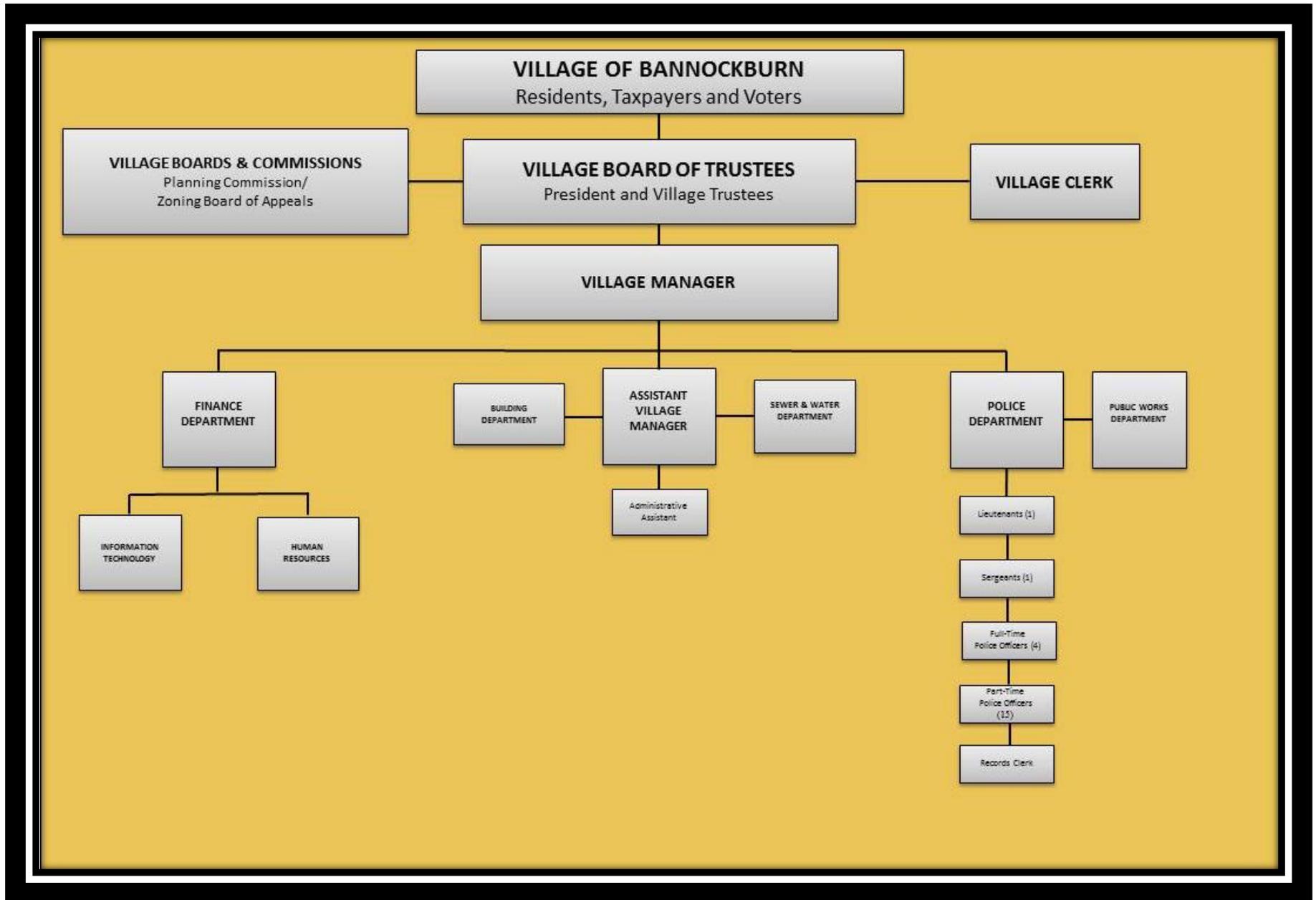
### Village Clerk

Kass Sigal

### Village Manager

Maria Lasday





## **Village Commissions, Committees and Boards**

### **Village Board**

The Village of Bannockburn consists as a Board of six trustees, a Village President, and a salaried full-time village manager that helps monitor and guide the administration and services for the Village of Bannockburn. The six trustees are residents of Bannockburn and are elected to staggered four-year terms. Each trustee is given the responsibility for a department of government activities. The Village's President and clerk are elected to two-year terms. Other Village Commissions, Committees and Boards are approved by the Village's Corporate Authorities. Appointments are made by the Village President, with the concurrence of the Board of Trustees.

### **Architectural Review Commission**

The Architectural Review Commission consists of five members. Members of the Architectural Review Commission serve for a term of two years and until their respective successors have been appointed and qualified for office. Members may be reappointed and serve without compensation. The Village President designates appointees as Chairperson. The Building Commissioner designates a Staff Secretary of the Architectural Review Commission, who attends all meeting, keeps minutes, shows the vote of each member, and maintains permanent records of all Architectural Review Commission meetings, hearings and proceedings and all correspondence of the Architectural Review Commission.

Architectural Review Commission has the jurisdiction and authority to hear, review, and decide applications for architectural review approval related to architectural design and materials of proposed buildings and structures that require Level II review and such other matters as directed by the Board of Trustees. The Architectural Review Commission meets the third Tuesday of the month.

### **Plan Commission and Zoning Board of Appeals (PCZBA)**

From its beginning, in 1929, the Village of Bannockburn has acted to assure sound planning, zoning, and land development within the community. Within months after its incorporation, Bannockburn's Village Board created a zoning commission to develop zoning regulations for the Village, and such regulations were adopted in 1930. The first amendment to the zoning code was in 1946, at which time the Village prohibited construction on any lot that did not meet the minimum lot size of 160,000 or 80,000 square feet (requirements for the "A" and "B" zoning districts, respectively), unless such lot had been previously recorded. Today, the Village relies on its PCZBA to administer the Village's zoning and planning regulations. The PCZBA will review and make recommendations to the Village Board regarding zoning changes, variations and subdivisions of land.

The PCZBA consists of seven members each appointed by the Village President, with the advice and consent of the Board of Trustees. Members are Village residents and serve for five year terms or until their respective successors have been appointed and qualified for office. Members may be reappointed and serve without compensation. The Village President designates appointees as Chairperson. The Building Commissioner designates a Staff Secretary of the PCZBA, who attends all meeting, keeps minutes, shows the vote of each member, and maintains permanent records of all PCZBA meetings, hearings and proceedings and all correspondence of the Commission.

The Village President and Board of Trustees have appointed members of the Plan Commission to serve concurrently on the ZBA. The PCZBA meets on the first Monday of every month.

## **Community Profile**

The Village of Bannockburn is one of the most beautiful and safest communities within the greater Chicago metropolitan area by combining the best features of country and urban living. It is a hidden gem conveniently located only 26 miles from downtown Chicago and nestled next to the well-known North Shore communities of Lake Forest and Highland Park. According to the 2010 census, Bannockburn has a total area of 2.043 square miles (5.29 km<sup>2</sup>), of which 2.02 square miles (or 98.87%) is land and 0.023 square miles (or 1.13%) is water.

The Village is a refreshing community of “country estates,” natural landscapes and open spaces. Bannockburn has just over 250 homes, most of which sit on generous multi-acre lots, many of which are suitable for stabling horses. The Village has been able to maintain its special identity and character only through a tenacious adherence to sound land-planning principles throughout the many years that have passed since its founder, William Aitken, formulated a master plan for the community. Aitken, an architect/builder and a native of Bannockburn, Scotland, set out nearly a century ago to create a village of “country estates.” While other communities have undergone major changes in character, Bannockburn has maintained much of the unique character envisioned by its founder.

Although the ex-urban or “estate” character of the Village has been preserved, current residents enjoy top-ranked public schools, easy access to highways and rail transportation, the cultural benefits of a hometown university, and upscale shopping and dining in Bannockburn’s commercial areas. These areas are clustered away from the Village’s homes, maintaining the peaceful, quiet nature of this community that residents cherish—one in which children can walk to school and neighbors gladly pick up their neighbor’s mail while they are on vacation. At the same time, its large home sites afford the privacy and “elbow room” that is so hard to find in such a convenient close-in location. Just minutes away are larger shopping districts and highly rated eateries in Deerfield, Northbrook, Riverwoods, Lincolnshire, and Highwood, as well as Lake Forest and Highland Park.

The result of the Village’s vigorous commitment to maintaining its “country estate” character has been a community that benefits not only its own residents but also the residents of the entire region, as Bannockburn, along with a handful of other communities, supplies a rural atmosphere of natural landscapes and open space that provides a much needed contrast to the surrounding metropolitan area. The people of Bannockburn wish to maintain throughout the twenty-first century the character of their Village that their predecessors have actively preserved since the days of William Aitken.

There are two educational institutions in the Village of Bannockburn – Bannockburn School and Trinity International University. Deerfield High School is conveniently located adjacent to the Village (the school is situated on land previously in the Village’s jurisdiction). These schools prepare Bannockburn children for a successful, bright future. The Village’s elementary and middle school, the Bannockburn School, is a very special top rated kindergarten through 8th grade school where the student-to-teacher ratio is 10:1. 100% of the Bannockburn School teachers have a minimum of a master's degree, some of whom have National Board Certification. There are less than 200 students at the Bannockburn School. Bannockburn School has been recognized as having top state-wide academic test scores. In fact, Bannockburn School has received the Academic Excellence Award from the Illinois State Board of Education, the School Search Bright A+ Award and the School Search Bright Apple Award.

Bannockburn is a financially stable community. The Village’s financial strength is due partly by (i) the Village controlling its costs by contracting out for a majority of its services, (ii) the Village minimizing the need for full time staff personnel, (iii) some services being provided through intergovernmental

cooperation, and (iv) invaluable services being provided by public stewards (Bannockburn residents). The Village services for fire protection is provided by the Deerfield-Bannockburn Fire Protection District, library services by Trinity International University through free Courtesy Patron library cards to Bannockburn residents to check out books, DVD's, CD Music and Video Movies, public works by outside contractors for road, open space, and other maintenance type work, police dispatch service through the Village of Deerfield, building inspection and planning review services through the City of Lake Forest Community Development Department, and water billing services through the Village of Lincolnshire.

### **A View of the Past...**

The first settlers to the area where Bannockburn stands today arrived in 1835 from County Meath, Ireland. Michael Meehan built a log cabin near what is now the northwest corner of Hilltop Lane and Telegraph Road and gradually acquired a total of 283 acres. William Aitken is credited with bringing modern real estate development to the Village. He was born in Scotland and used the name of Scottish villages and cities to name “Bannockburn”, subdivisions, and streets. He created a master plan covering 110 acres where he intended to build “country estates” for people who wanted that genteel style of living. The first Aitken homes were built in 1924 and by 1929, when application was made to incorporate the area, there were 30 families in the community – on Meadow Lane, Robin Road, Aitken Drive, Telegraph Road, Stirling Road, and Valley Road and in the Wilmot Road/Sunset Lane area. The Village of Bannockburn has gradually expanded its boundaries to its current 1,318 acres. The Tri-State Tollway was built through the Village in the 1950s, encouraging growth. In the late 1960s, Bannockburn's citizens approved the construction of the first of several business parks along the Village's northern edge. It created its first commercial zone in 1984 along Illinois Route 22. Bannockburn's municipal services expanded slowly in an effort to limit taxes, but it established a police department in the 1970s and built a Village Hall in 1992.

Early residents were very active in developing and shaping the community that they loved, serving as trustees on the Village Board, organizing the Bannockburn School, creating zoning ordinances that formed the basis of our current zoning codes, and organizing a garden club and numerous charitable activities.

### **A Vision of the Future...**

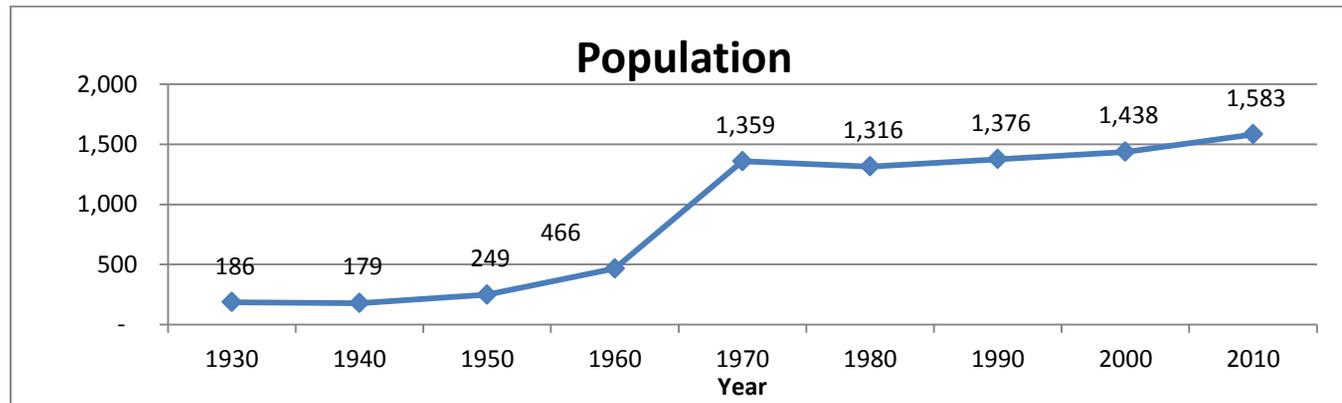
Today, Bannockburn remains an "environmentally sensitive community" of country estates and residences with an overriding goal of preserving its unique community character and to maintain health and safety while preserving the useful life of the pavement, providing availability of potable water, continuing the collection and treatment of sewage, maintaining its existing land use patterns of low intensity development on large lots, as well as its existing policies of encouraging tree preservation and reforestation, and expanding bike and pedestrian pathway and trail system throughout the Village. At the same time, the Village is looking into the future and exploring business and economic development opportunities. The Village's leaders have taken a progressive approach toward planning for the Village's future. In 2014, a new Comprehensive Plan was implemented to guide future Village efforts to continue its tradition of sound and appropriate planning, zoning, and development for decades to come. In addition, this 2014 Comprehensive Plan re-emphasizes the Village's traditional planning goals to ensure that they are understood. The Village continues to seek grants for infrastructure improvements to the roads and expanding bikeways and greenways. The community and its leaders are focused on preserving the Village's rich heritage, while implementing plans that will attract visitors to explore Bannockburn's opportunities and improve the quality of life for the residents.

**COMMUNITY CHARACTERISTICS**

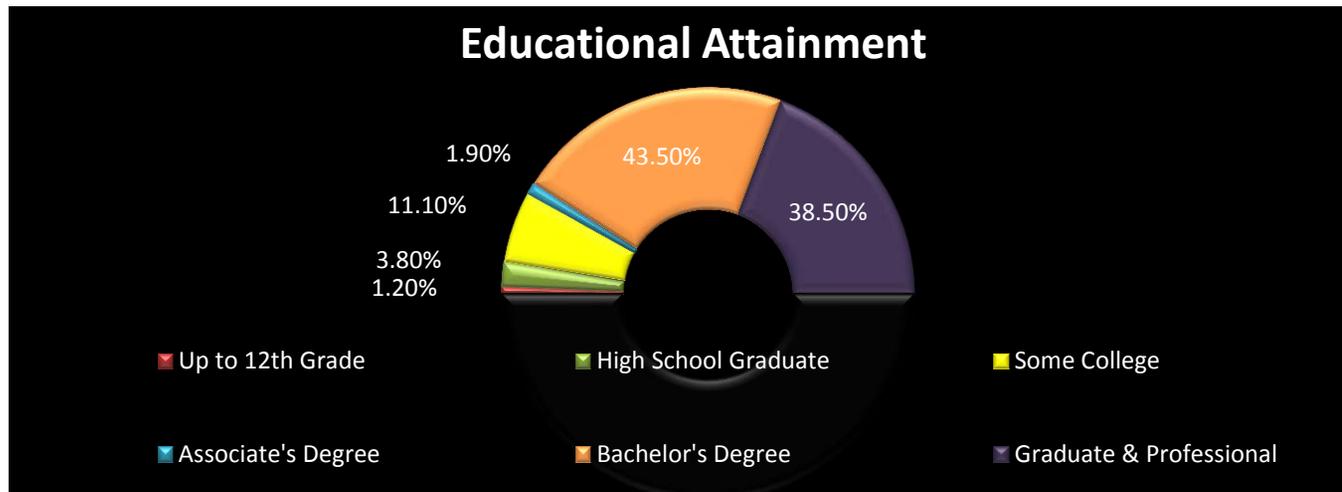
The following statistical data and graphs provide a demographic profile of the Village of Bannockburn. Notable changes from the 2000 to the 2010 Census are highlighted below. Unless otherwise noted, the source of data is the 2000, 2010 United States Census, and American Fact Finder US Census Bureau.

***Population***

- In 2000, Bannockburn’s population was 1,429. As of the 2010 United States Census, the population grew to 1,583 residents, which represents a 10.78% increase.



- Those individuals with at least a high school degree represented 98.8%, bachelor’s degree or higher 82%, graduate or professional degree 38.5% of the population.



***Housing Information***

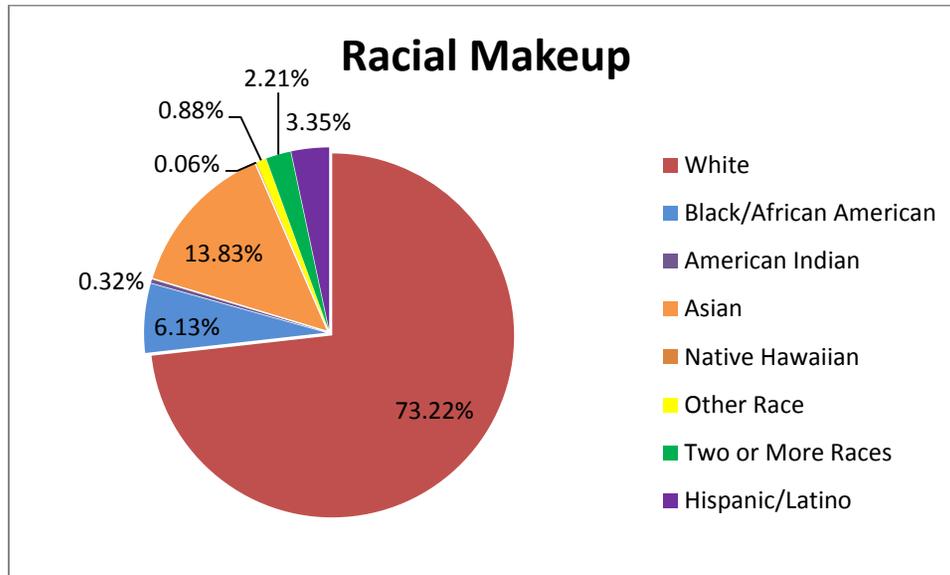
- In 2000, there were a total of 259 total housing units. According to the 2012-16 American Community Survey 5-Year Estimates, there are 281 housing units estimated in 2016 which reflects a 22 household increase or 8.5% from 2000 levels.
- In 2016, the median housing value was listed at \$1,000,000.
- In 2016, the median household income was \$136,250.

***Age Distribution***

- The median age in the Village in 2010 was 23.9 years. In 2000, the median age was 21.7.
- In the 281 households that were reported in 2016, 15.6% had children under the age of 18 living with them, 6.3% had individuals aged 65 or over living with them and 82.4% were family households. The average household size was 2.72 and the average family size was 3.02.

***Racial Composition***

- The racial makeup of the Village in 2010 was 73.22% White, 6.13% Black or African American, 0.32% American Indian or Alaska Native 0.32%, 13.83% Asian, 0.06% Native Hawaiian or Other Pacific Islander, 0.88% Some Other Race and 2.21% Two or More Races. Hispanic or Latino of any race was 3.35% of the population.



**VILLAGE GOVERNMENT**

*Home Rule Authority*

The Village of Bannockburn is a Home Rule Unit by virtue of the provisions of the Constitution of the State of Illinois of 1970 by referendum in April 2006. The 1970 Illinois Constitution provides a very broad definition of home rule powers: “Except as limited by this Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt.” (Art. VII; Sec.6a).

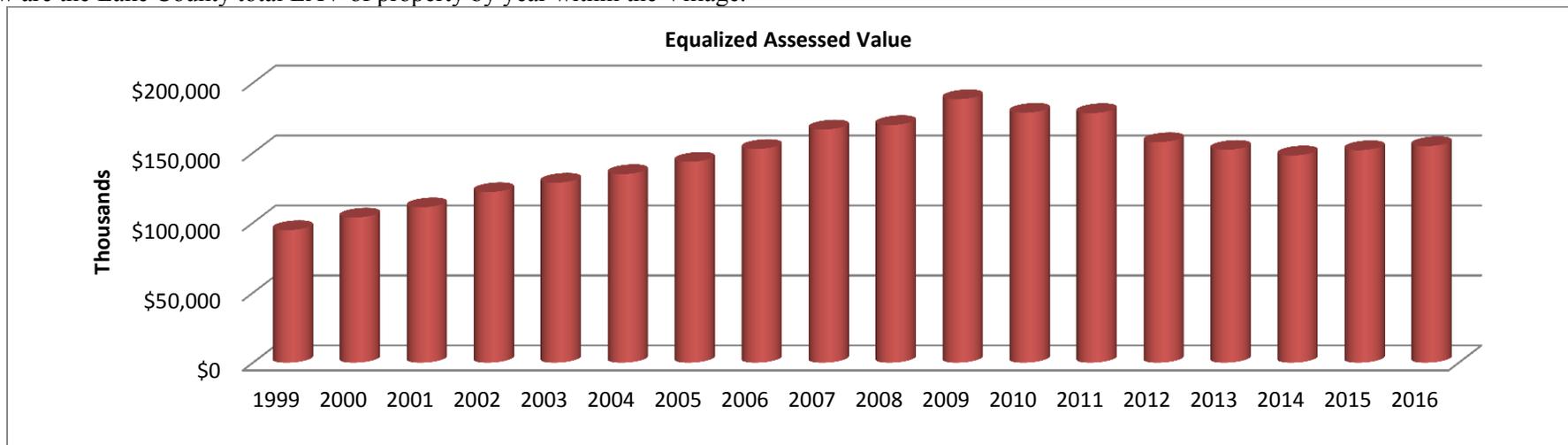
Home rule status has given communities greater authority and latitude to make their own decisions versus non-home rule municipalities. Home rule shifts much of the responsibility for local government from the state legislature to the local community. The home rule authority provides communities flexibility to enact taxes, to issue bonds without referendum, regulate local activities, alter their government structure, and seek innovative solutions to local problems.

The legislature has been supportive of home rule powers; however, the General Assembly has limited certain powers. Communities may not tax income, earnings, and/or occupations, or license for revenue unless authorized to do so by the General Assembly; define or punish for felonies; or incur debt payable from property taxes that matures more than 40 years from the date of issuance. Furthermore, the General Assembly may restrict or pre-empt home rule powers by three-fifths majority vote of the legislature.

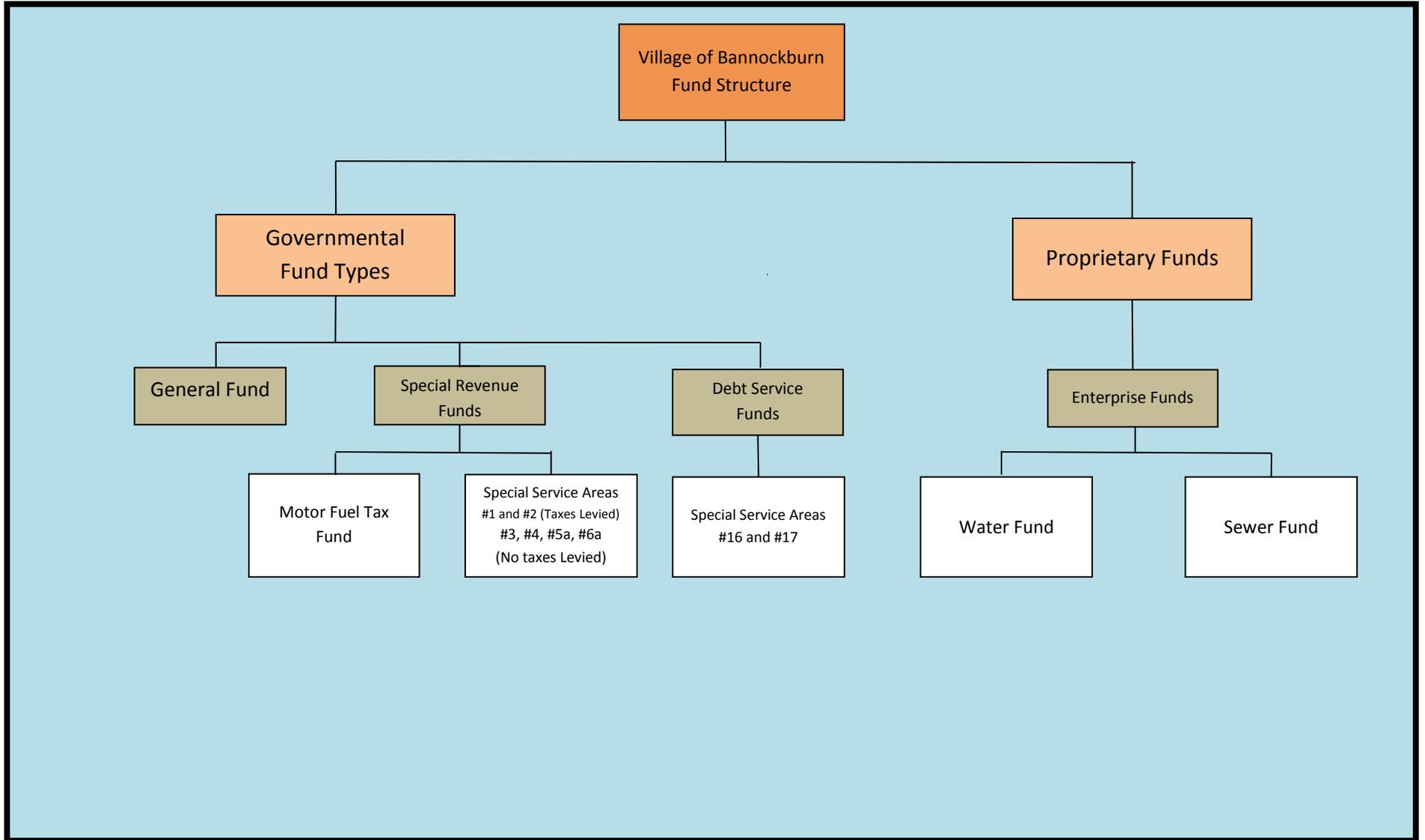
*Equalized Assessed Value*

The equalized assessed value, or EAV, is the result of applying the state equalization factor to the assessed value of a parcel of property. Tax bills are calculated by multiplying the EAV (after any deductions for homesteads) by the tax rate.

Below are the Lake County total EAV of property by year within the Village.



**Village of Bannockburn  
Fund Structure  
April 30, 2018**



### Department Fund Relationship Structure

Fund Type	Fund	Department	Department Summary Page	Total Expenditures
<b>General</b>	<b>General</b>	<b>Total</b>		<b>\$3,699,776</b>
		Administration	73-79	\$966,225
		Police	80-84	\$1,571,692
		Building & Development	85-87	\$287,500
		Public Works	88-90	\$409,500
		Community Development	91	\$28,725
		Insurance	92	\$78,737
		Debt Service	92	\$245,898
		Capital Expenses	93	\$111,500
<b>Special Revenue</b>				<b>\$5,020</b>
	Motor Fuel Tax	Streets/Public Works	95-96	\$20
	SSA #1	Public Works	97-98	\$2,500
	SSA #2	Public Works	99-100	\$2,500
<b>Debt Service</b>				<b>\$55,647</b>
	SSA #16	Debt Service	101-102	\$37,178
	SSA #17	Debt Service	103-104	\$18,469
<b>Enterprise Funds</b>		<b>Total</b>		<b>\$1,701,615</b>
	Water	Public Works	109-112	\$1,354,141
	Sewer	Public Works	113-115	\$347,474
			<b>Total Funds</b>	<b>\$5,462,059</b>

# Budget Process and Structure

## Budget Process

The Village of Bannockburn's Annual Operating Budget serves as the primary tool to accomplish the objectives and policies as set forth by the Village Board of Trustees. The budget process for the Village of Bannockburn involves the citizens, Village President, Village Board, Village Manager, Assistant to the Village Manager, Police Chief, Village Engineer and many other stakeholders throughout the community. Each person plays a critical role in the development of the budget for the upcoming fiscal year.

The goal of the budget process is to present a balanced budget to the Village Board of Trustees for review and adoption. A balanced budget is a budget in which revenues meet or exceed expenditures and cash reserves or fund balance is not considered a revenue source. The Village operates on a fiscal year basis beginning May 1st and ending April 30th of each year. The Finance Director presents the annual budget to the President and Village Board for review and adoption prior to the beginning of each fiscal year.

### Budget Preparation

Preparation of the annual budget typically begins in December with the establishment of a budget calendar by the Finance Director and Village Manager. The Finance Director provides each department with budget worksheets, preliminary budget estimates and specific directives for developing their budgets.

The responsible department manager reviews their programs and services, initial budget requests and submits them to the Finance Director. The Finance Director then consolidates all requests to analyze the budget as a whole. After an initial analysis, meetings are set up by the Police Chief, Finance Director, Village Manager, and Village Engineer. They review major operational changes, discuss objectives and review capital project requests. An effort is made to combine requests across departments and to discuss how to more efficiently accomplish departmental goals. Any unjustified items are eliminated from the budget at this time.

Over the next month, the Finance Department works to compile the budget document. In addition to developing budget summaries for each department, which outline requests, the Finance Director reviews and updates other sections of the document. Before the first public hearing, the proposed budget is made available to the public in hardcopy format at the Village Hall. After the public hearing, the budget may be further revised and passed without further public inspection, notice or hearing. The final budget is typically approved in April.

Once the budget has been approved, the Village Manager and Finance Director continue to monitor the Village's rate of revenue collections and expenditures to assure a healthy financial condition. If revenue projections drop below staff's original estimate, the Village Manager will direct staff to reduce expenditures. Budget transfers within a fund may be authorized by the Finance Director who is the authorized budget officer. If a circumstance arises in which budget changes must be considered, the Village Board may approve a change by Ordinance. These budget amendments are usually necessary if anticipated expenditures are expected to exceed the total amount budgeted at the fund level, due to changing priorities or unexpected occurrences.

## Budget Time Table

<b>January 31, 2018</b>	FY2018-19 Proposed Budget Worksheets distributed to Village President Trustees/Commissioners and Staff
<b>February 12, 2018</b>	Completed budget worksheets due to Finance
<b>February 12 - 22, 2018</b>	Finance prepares report of preliminary budget for Staff and Board Review
<b>February 23, 2018 – March 2, 2018</b>	Meetings with staff/consultants to review each department's proposed budget. Finance prepares budget narrative, tables, and schedules
<b>February 26, 2018</b>	Presentation of Board ranking and prioritization of capital and other budget items
<b>February 28, 2018</b>	Public Hearing Notice appears in Publications Fiscal Year 2018-19 Proposed Budget available to public
<b>March 5, 2018</b>	FY2018-19 Preliminary budget provided to Village Board
<b>March 14 – March 20, 2017</b>	Finance prepares budget narrative, tables, schedules
<b>March 12, 2018</b>	<b>6:50 pm Public Hearing</b> Fiscal Year 2018-19 Proposed Budget <b>Regular Village Board Meeting</b> Fiscal Year 2018-19 Proposed Budget (1 <sup>st</sup> Presentation)
<b>April 23, 2018</b>	<b>7:00 pm Regular Village Board Meeting</b> Adopt Fiscal Year 2018-19 Budget (Final Presentation)
<b>April 30, 2018</b>	<b>Deadline for adopting Fiscal Year 2018-19 Budget</b>
<b>May 22, 2018</b>	<b>Filing Deadline with Lake County Clerk</b> Certified copy of Fiscal Year 2018-19 Budget and estimate of revenues
<b>May 28, 2018</b>	Passage of a resolution adopting the Village's Strategic Plan
<b>July 9, 2018</b>	Budget Bound and Distributed to Board and Staff
<b>July 22, 2018</b>	Submission due to GFOA for Distinguished Budget Presentation Award

# Basis for Budgeting and Fund Structure

## Basis for Budgeting

The Village of Bannockburn accounts for all funds and adopts a budget based on generally accepted accounting principles (GAAP). A fund is a separate accounting entity with a set of self-balancing accounting that records assets, liabilities, fund equity, revenues, and expenses or expenditures. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations. Funds are budgeted on the same basis of accounting as the audited financial statements.

## Fund Structure

The Village may use the following fund types:

**General Funds:** use the modified accrual basis of accounting whereby revenues are recognized when they are “measurable and available” and expenditures are recorded when the related fund liability is incurred. The majority of the Village’s business is accounted for in the General Fund.

**Special Revenue Funds:** use the modified accrual basis of accounting. Special Revenue Funds are required to account for the use of revenue earmarked by law for a particular purpose. State and federal fuel tax revenues require special revenue funds, because federal and state laws restrict these taxes to transportation uses. The Special Revenue Funds include: Motor Fuel Tax, Special Service Area #1, and Special Service Area #2.

**Capital Projects Funds:** use the modified accrual basis of accounting. Capital project funds are used to account for the construction or acquisition of fixed assets, such as buildings, equipment and roads. Depending on its use, a fixed asset may instead be financed by a special revenue fund or a proprietary fund. A capital project fund exists only until completion of the project. Fixed assets acquired and long-term debts incurred by a capital project are assigned to the government's General Fixed Assets and Long-Term Debts. The Village does not have a Capital Project Fund.

**Debt Service Funds:** use the modified accrual basis of accounting. Debt service funds are used to account for money that will be used to pay the interest and principal of long-term debts. Bonds used by a government to finance major construction projects, to be paid by tax levies over a period of years, require a debt service fund to account for their repayment. The debts of special assessment and proprietary funds are serviced within those funds, rather than by a separate debt service fund. The Debt Funds include: Special Service Area #16 and Special Service Area #17.

**Special Assessment Funds:** use the modified accrual basis of accounting. Special assessment funds account for public infrastructure improvements financed by special levies against property holders. The Village does not have a Special Assessment Fund.

## **Basis for Budgeting and Fund Structure (Continued)**

**Proprietary Funds:** use the full accrual basis of accounting. Under the full accrual basis, revenues are recorded at the time liabilities are incurred. Proprietary funds are used to account for business-type activities and include enterprise funds. Enterprise funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise.

The Village currently maintains one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the business-type activities the Village engages in and charge fees designed to recover the cost of providing services. The Village maintains a Water Fund and Sewer Fund which are included in this category.

**Fiduciary Funds:** are accounted for on a full accrual basis. Fiduciary funds are used to account for resources held in trust by the government for the benefit of individuals or other entities and that cannot be used to support the Village's own programs. Financial statements may further distinguish fiduciary funds as either trust or agency funds.

Agency funds are monies held on someone else's behalf with the funds eventually being distributed to the rightful owner. The Village has not established an Escrow Fund to account for escrows for reimbursement of professional services related to permits or escrows established for road bonds. The Village has chosen to include the escrow as a liability in the General Fund due to the relatively small dollar amounts maintained. The Village requires a cash bond in like amount of building permit fee to be posted for the project. After all expenses are reimbursed, final approval of construction and/or a Certificate of Occupancy is issued, the bond posted shall be refunded.

# Account Numbers

The account numbers used by the Village of Bannockburn identify the type of account, the department making the expenditure, the general category to be charged and the type of purchase. Account numbers appear as follows:

01-340-5700

The first two digits indicate the fund

101	GENERAL FUND
205	MOTOR FUEL FUND
221	SPECIAL SERVICE AREA #1
222	SPECIAL SERVICE AREA #2
236	SPECIAL SERVICE AREA #16
237	SPECIAL SERVICE AREA #17
510	WATER FUND
550	SEWER FUND

The second three digits indicate the department

000	BALANCE SHEET
100	REVENUES
105	LOCAL TAXES
110	INTERGOVERNMENTAL REVENUES
115	GRANTS REVENUE
120	LICENSES & FEES
125	FRANCHISE FEES
130	BUILDING REVENUE & FEES
135	DONATIONS
140	PUBLIC SAFETY FINES & FEES
145	PUBLIC SAFETY SPECIAL REVENUE
155	REIMBURSABLE INCOME
160	INTEREST INCOME
165	COMMUNITY DEVELOPMENT REVENUE
170	OTHER REVENUES
195	SERVICE CHARGES
200	OTHER FINANCING SOURCES
300	EXPENSES
310	ADMINISTRATION
320	POLICE
330	BUILDING & DEVELOPMENT
340	PUBLIC WORKS
350	COMMUNITY DEVELOPMENT
360	INSURANCE
400	DEBT SERVICE
500	CAPITAL OUTLAY GENERAL
510	BUILDING
520	POLICE VEHICLES
540	INFRASTRUCTURE
600	OTHER FINANCING USES

The third four digits indicate category to be charged

4000-4099	SALARIES
4100-4199	INSURANCE BENEFITS
4200-4299	PENSION BENEFITS
4300-4399	OTHER BENEFITS
5000-5099	MAINTENANCE SERVICES
5100-5199	PROFESSIONAL SERVICES
5200-5299	COMMUNICATIONS
5300-5399	PROFESSIONAL DEVELOPMENT
5400-5499	SERVICE CHARGES AND FEES
5500-5599	OTHER CONTRACTUAL SERVICES
5600-5649	MAINTENANCE SUPPLIES
5700-5799	GENERAL SUPPLIES
5800-5899	GRANT EXPENSES
5900-5999	OTHER EXPENDITURES
6000-6099	DEBT SERVICE
7000-7099	CAPITAL OUTLAY
8000-8099	OTHER FINANCING USES

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# SECTION 3



## Executive Overview

Budget in Brief

Strategic Planning

Revenue Trends and Projections

Expenditure Trends and Projections

Debt Position

Fund Balance Projections by Fund



## Executive Overview

### Budget in Brief

The Village of Bannockburn embraces a fiscally conservative and forward looking approach to budgeting for the operations of municipal government. The basis for developing the overall budget relies upon the initial forecast of anticipated revenues derived from taxes, fees, licenses, intergovernmental revenues, fines, investment proceeds and interfund transfers. The following table depicts total revenues for all funds for the years ending 2017 to 2019.

### Revenues by Category

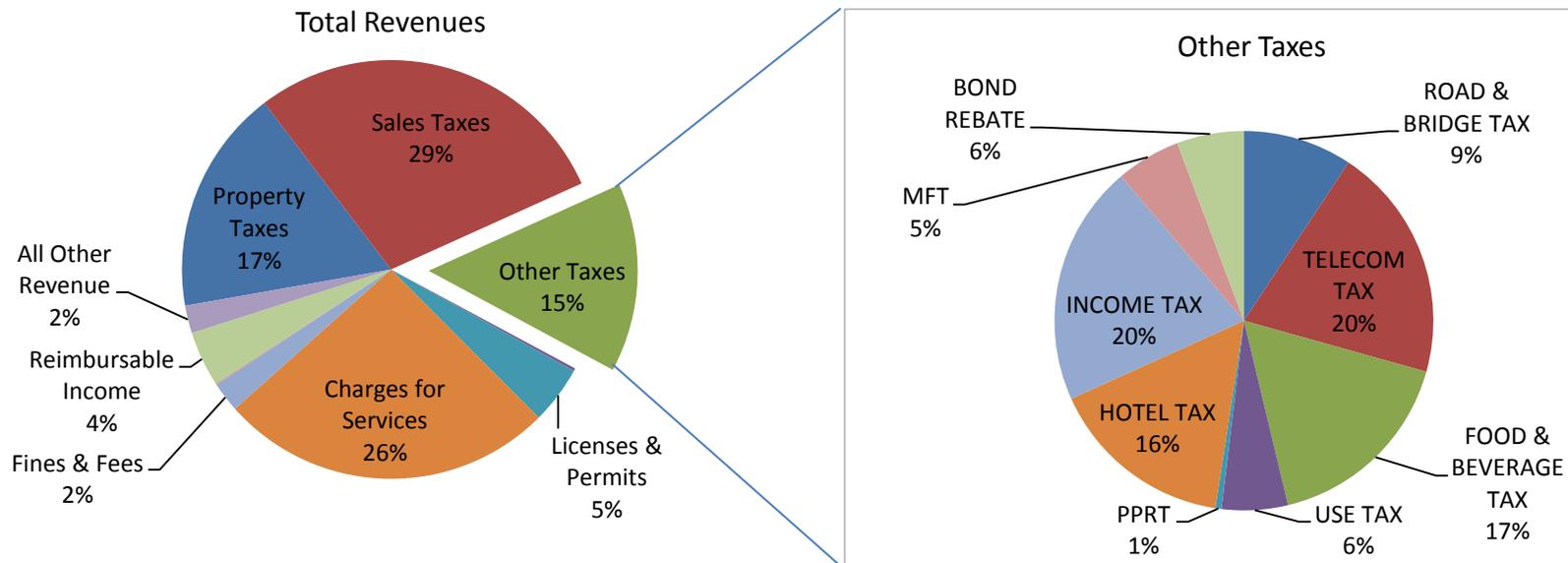
The total revenues budget for fiscal year 2018-2019 is \$5,068,066.

<b>Account Category</b>	<b>Actuals 2016-2017</b>	<b>Budget 2017-2018</b>	<b>Budget 2018-2019</b>
<b>Property Taxes</b>	\$ 1,009,431	\$ 1,020,862	\$ 951,619
<b>Other Local Taxes</b>	328,800	360,500	435,593
<b>Intergovernmental Taxes</b>	1,359,001	1,570,000	1,685,054
<b>Grant Revenue</b>	12,242	11,050	10,400
<b>License &amp; Fees</b>	72,472	39,150	40,000
<b>Franchise Fees</b>	22,801	23,050	23,400
<b>Building &amp; Zoning Fees</b>	469,197	276,700	186,000
<b>Public Safety Revenues</b>	97,917	93,500	114,900
<b>Donations</b>	7,910	2,150	17,721
<b>Interfund Service Charges</b>	-	30,000	94,178
<b>Reimbursable Income</b>	252,646	251,700	216,995
<b>Special Event Revenue</b>	2,625	2,650	2,400
<b>Other Revenues</b>	29,910	131,040	52,213
<b>Water Revenues</b>	995,708	953,850	971,712
<b>Sewer Revenues</b>	237,696	281,425	265,881
<b>Grand Total - All Fund Revenue</b>	<b>\$ 4,898,355</b>	<b>\$ 5,047,627</b>	<b>\$ 5,068,066</b>

### Summary of Revenues by Source – All Funds

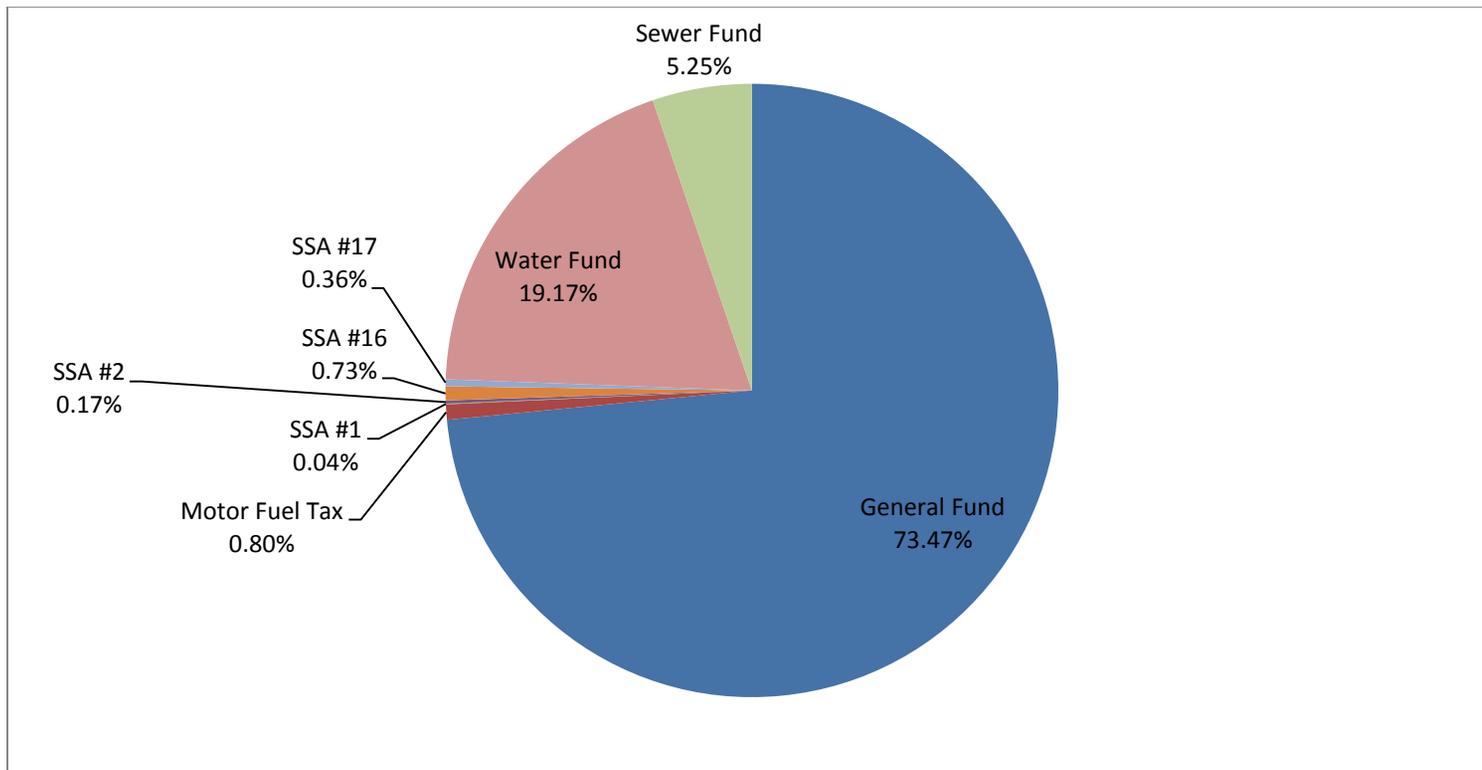
The chart below summarizes total revenues by source including transfers budgeted for FY2018-19. The other taxes classification incorporates state shared taxes including: income and motor fuel taxes, and local taxes including: use tax, PPRT, telecom tax, food and beverage tax and hotel tax. Charges for services includes: service charges and water & sewer billing. Other category includes: franchise fees, donations, sale of assets, special event revenue and interest revenue.

Description	General Fund	MFT Fund	SSA #1 Fund	SSA #12 Fund	SSA #16 Fund	SSA #17 Fund	Water Fund	Sewer Fund	All Funds
Property Taxes	\$885,450		\$1,995	\$8,505	\$37,200	\$18,469			\$951,619
Sales Taxes	1,450,370								\$1,450,370
Other Taxes	698,335	40,762							\$739,097
Grant Revenue	10,400								\$10,400
Licenses/Permits	226,000								\$226,000
Charges for Services	94,178						954,512	264,013	\$1,312,702
Fines & Fees	109,800						5,200	1,800	\$116,800
Police Safety Rev	5,100								\$5,100
Reimbursable Income	216,995								\$216,995
All Other Revenue	95,724	10					12,000	68	\$107,802
<b>Total Revenue</b>	<b>\$3,723,533</b>	<b>\$40,772</b>	<b>\$1,995</b>	<b>\$8,505</b>	<b>\$37,200</b>	<b>\$18,469</b>	<b>\$971,712</b>	<b>\$265,881</b>	<b>\$5,068,066</b>



**Summary of Revenue by Fund**

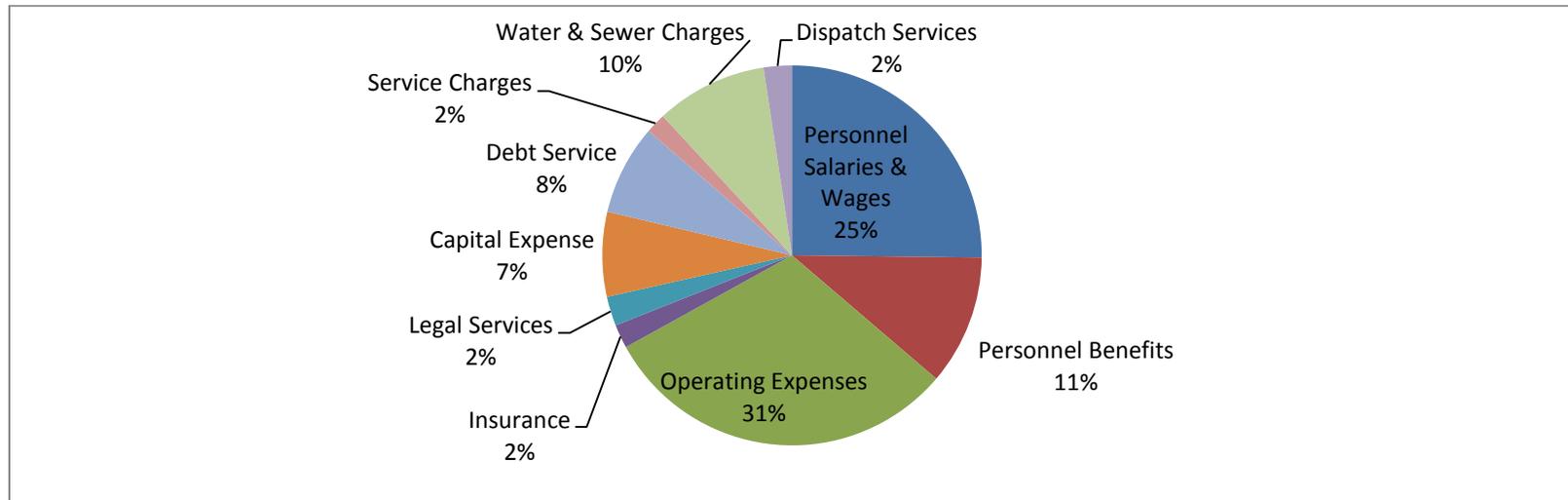
	<u>Actuals 2016-2017</u>	<u>Actuals 3-31-18 YTD</u>	<u>Budget 2017-2018</u>	<u>Budget 2018-2019</u>	<u>Increase/ (Decrease)</u>
<b>General Fund</b>	\$3,471,204	\$2,862,045	\$3,620,662	\$3,723,533	\$102,871
<b>Motor Fuel Tax</b>	40,157	48,729	38,050	40,772	2,722
<b>SSA #1</b>	1,994	1,978	2,000	1,995	(5)
<b>SSA #2</b>	8,505	8,472	8,500	8,505	5
<b>SSA #15</b>	87,443	87,455	87,440	-	(87,440)
<b>SSA #16</b>	37,180	37,186	37,200	37,200	-
<b>SSA #17</b>	18,469	18,473	18,500	18,469	(31)
<b>Water Fund</b>	995,708	1,004,310	953,850	971,712	17,862
<b>Sewer Fund</b>	237,696	237,551	281,425	265,881	(15,545)
<b>Total Funds</b>	<b>\$4,898,355</b>	<b>\$4,306,198</b>	<b>\$5,047,627</b>	<b>\$5,068,066</b>	<b>\$20,439</b>



**Summary of Expenditures by Category – All Funds**

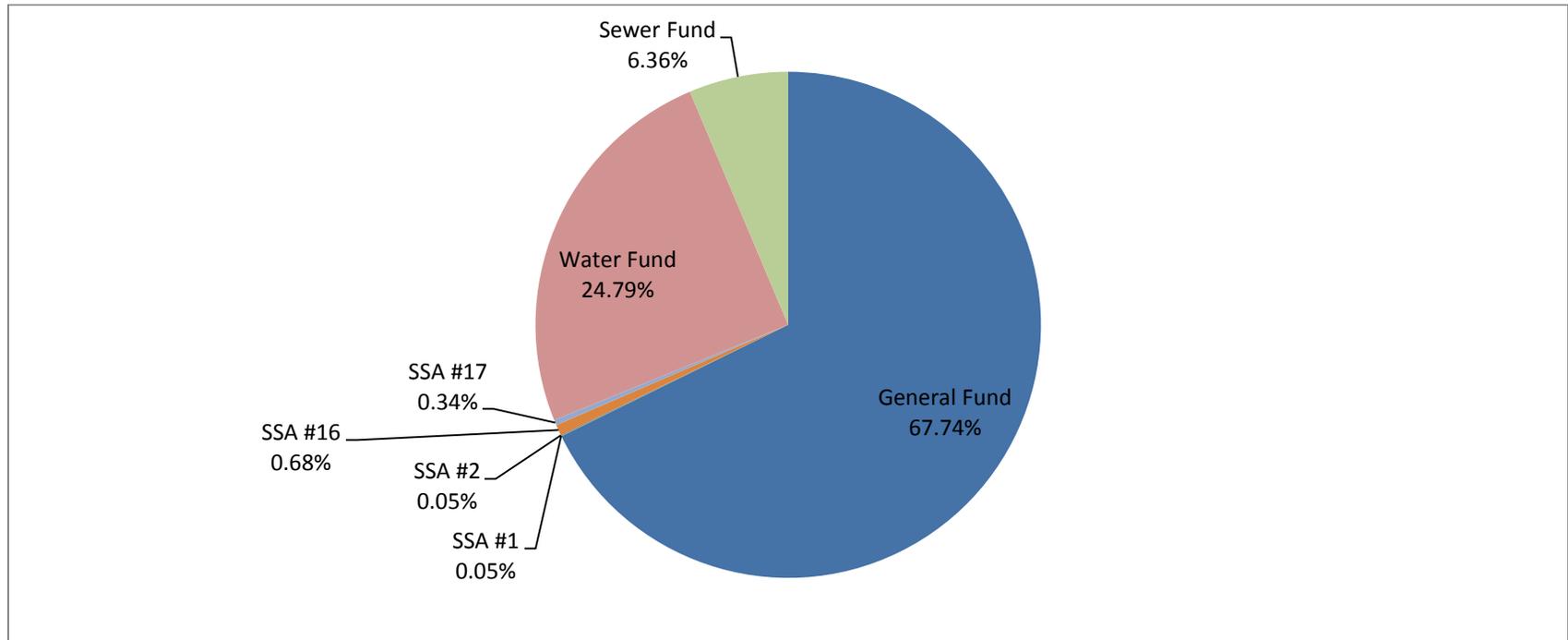
The development of projected expenses relies upon the forecasting of categorical expenditure in the areas of personnel salaries and benefits, operating expenses, insurance and liability expenses, legal expenses, capital equipment and improvement expense, debt service and interfund transfers. As a service provider, a significant portion of the Village’s budget (36 percent) is allocated to personnel salaries and benefits. Thus, a great deal of effort is expended in managing wage compensation programs and employee benefits as a core cost containment strategy. The following table depicts total expenses by category for all funds for the Fiscal Years ending 2017 to 2019 (proposed).

	<u>Actuals</u> <u>2016-2017</u>	<u>Actuals</u> <u>3-31-18 YTD</u>	<u>Budget</u> <u>2017-2018</u>	<u>Budget</u> <u>2018-2019</u>	<u>Increase/</u> <u>(Decrease)</u>
<b>Personnel Salaries &amp; Wages</b>	\$ 1,313,653	\$ 1,335,004	\$ 1,404,875	\$ 1,375,428	\$ (29,447)
<b>Personnel Benefits</b>	1,048,517	1,090,097	617,390	604,381	(13,009)
<b>Operating Expenses</b>	1,413,613	976,690	1,365,724	1,678,417	312,693
<b>Insurance</b>	(22,204)	89,286	98,030	110,000	11,970
<b>Legal Services</b>	150,640	99,362	116,252	136,650	20,398
<b>Capital Expense</b>	247,339	5,500	157,500	393,500	236,000
<b>Debt Service</b>	381,685	456,637	512,300	418,730	(93,570)
<b>Service Charges</b>	-	-	30,000	94,178	64,178
<b>Water &amp; Sewer Charges</b>	488,848	365,478	487,678	519,680	32,002
<b>Dispatch Services</b>	128,469	85,592	140,400	131,095	(9,305)
<b>Total Expenses</b>	\$ 5,150,560	\$ 4,503,647	\$ 4,930,149	\$ 5,462,059	\$ 531,910



**Summary of Expenditures – All Funds**

	<b>Actuals 2016-2017</b>	<b>Actuals 3-31-18 YTD</b>	<b>Budget 2017-2018</b>	<b>Budget 2018-2019</b>	<b>Increase/ (Decrease)</b>
<b>General Fund</b>	\$ 3,753,118	\$ 3,772,017	\$ 3,649,696	\$ 3,699,776	\$ 50,080
<b>Motor Fuel Tax</b>	189,525	2	25	20	(5)
<b>SSA #1</b>	-	-	2,500	2,500	-
<b>SSA #2</b>	-	-	2,500	2,500	-
<b>SSA #15</b>	90,950	88,145	88,000	-	(88,000)
<b>SSA #16</b>	8,048	-	37,200	37,178	(22)
<b>SSA #17</b>	10,008	-	18,500	18,469	(31)
<b>Water Fund</b>	812,249	512,572	766,378	1,354,141	587,763
<b>Sewer Fund</b>	286,662	130,911	365,350	347,474	(17,876)
<b>Total Funds</b>	\$ 5,150,560	\$ 4,503,647	\$ 4,930,149	\$ 5,462,059	\$ 531,910



**Summary of Expenditures by Fund and Category**

The chart below provides expenditure summary for all 8 Village funds and further divides those fund totals into expenditures by category. The total budget for all Village Expenditures in FY2018-19 is \$5,462,059. Total expenditures are 10.79 percent higher than the FY2017-18 budget and 5.7 percent higher than actual amounts spent in FY2016-17. 67.74 percent of all expenditures support the General Fund. The General Fund is the main operating fund of the Village and accounts for critical core services such as police, building & development, and public works.

	Salaries & Benefits	Operating Expenses	Legal Services	Capital Expense	Debt Service	Service Charges	Insurance	External Charges for Services	Total
<b>General Fund</b>	<b>\$1,979,808</b>	<b>\$1,018,088</b>	<b>\$134,650</b>	<b>\$111,500</b>	<b>\$245,898</b>		<b>\$78,737</b>	<b>\$131,095</b>	<b>\$3,699,776</b>
<b>Motor Fuel Tax</b>		<b>20</b>		<b>-</b>					<b>\$20.00</b>
<b>SSA #1</b>		<b>2,500</b>							<b>2,500.00</b>
<b>SSA #2</b>		<b>2,500</b>							<b>2,500</b>
<b>SSA #16</b>		<b>-</b>			<b>37,178</b>				<b>37,178</b>
<b>SSA #17</b>		<b>-</b>			<b>18,469</b>				<b>18,469</b>
<b>Water Fund</b>		<b>522,123</b>	<b>2,000</b>	<b>282,000</b>	<b>113,283</b>	<b>76,789</b>	<b>24,385</b>	<b>333,562</b>	<b>1,354,141</b>
<b>Sewer Fund</b>		<b>133,186</b>		<b>-</b>	<b>3,902</b>	<b>17,390</b>	<b>6,879</b>	<b>186,118</b>	<b>347,474</b>
<b>Total Funds</b>	<b>\$1,979,808</b>	<b>\$1,678,417</b>	<b>\$136,650</b>	<b>\$393,500</b>	<b>\$418,730</b>	<b>\$94,178</b>	<b>\$110,000</b>	<b>\$650,775</b>	<b>\$5,462,059</b>

### Personnel and Benefits

The Village of Bannockburn relies upon a lean and efficient professional staff to accomplish the mission, vision and strategic goals of the Village's operations. The Village has historically maintained a highly competitive total workforce compared to other municipalities in the region. The Village's employee count per 1,000 population has remained flat. The Village feels with the current full-time headcount levels are sufficient to maintain Village services at appropriate levels.

The following table depicts total employees by department as of April 30<sup>th</sup> 2016 to April 30<sup>th</sup> 2019.

Department	Actual Year-End FY2015-2016		Actual Year-End FY2016-2017		Actual Year-End FY2017-2018		Budgeted FY2018-2019	
	FT	PT	FT	PT	FT	PT	FT	PT
Administration	3	1	3	1	3	1	3	1
Police	7	12	6	11	7	15	7	15
<b>Total</b>	10	13	9	12	10	16	10	16
<b>Full and Part-Time Grand Total</b>	23		21 (1)		26 (2)		26 (3)	

Note:

- (1) Decrease from FY2015-16 to FY2016-17 was related to the loss of 1 full-time and 1 part-time Police Officer. The Village was down a full-time police officer from August 2016 to June 2017.
- (2) Increase from FY2016-17 to FY2017-18 was related to the hiring of a full-time police officer in June 2017 to replace a retiring officer in August 2016 and the hiring of 4 additional part-time police officers to help alleviate overtime.
- (3) No change is anticipated in staffing levels for FY2017-18 to FY2018-19.

# Strategic Planning

In FY 2017-18 the Village further developed its strategic planning process. The Village strives to align its financial plan with its core values.

## Mission Statement

- The Village of Bannockburn will serve its residents, businesses and visitors through leadership, partnership, and the provision of providing community focused, quality services, programs and facilities in the most cost effective and efficient manner while preserving the Village's history and tradition and making it a better place to live and work.

## Core Values

The core values of the Village of Bannockburn are centered on a matrix of one-word descriptors. These words represent the values we hold; and which form the foundation on which we perform work and conduct ourselves.

- **Community** – We foster an engaged community and strong partnerships through communication and participation amongst all constituencies.
- **Innovation** – We develop creative solutions and share leading practices that enhance the value of services provided to our residents.
- **Tradition** – We value our history and wish to preserve our character.
- **Integrity** – We conduct ourselves at all times in a manner that is ethical, legal, accountable and professional with the highest degree of honesty, transparency, respect and fairness.
- **Zoning & Economic Development** – We encourage diverse employment opportunities through networking and collaboration and ensure that development is consistent with community character.
- **Efficiency and Excellence** – We recognize the strength in team work to harness our energy, creativity and resources when designing and implementing programs and services.
- **Natural Settings** – We value our natural open space through our commitment to responsible stewardship of the environment.
- **Service and Safety** – We use education, prevention, and enforcement methods to protect life and property in the community, and maintain our infrastructure and facilities to provide a safe environment in which to live, learn, work, shop, and play.

# C.I.T.I.Z.E.N.S

## Overarching Goals



### ***1. Preserve Village Character; Adapt and Encourage Progress***

#### ***Strategic Actions:***

- Define and articulate character
- Research trends and embrace future possibilities
- Develop strategies and tactics

### ***2. Ensure Operational Excellence***

#### ***Strategic Actions:***

- Strategically plan and effectively execute quality services
- Recognize legislative and financial responsibilities
- Encourage responsive and proactive staff and services
- Enhance collaboration between school systems and Boards
- Ensure transparency
- Ensure public safety

### ***3. Ensure Excellence in Governance***

#### ***Strategic Actions:***

- Incorporate overarching vision into policy decision making
- Conduct big picture planning
- Recognize and review legislative and financial responsibilities
- Review and continue to improve existing organizational structures, protocols and processes
- Review and identify roles and responsibilities of Commissioners
- Facilitate collaborative work among Commissioners and staff to create policy decisions and make recommendations to the Board
- Formalize training for Board members
- Monitor performance and results
- Ensure transparency

#### ***4. Foster an Engaged Community and Strengthen Partnerships***

##### ***Strategic Actions:***

- Increase communication and participation among all constituencies
- Residents
- Businesses
- Educational institutions
- Other partners and agencies

#### ***5. Promote Economic Development***

##### ***Strategic Actions:***

- Ensure that development is consistent with community character as described in the Comprehensive Plan
- Encourage networking and collaboration

#### ***6. Promote the Village of Bannockburn***

##### ***Strategic Actions:***

- Ensure “value added perception” for businesses and residents within the Village
- Continue to strengthen the Village brand

## Performance Measurement

The use of performance measures in local government is driven by increased government accountability, greater interest in performance related information to assist in program evaluation and resource allocation decision, and the effort to make government more results-oriented.

Performance measurement allows policymakers, managers, and citizens to evaluate the quality and effectiveness of government services. Performance measures include inputs (resources used), outputs (program activities), efficiency measures (ratio of inputs to outputs), and outcomes (the actual results of programs and services). Measures are a tool to help understand, manage and improve.

Good performance measures, as detailed in GASB, Performance Reporting for Government, are:

- Specific measures are well-defined and focused. A specific goal has a much greater chance of being accomplished than a general goal. To set a specific goal, one must answer the six “W” questions: Who, what, where, when, which, and why.
- Relevant measures matter to the intended audience and clearly relate to the activity being measured. Logic models are a way of establishing relevant measures.
- Understandable measures are clear, concise, and easy for a non-specialist to comprehend. This applies to terms used in titles and descriptions, and technical aspects of the measure such as the scale used in charts or selection of performance targets.
- Timely measures have information available frequently enough to have value in making decisions and assessing accountability.
- Comparable measures have enough data to tell if performance is getting better, getting worse or staying about the same. They also provide the reader with a frame of reference or context to tell if current performance meets or exceeds expectations.
- Reliable measures have data that is verifiable, free from bias, and an accurate representation of what it is intended to be.
- Cost effective measures justify the time and effort to collect, record, display, and analyze the data given the measure’s value. Another aspect of cost-effectiveness is feasibility. For instance, an ideal metric may require data collection, the scope and scale of which is far beyond its potential usefulness.
- Time bound measures have set deadlines. A goal should be grounded within a time frame. Without a time frame, there’s no sense of urgency.
- Useful measures help people doing the work understand what is happening with their business process, and how to get better results for customers.
- Influence relates to the ability of the Village to influence a measure. Some measures are important enough to society that we want to track them, even though the Village’s influence on them may be difficult to discern. These are often called indicators. For budget development, the Village is most interested in measures that the Village can affect.
- Significant measures are those that are most important to representing performance.
- Feasible data is on hand or the Village can reasonably expect to collect it.

## Administration

Mission Statement: Provide support to all operating departments, deliver high quality municipal services to internal and external customers to facilitate the Village's mission of making the Village a better place to live, learn, work, shop, and play as it applies to management, safety, development, Village character, and sense of community, retain and develop employees, and advance the Village strategic priorities in a fiscally responsible manner.

Overarching Goals/Strategic Actions	Objective	Program	Performance Metric	Timeline
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Strategically plan and effectively execute quality services</p>	<p>Establish a financially solvent multi-year replacement and upgrade program for computers and software</p>	<p>Establish a multi-year replacement and upgrade program based on current technology assets</p>	<p>Create and implement a multi-year replacement program within capital improvement fund</p>	<p>Implement program and include in Capital Improvement Budget by Quarter 4 2019</p>
<p>Overarching Goal: Preserve Village Character; Adapt and Encourage Progress &amp; Ensure Operational Excellence *</p> <p>Strategic Action: Research trends and embrace future possibilities &amp; Strategically plan and effectively execute quality services</p>	<p>Review, monitor, and analyze current practices and evolve effective, efficient, and current technology trends</p>	<p>Analyze the feasibility of increased fiber optic and cellular technology options for optimum connectivity</p>	<p>Provide feasibility of fiber optic and or cellular technology. If feasible, implement for Village of Bannockburn municipal services</p>	<p>Quarter 2 (October 2018)</p>
<p>Overarching Goal: Ensure Operational Excellence *</p> <p>Strategic Action: Strategically plan and effectively execute quality services</p>	<p>Build well-rounded teams of individuals who are able to assist each other in multiple ways and function in a team environment to improve productivity, quality, and customer service</p>	<p>Identify tasks performed for various jobs and designate ones that can be successfully performed by other staff members</p>	<p>Develop a cross-training matrix with names and responsibilities, provide leadership and FEMA training, and establish succession training</p>	<p>Quarter 3 (January 2019)</p>

**Administration** (Continued)

Overarching Goals/Strategic Actions	Objective	Program	Performance Metric	Timeline
<p>Overarching Goal: Promote the Village of Bannockburn *</p> <p>Strategic Action: Continue to strengthen the Village brand</p>	<p>Strengthen the Village website, newsletter, social media to establish the Village of Bannockburn brand</p>	<p>Incorporate the new Village Mission Statement, Overarching Goals, and Strategic Actions into the Village of Bannockburn Brand</p>	<p>Review current marketing materials, social media platforms, and other forms of external communication</p>	<p>Quarter 4 (March 2019)</p>
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Recognize and review legislative and financial responsibilities</p>	<p>Provide government leaders and citizens, through a disciplined approach and an independent and objective manner, reliable information to improve efficiency, effectiveness, and to maintain compliance with applicable laws</p>	<p>Provide relevant information, notices, and budget analysis about legislative process, state law, and state government policies to the Village Board &amp; citizens on an on-going basis by reading legislative bulletins, attend meetings, interact &amp; stay connected with State representatives</p>	<p>Monitor and report high quality, objective research and analysis on a weekly basis to the Village Board on a variety of policy and budget issues</p>	<p>The Manager's Report will provide weekly reporting</p>

## Finance

Mission Statement: Promote strong financial practices by providing timely, accurate, clear and complete information to Village decision makers and citizens, and to ensure compliance with applicable accounting laws and procedures.

Overarching Goals/Strategic Actions	Objective	Program	Performance Metric	Timeline
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Strategically plan and effectively execute quality services</p>	<p>Ensure all the financial operations and transactions of the Village which includes accounts payable, payroll, cash management, grant administration, internal audit, purchasing, utility systems billings and collections are adequately managed and accounted for in accordance with GAAP, GASB and all other laws</p>	<p>Automate processes and expand web based services to residents and businesses, improve internal controls and reporting functions</p>	<p>Review number of residents that pay by mail versus online or auto-pay for water/sewer billing and police fines and advertise the program</p>	<p>The Village would like to increase the number of automatic payments by 5% by April 2019.</p>
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Strategically plan and effectively execute quality services</p>	<p>Perform ongoing cash flow analysis to ensure that the Village has sufficient cash liquidity to meet disbursement requirements and limit idle cash</p>	<p>Create a cash flow model to estimate available cash deposits, expected inflows, and required disbursements during a given period so the Village can ensure sufficient liquidity</p>	<p>Make conservative assumptions about both the cash receipts and disbursement portions of the analysis, and update these assumptions regularly, as well as after any major changes in operations. The accuracy of the cash flow forecast will be evaluated at least quarterly</p>	<p>The cash flow model will be created by March 31, 2019</p>
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Ensure transparency &amp; Conduct big picture planning</p>	<p>Go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports and budget book that evidence the spirit of transparency and full disclosure and to ensure that users of their financial statements have the information they need</p>	<p>Prepare a Budget Book and the Comprehensive Annual Financial Report (CAFR)</p>	<p>Provide continual process improvement by implementing, updating and reviewing the Village's policies, procedures, internal controls, and strategic initiative</p>	<p>Achieve the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for FY2018-19 &amp; the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) for FY2017-18</p>

**Police**

Mission Statement: Committed to providing the highest quality police services in partnership with the community to residents, visitors and businesses through dedicated efforts and innovative programs. This mission is performed with dedication and professionalism while being fair and impartial and ensuring a safe place to work, live, learn, shop and play.

Overarching Goals/Strategic Action	Objective	Program	Performance Metric	Timeline
<p>Overarching Goal: Ensure Operational Excellence *</p> <p>Strategic Action: Strategically plan and effectively execute quality services &amp; Conduct big picture planning</p>	<p>Ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement</p>	<p>Identify Key/Critical Personnel, Conduct Position Analysis, and Continue Developing Succession Plans</p>	<p>Identify and evaluate each officer taking account performance, strengths, abilities &amp; potential.</p>	<p>Prepare an assessment of key talent by December 31, 2018</p>
<p>Overarching Goal: Ensure Excellence in Excellence &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Ensure public safety</p>	<p>Increase public safety by maintaining an aggressive program to deter, detect, and arrest DUI violators</p>	<p>Continue routine patrols, task force operations, aggressive enforcement strategies, public awareness, and active public awareness, and active support of DUI laws.</p>	<p>Implementation of aggressive marked and DUI patrols</p>	<p>Implemented by Quarter 1 (July 2018)</p>
<p>Overarching Goal: Ensure Operational Excellence *</p> <p>Strategic Action: Strategically plan and effectively execute quality services</p>	<p>To produce a highly trained and positively motivated police officer capable of meeting or exceeding standards of performance required by the Bannockburn Police Department</p>	<p>Provide continued education and training in federal and state law, evidence handling, prisoner transport, handcuffing, defensive tactics, firearms, driving, and customer service</p>	<p>Ensure 100% of Village police officers are compliant with accreditation requirements</p>	<p>All training requirements completed by Quarter 4 (March 2019)</p>
<p>Overarching Goal: Foster an Engaged Community and Strengthen Partnerships *</p> <p>Strategic Action: Enhance collaboration between school systems and Boards</p>	<p>Enhance public outreach from the Police Department</p>	<p>Work with Bannockburn Schools, District 113, &amp; Trinity Int'l University to promote safety and drug prevention programs</p>	<p>Conduct annual meetings with students from each school and establish assigned police officer by school</p>	<p>Establish dedicated officers Quarter 2 (August 2018) Conduct three events by Quarter 4 (April 2019)</p>
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Conduct big picture planning &amp; Strategically plan and effectively execute quality services</p>	<p>Incorporate, review, and analyze revolving needs of internal stakeholders</p>	<p>Review technology needs and communication equipment for 911 Dispatch Services and plan for the future</p>	<p>Develop needs assessment and outline needs within CIP replacement program</p>	<p>Quarter 4 (April 2019)</p>

## Building, Zoning and Economic Development

Mission Statement: To preserve the Village's community character and natural resources, build a better community; enhance quality of life; and respond to community needs through the implementation of the adopted Comprehensive Plan, Village Code, and Building Codes while providing professional, friendly and quality customer service to the community.

Overarching Goals/Strategic Actions	Objective	Program	Performance Metric	Timeline
<p style="text-align: center;">Overarching Goal: Preserve Village Character; Adapt and Encourage Progress &amp; Ensure Operational Excellence *</p> <p style="text-align: center;">Strategic Action: Research trends and embrace future possibilities &amp; Strategically plan and effectively execute quality services</p>	<p>Establish building codes which protect public health, safety and welfare while avoiding both unnecessary costs and preferential treatment of specific materials or methods of construction</p>	<p>Review and maintain building codes which provide a means to enforce building standards of construction and periodically update to reflect the latest standards of life-safety and construction technology</p>	<p>Update Building Code to 2018 ICC in conjunction with the City of Lake Forest's</p>	<p>Evaluate, revise and codify Village's building codes in conjunction with the City of Lake Forest within six months of the City's adoption of similar codes</p>
<p style="text-align: center;">Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p style="text-align: center;">Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Strategically plan and effectively execute quality services</p>	<p>Continually evaluate methods to make departmental services and processes for residents and businesses more efficient and user friendly</p>	<p>Identify where additional efficiencies in the Village's application review process can be made to applications, forms, documents, and the website</p>	<p>Streamline current zoning, architectural and building permit applications, forms and website links that will provide clear, concise and user-friendly processes and tools</p>	<p style="text-align: center;">Quarter 3 (December 2018)</p>
<p style="text-align: center;">Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p style="text-align: center;">Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Strategically plan and effectively execute quality services</p>	<p>Utilize and integrate technology to increase operational efficiencies for staff</p>	<p>Streamline and simplify processes associated with staff permit reviews, Village approvals, permit issuance from initial application through final approval</p>	<p>Investigate several building and zoning software programs to determine the best, most efficient and cost effective program that would increase operation efficiencies</p>	<p style="text-align: center;">Quarter 4 (April 2019)</p>
<p style="text-align: center;">Overarching Goal: Preserve Village Character; Adapt and Encourage Progress &amp; Ensure Operational Excellence *</p> <p style="text-align: center;">Strategic Action: Research trends and embrace future possibilities, Define and articulate character, and Develop strategies &amp; tactics</p>	<p>Assist, direct and encourage quality development in accordance with adopted policies, codes, and laws which enhance the Village, protect the environment and make the Village a better place to live</p>	<p>To improve the standard of living through the creation of jobs, the support of innovation and new ideas, and the creation of an overall better quality of life by attracting new firms, fostering the growth of small business and retaining existing businesses</p>	<p>Continue utilizing the tools of web-based business profiles, maintaining business and building site inventories, supporting the DBR chamber of commerce, networking and visiting businesses which will build locally driven strategies that will create economic opportunities and improve the social, civic and environment of the Village</p>	<p style="text-align: center;">On-going and evolving process</p>

## Community Development

Mission Statement: Enhance the lives of its citizens and visitors within available resources, provide and facilitate safe, events, programs and facilities while preserving and enhancing natural resources, and promoting a sense of community through cultural, educational and recreational activities for all generations to enjoy.

Overarching Goals/Strategic Actions	Objective	Program	Performance Metric	Timeline
<p>Overarching Goal: Foster an Engaged Community and Strengthen Partnerships *</p> <p>Strategic Action: Increase communication and participation among all constituencies</p>	<p>Continue a high level of inclusive and family oriented programs</p>	<p>Provide leisure programs and events that are especially designed to meet the physical, mental, cultural, and/or social needs of our residents and visitors to our community while enhancing overall quality of life</p>	<p>Offer at least 4 programs</p>	<p>Quarter 3 (January 2019)</p>
<p>Overarching Goal: Ensure Excellence in Governance, Operational Excellence, &amp; Promote Economic Development *</p> <p>Strategic Action: Strategically plan and effectively execute quality services, Conduct big picture planning &amp; Ensure that development is consistent with community character as described in the comprehensive plan</p>	<p>Utilize the Village's Comprehensive Plan as a guide for programs, facility development, and customer service delivery while adhering to the Village's strategic goals</p>	<p>Perform strategic and long range planning functions for recreation facilities, open space and Village's pathway system</p>	<p>Identify a plan for dedication of public use easements or rights-of-way as off-street trail segments that will contribute to an interconnected system of both on- and off-street non-motorized improvements</p>	<p>Quarter 4 (April 2019)</p>
<p>Overarching Goal: Foster an Engaged Community and Strengthen Partnerships, Ensure Operational Excellence &amp; Promote Economic Development *</p> <p>Strategic Action: Increase communication and participation with businesses and other agencies, Strategically plan and effectively execute quality services &amp; Encourage networking and collaboration</p>	<p>Establish a convenient, energy-efficient, green alternative, and cost effective transit solution to residents and business to maintain regional mobility in the community</p>	<p>In partnership with the Regional Transportation Agency (RTA) and on-demand transportation service provider, provide a subsidized transportation program to residents and businesses to encourage shuttle service as cost effective and convenient option</p>	<p>Enter into agreements with the RTA, on-demand transportation service provider, and local businesses, receive grant monies from the RTA, discuss pricing and operational requirements with on-demand transportation service provider to provide subsidized rides between the Metra station and office buildings</p>	<p>Quarter 4 (March 2019)</p>

## Public Works - Roads, Parks, and Buildings

**Mission Statement:** To operate and maintain existing public infrastructure; plan and construct capital improvements; and protect public health, safety and transportation.

Overarching Goals/Strategic Actions	Objective	Program	Performance Metric	Timeline
<p>Overarching Goal: Ensure Operational Excellence &amp; Foster an Engaged Community and Strengthen Partnerships *</p> <p>Strategic Action: Strategically plan and effectively execute quality services &amp; Increase participation among all constituencies</p>	Work to make the Village of Bannockburn clean, safe and attractive	Form public & private partnerships with volunteers, residents, community based organizations and village contractors, to focus on beautification efforts through landscaping, painting repair and restoration of public spaces	Coordinate efforts of volunteers, village staff, community groups to provide environmental programs such as the rain garden and beautification projects to affect public improvements	Quarter 3 (January 2019)
<p>Overarching Goal: Ensure Operational Excellence &amp; Ensure Excellence in Governance *</p> <p>Strategic Action: Strategically plan and effectively execute quality services &amp; Conduct big picture planning</p>	Provide sustainable, safe, and properly maintained roadways	Review and revise completed report of structural health of all Village streets and develop a comprehensive replacement program	Review current report, Re-review structural health of Village streets for prioritization. Develop and implement a comprehensive replacement program	Quarter 4 (March 2019)
<p>Overarching Goal: Ensure Operational Excellence *</p> <p>Strategic Action: Strategically plan and effectively execute quality services &amp; ensure public safety</p>	Maintain existing pathways in a structurally safe and serviceable condition	Establish a Pathway Maintenance Program to correct structural defects and deficiencies	Continue relationship with Village contractors to monitor pathway conditions	Quarter 4 (April 2019)

## Public Works - Local Water and Sewer Division

Mission Statement: To operate and maintain existing public infrastructure; plan and construct capital improvements; and protect public health and safety, water quality, and natural resources to assure the community is provided with safe, sustainable, and financially sound systems for potable water distribution, wastewater collection, and surface water management.

Overarching Goals/Strategic Actions	Objective	Program	Performance Metric	Timeline
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes, Ensure public safety, Monitor performance &amp; results</p>	Maintain Drinking Water Quality And Insure System Reliability	To maintain a robust leak detection and cross connection program to facilitate appropriate actions to prevent adverse impacts to infrastructure, the environment, and public safety.	Work with engineering on a leak detection and cross connection programs	Quarter 3 (December 2018)
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes, Encourage responsive, proactive staff and services, Monitor performance &amp; results</p>	Commit to providing customers with safe, reliable and cost-efficient water services	To allow customers to view their hourly usage activity, and gain greater understanding and control of the amount of water they use	Install Cellular Endpoints with HRE-8 High Resolution Registers on current water meters to transmit water usage and to allow customers to view their hourly usage activity, and gain greater understanding and control of the amount of water they use and identifying potential leaks	Quarter 2 (October 2018)
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes, Encourage responsive, proactive staff and services, Monitor performance &amp; results</p>	Create the most efficient operation which allows a system that tracks water production and distribution which maintains the lowest possible water rates	Implement the Water Meter Maintenance/Replacement Program which will replace current older water meters that have outlived their useful life and/or when maintenance is no longer viable. This program helps increase the efficiency of the water meter reading process and ensure accurate billing for our customers	Maintain documentation on location, age, and date of calibration of all water meters in the Village	Provide quarterly updates and complete by Quarter 4 (April 2019)
<p>Overarching Goal: Ensure Excellence in Governance &amp; Operational Excellence *</p> <p>Strategic Action: Review and continue to improve existing organizational structures, protocols and processes &amp; Strategically plan &amp; effectively execute quality services</p>	Reduce and control inflow and infiltration (I&I) into the sanitary sewer system through ongoing management of the sewer system	Conduct flow monitoring to assist with prioritizing repair and rehabilitation efforts within the Village of Bannockburn, and quantifying the success of such efforts.	Improve I&I measurement by utilizing targeted infiltration reduction methodologies (service lateral repair, manhole repair, abandoned lateral elimination, mainline repair/replacement)	Quarter 4 (April 2019)

# Revenue Trend and Projection

As a part of the development of both long-term financial forecasting and the corresponding annual budget, the Village continually reviews external and internal factors that impact, or may impact, the collection of revenue. Evaluating the impact of the national economy (macro) influences the local economy (micro) is an important step in the process.

The national economy affects both state and local economies, although this impact varies by jurisdiction and may actually have an inverse effect on a community. Some of the economic indicators the Village uses in financial analysis include; inflation, employment, housing starts, vehicle sales, interest rates, and manufacturing activity.

**Inflation** – As inflation goes up, the cost of goods sold go up, increasing retail sales tax revenue. As prices rise, so will business income tax receipts. Conversely, the Village will have to pay more for goods and services.

**Employment** – Retail and vehicle sales tend to have inverse relationships with the unemployment rate. Sales tend to move in the opposite direction of the unemployment rate. Chronic unemployment often spills over into the residential real estate market resulting in lost real estate transfer tax revenue.

**Housing starts** - This indicator provides a sense of the overall demand for housing, which can be indicative of local housing activity. Data maintained by local realtor groups is useful in projecting the future of market recoveries.

**Vehicle sales** – Sales and use tax revenues tend to fall with vehicle sales, which are heavily dependent upon both employment and interest rates. However, if increases in new vehicles are expected to reduce the value of used vehicles, the sales and use tax base can actually decline if the depreciation of used vehicles is not equally offset by the value of new vehicles.

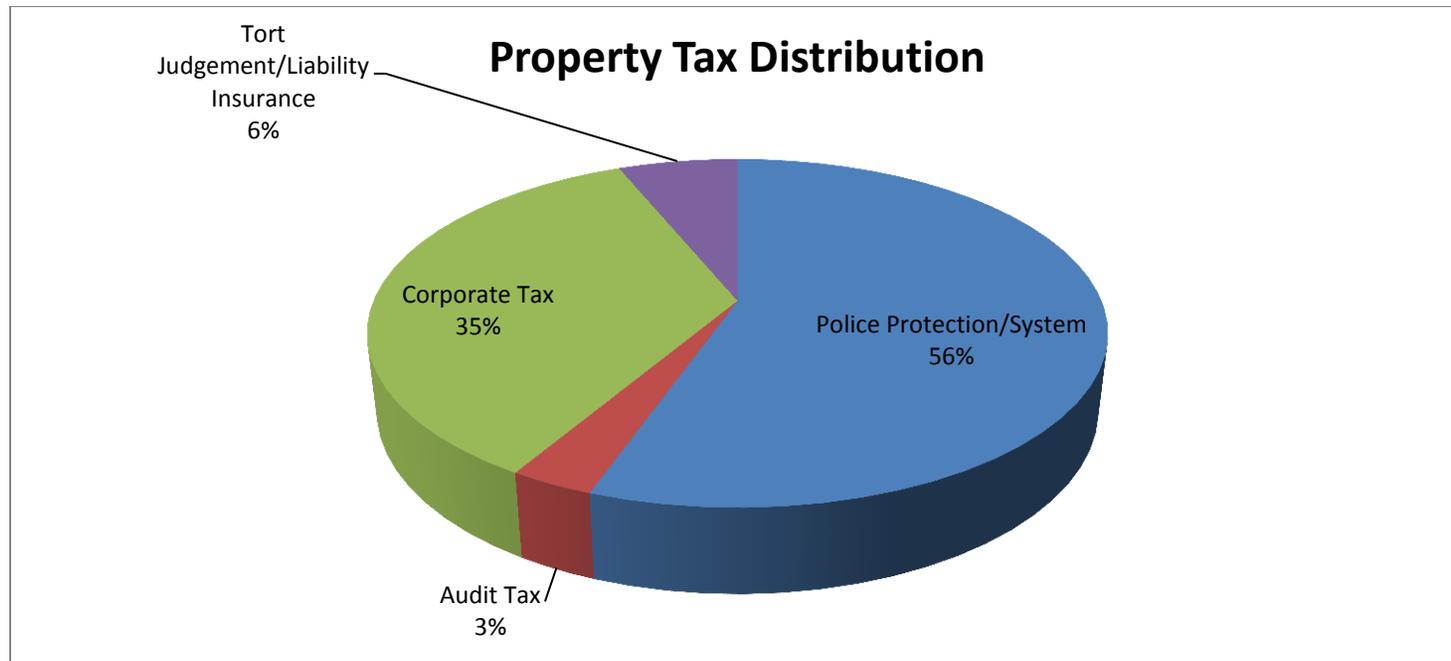
**Interest rates** – Interest rates impact the Village's revenues in several ways. First, investment income will be affected by interest rates. Second, the availability and cost of capital directly affects business expansion and retail purchases. As credit is extended and/or rates are lowered, revolving purchases may increase, thereby increasing development plans and retail sales and, by extension, sales tax and business licenses revenues.

**Manufacturing activity** – If a Village has a large manufacturing sector, the ISM (Institute of Supply Management Index) becomes a significant factor in revenue analysis and forecasting. Manufacturers respond to the demand for their products by increasing production, building up inventories to meet the demand. The increased production often requires new workers which lowers unemployment figures and can stimulate the local economy.

**Property Taxes**

There are several components to the property tax levy: the Police Protection/System, Audit Tax, Corporate Tax and Tort Judgement/Liability Insurance. Property taxes (net of Road and Bridge taxes) are anticipated to be approximately \$816,631 and will be levied in 2018. This is referred to as the 2017 property tax levy, payable in 2018. Property taxes account for approximately 19 percent of all budgeted revenues. The total levy is anticipated to increase by 2.1% over the property taxes extended in 2017.

The four components of the Village’s tax are used as follows: Corporate Tax Levy is applied to General Corporate Fund purposes, Audit Tax to cover outside financial audits, Tort Judgement/Liability Insurance tax will pay for the Village’s Liability insurance payments and the Police Protection/System helps to support the Police department expenses.



**Road & Bridge Taxes**

The Road and Bridge Tax is levied at one-half of the tax collected on property lying within a municipality. Streets and alleys that are under the care of the municipality must be turned over to the municipality to be included in the tax base. This revenue must be used for the improvement of roads or streets. The tax has been budgeted to increase by the Lake County CPI factor of 2.1%.

### Utility Use Taxes

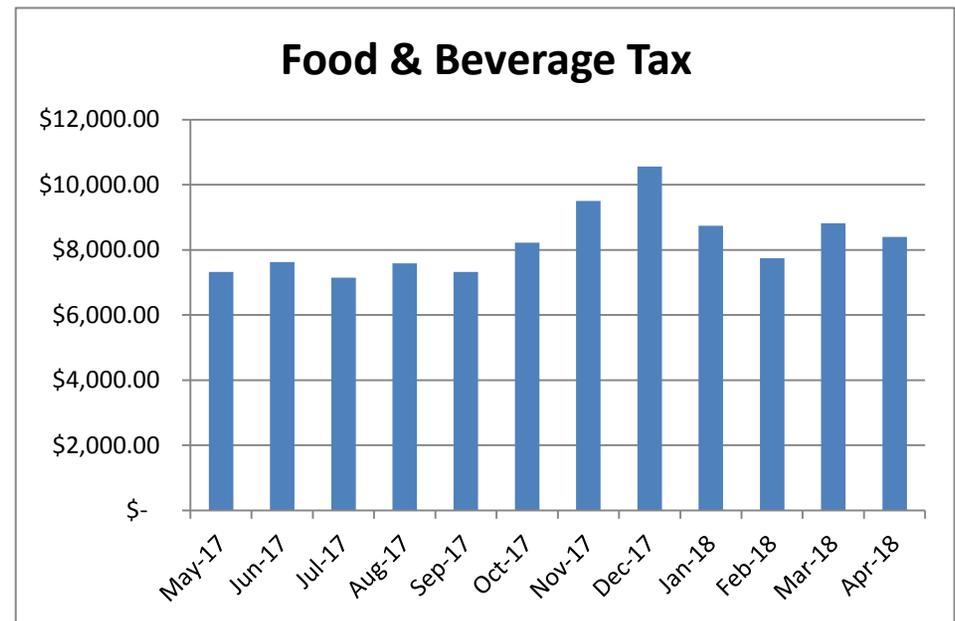
The Village of Bannockburn levies one utility tax for telecommunications.

### Telecommunications Tax

The tax levied at four percent on all types of telecommunication except for digital subscriber lines (DSL) purchased, used, or sold by a provider of internet service (effective July 1, 2003). The exemption of DSL service has had a significant negative impact on collections. Combined with the economic decisions to consolidate, or eliminate additional phone lines, revenue is down 50% from the peak in FY2006-2007. Voice over Internet Protocol (VoIP) phone services such as those provided by Xfinity/Comcast and Vonage are subject to taxation. Despite a long term downward trend in telecom tax due to continued loss of landline phone service, some growth is forecasted due to a one-time accounting change at IDoR that negatively impacted last fiscal year receipts. The CGFA (Commission on Gov't Forecasting and Accounting) estimates a 2.1% increase. The Village imposes an 11% telecommunication tax on its residents, which includes a 7% State of Illinois portion.

### Food & Beverage Taxes

The Food & Beverage tax was approved by the Village Board in January 2017 and took effect on April 1, 2017 on food and beverages prepared for immediate consumption. The term “prepared for immediate consumption” shall mean food or alcoholic liquor prepared for or made readily available for consumption on-premises (even if not actually consumed on-premises because it is made available for carry-out, drive-through, delivery, or similar service), and requiring no further action at the time of sale to allow a purchaser to consume the food or alcoholic beverage. The food and beverage tax shall not apply to: (a) meals provided to patients or residents of healthcare facilities, nursing homes, or other such institutions incidental to other services where no separate consideration is charged for meals; (b) food dispensed from vending machines; or (c) food sold under the authority of public school systems. The tax is 1.0% and is payable directly to the Village. The 2017-2018 Budget was the first full year of this new tax. The FY2018-19 Budget amount is based upon most current eight month actual food/beverage sales tax revenue annualized plus a full year of Mariano’s, the Village’s new grocery store, which opened in October 2017. The Food & Beverage tax revenue is anticipated to increase by 73.61% based upon the current forecasted revenue trend.



**Use Tax**

The Village receives a share of the total collections of the State Use tax that is extended to items purchased outside of Illinois. The State distributes this tax to the municipalities on a per capita basis. The Use tax is based upon data provided by Illinois Municipal League for FY2019 estimate of \$26.30 per capita or \$41,633.

- (1) Fiscal year 2011-12 and prior are based upon the 2000 census figures of 1,438.

Historical Use Tax Fiscal Year	Revenues	Per Capita	% inc/(dec)
2018-19 Budget	\$41,633	\$26.30	-18.95%
2017-18 Budget	\$35,000	\$22.11	10.17%
2016-17	\$38,962	\$24.61	-6.07%
2015-16	\$36,731	\$23.20	-12.50%
2014-15	\$32,650	\$20.63	-17.56%
2013-14	\$27,773	\$17.54	-9.28%
2012-13	\$25,414	\$16.05	0.09%
2011-12	\$23,107	\$16.07	-9.86%
2010-11	\$21,033	\$14.63	-23.33%
2009-10	\$17,054	\$11.86	14.44%

**Personal Property Replacement Tax**

Replacement taxes are revenues collected by the State of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away. These taxes resulted when the new Illinois Constitution directed the legislature to abolish business personal property taxes and replace the revenue lost by local government units and school districts. In 1979, a law was enacted to provide for statewide taxes to replace the monies lost to local governments. Corporations, partnerships, trusts, S corporations and public utilities pay these taxes. The rates are as follows: Corporations pay a 2.5 percent tax on income, partnerships, trusts, and S corporations pay a 1.5 percent tax on income, public utilities pay a 0.8 percent tax on invested capital.

The proceeds from these taxes are placed into the Personal Property Replacement Tax (PPRT) Fund to be distributed to local taxing districts. The total collections are divided into two portions. One portion (51.65 percent) goes to Cook County. The other portion (48.35 percent) goes to downstate counties. The Cook County portion is then distributed to the taxing districts in Cook County on the basis of each district’s share of personal property tax collections for the 1976 year. This percentage is called the district’s “allocation factor.” The Village receives PPRT portions from the State and Vernon Township.

**Hotel/Motel Taxes**

The Hotel/Motel Tax also called the Hotel Operators’ Occupancy Tax. The tax is collected by the hotel's owner, operator, or manager from their guests. For the purposes of the tax, a hotel is considered an establishment that is designed for and offers lodging accommodations to the general public for transient guests; that is commonly known as a hotel or motel in the community in which it is located; and that provides customary hotel services such as maid service, furnishing and laundering of linens, telephone services, desk services, and the use and upkeep of furniture. Hotel/Motel tax does not apply to hospitals, sanitariums, nursing homes, student dormitories operated by colleges and universities, or condominiums, apartments, and houses leased for more than 30 consecutive days. The Village imposes a 5% tax and is responsible for collecting the local hotel/motel taxes from the hotels. The hotel/motel tax revenue is anticipated to increase by 11.43% based upon the current revenue trend.

**Illinois Income Tax**

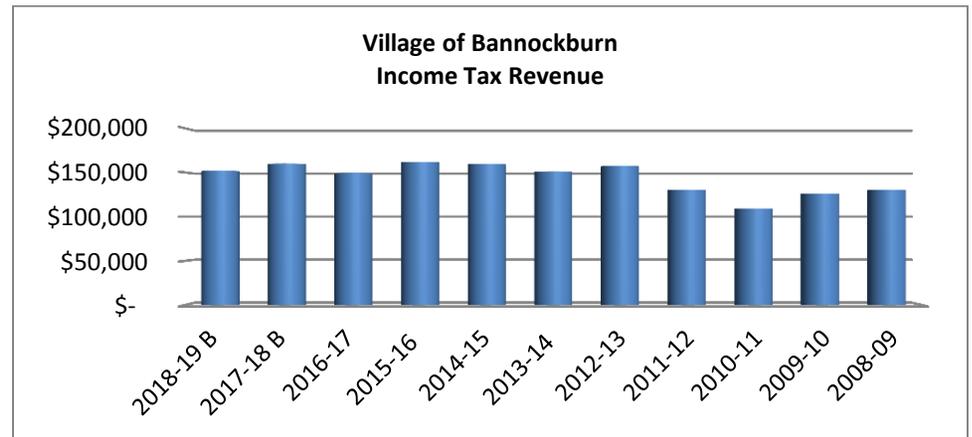
Illinois Income Tax is imposed on every individual, corporation, trust and estate earning or receiving income in the state. In July 2017, the tax was increased to a flat 4.95 percent of income for individuals, trusts and estates and seven percent for corporations. The Village has in the past received a pro rata allocation of Income Tax from the State of Illinois based on eight percent of net personal taxes and 9.14 percent of corporate taxes. However, in July 2017, the state addressed its deficit problem by reducing the municipal income tax share portion by 10%.

Income taxes are allocated on a per capita basis to municipalities. The 2010 Census Population and Housing Occupancy Status reflects the Village at a population rate of 1,583 which is a 145 increase from the 2000 Census of 1,438. Based upon data provided by the Illinois Municipal League (IML), the tax is projected at \$95.80 per capita or \$151,651.

Unemployment in the State of Illinois is beginning to recover to pre-recessionary levels. The State’s unemployment rate is 4.6 percent (March 2018) compared to 5.2 percent one year ago. Sectors still adding jobs include professional, scientific & technology services, construction, healthcare and social services with postal service occupations experiencing the sharpest decline.

Historical Illinois Income Tax is reflected below:

Fiscal Year	Revenues	Per Capita	% inc/(dec)
2018-19 Budget	\$ 151,651	\$95.80	-5.22%
2017-18 Budget	\$ 160,000	\$101.07	7.20%
2016-17	\$ 149,258	\$94.29	-7.82%
2015-16	\$ 161,920	\$102.29	1.53%
2014-15	\$ 159,481	\$100.75	5.50%
2013-14	\$ 151,173	\$95.50	-3.82%
2012-13	\$ 157,170	\$99.29	9.80%
2011-12	\$ 130,025	\$90.42	19.15%
2010-11	\$ 109,127	\$75.89	-13.24%
2009-10	\$ 125,784	\$87.47	-3.26%
2008-09	\$ 130,023	\$90.42	-1.18%

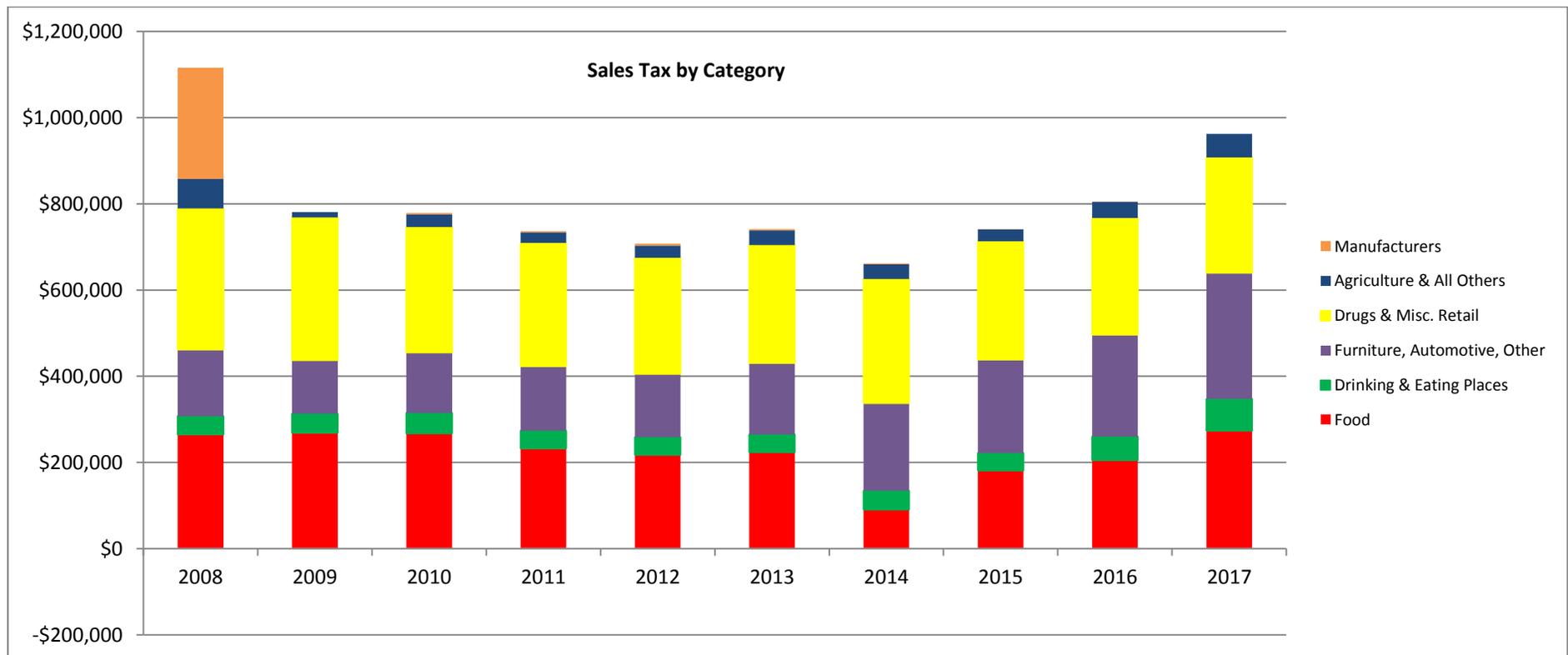


**Sales Tax**

The Village receives one cent (\$0.01) for each dollar of retail sales. The largest sales tax generators are Drug Retailers, Automotive and Filling Stations, and furniture. The impact of the recession continues to affect all retailers as revenues are down 36.6% from the pre-recessionary peak in 2006. Largely contributing to the precipitous decline was the loss of a large manufacturing retailer to a neighboring community. The following chart summarizes sales tax collections over the last ten years. The FY2018-2019 sales tax revenues are projected to increase by 18.65% based upon the full-year sales tax projections for two new grocers. The Village’s Sales taxes are collected by the State of Illinois and divided among the taxing districts as follows: State Tax: 6.25%, Regional Transportation Authority.75%, Village Municipal Tax 1% (included in the State Rate) and home rule tax of .5% for a total Sales Tax Rate of 7.5%.

**State Sales Tax Collections**

<b>Sales Tax</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Food</b>	\$262,978	\$266,362	\$265,178	\$230,147	\$215,528	\$221,489	\$88,687	\$179,041	\$203,270	\$271,258
<b>Drinking &amp; Eating Places</b>	42,575	44,707	47,711	41,138	41,159	41,529	43,562	41,016	54,940	73,867
<b>Furniture, Automotive, Other</b>	154,503	123,863	140,198	149,830	146,226	165,317	203,312	216,628	236,152	292,802
<b>Drugs &amp; Misc. Retail</b>	326,962	331,251	291,075	286,014	269,949	274,065	287,673	274,474	270,400	267,374
<b>Agriculture &amp; All Others</b>	68,777	12,467	29,411	24,705	28,278	33,486	34,941	27,595	37,776	54,935
<b>Manufacturers</b>	257,365	(931)	3,134	2,296	4,185	3,335	1,925	117	484	-
<b>Total</b>	<b>\$1,115,167</b>	<b>\$779,728</b>	<b>\$778,718</b>	<b>\$736,141</b>	<b>\$707,337</b>	<b>\$741,235</b>	<b>\$662,113</b>	<b>\$740,885</b>	<b>\$805,039</b>	<b>\$962,252</b>



**Home Rule Sales Tax**

In January 2008, the Village assessed a one-half cent (\$.0005) local option sales tax. Home rule sales tax applies to the same transactions as the base sales tax except in the following transactions, food for human consumption off the premises where sold (groceries), prescription and non-prescription medicines and tangible personal property that is titled with an agency of the State of Illinois. Performance of this revenue tends to mirror performance of the above referenced municipal sales tax, except for those excluded retail classes. The COGFA (Commission on Gov't Forecasting and Accounting) estimates a .3% increase with the current sales tax trend being 2% higher than the prior year. Current budgeted amounts are 6.8% higher than FY2016-17 actuals.

Home Rule Sales Tax	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Food</b>	\$20,384	\$38,216	\$33,648	\$31,596	\$33,510	\$9,735	\$19,966	\$23,416	\$33,375
<b>Drinking &amp; Eating Places</b>	9,419	22,711	19,995	19,479	19,612	20,551	19,248	26,095	35,372
<b>Furniture &amp; H.H. &amp; Radio</b>	29,366	64,634	69,347	56,983	79,714	96,753	105,429	103,478	90,535
<b>Drugs &amp; Misc. Retail</b>	75,312	108,013	106,790	102,067	103,237	105,025	98,655	93,986	92,567
<b>Agriculture &amp; All Others</b>	5,962	14,318	13,492	14,105	16,468	17,439	13,765	17,358	23,042
<b>Manufacturers</b>	41	90	70	147	45	54	53	240	-
<b>Total</b>	<b>\$142,492</b>	<b>\$249,992</b>	<b>\$245,352</b>	<b>\$226,390</b>	<b>\$254,599</b>	<b>\$251,570</b>	<b>\$259,130</b>	<b>\$266,589</b>	<b>\$276,909</b>

**Franchise Fees**

The Village receives a Cable Franchise Fees from Comcast and AT&T. The Cable franchise fees are projected to remain flat from year to year. The fees are 5% of the semi-annual gross revenues.

**Licenses and Fees**

Dog licenses were budgeted based upon the most recent data. The cost of a license is \$10 for a renewal and \$20 for a new registration per dog. 60 tags are anticipated.

Business and Liquor licenses have been budgeted to remain flat with no planned increase in fees or business growth.

Park facility rental fee is based upon three rentals of the Village’s shelter at \$100 to \$200 per rental.

Transfer compliance fees were budgeted to be slightly lower than current actual levels. The fee is \$100 per residential transfer and \$.10 per square foot of non-residential property sold. A slow-down in the housing market is anticipated resulting in lower fees than actual FY2017-18 levels.

**Building & Zoning Revenue & Fees**

A significant percentage of this revenue should be considered as non-recurring and is reliant upon the economic conditions. Total building revenue and fees are estimated to be \$186,000, which is a slight decrease compared to the prior year forecast. A slow but anticipated economic turn-around is projected.

**Donations**

The Village has \$17,571 budgeted for donations to Drug Abuse Resistance Education (DARE). During traffic court proceedings, defendants may be given the option to make a donation to DARE in lieu of fines and fees.

**Public Safety Fines and Fees**

Public Safety Fines and Fees are anticipated to be higher than the prior year by \$21,300. The Village has hired a new collection agency and anticipates higher collection rates from outstanding tickets, as well as, increased enforcement efforts is anticipated to increase revenues.

**Police Special Revenue**

Seizure and Forfeitures are anticipated at \$5,000 for revenues received from drug seizures where the Village will share with the State confiscated cash or property and administrative tow fees are also included in this line item at a fine of \$300 per tow.

**Reimbursable Income**

Reimbursable income is comprised of: Professional Engineering, Arborist, and Attorney Fees Reimbursement which includes reimbursement from developers for the Village's out-of-pocket costs for engineering, tree and legal services of \$179,000 and Police reimbursement related to billable special detail for Ravinia and Trinity International University of \$35,295.

**Investment Revenue**

The Village's investments are guided by an investment policy. Total revenue is expected to be \$50,213 for non-Enterprise funds. The Village funds are invested in money market accounts and short-term certificates of deposit with expected yields of 1.45% to 2.4%. Due to the Village's current increased cash position, alternative investments are being investigated to increase the yield. The terms will be staggered to take advantage of better interest rates on longer term investments, while concurrently investing in short term ventures that yield a competitive term and make funds available as the Village needs them based on the cash flow analysis completed by the finance department.

**Special Event Revenue**

The Village has an annual Golf Outing and revenues collected from the outing are used to pay for golf club fees, refreshments and promotional gifts.

**Sale of Village Property**

The Village anticipates selling one police vehicle.

### **Interfund Service Charges**

The General Fund provides a variety of services that support the activities and projects of other funds. In order to recognize the cost of those services in the appropriate fund, and to reimburse the General Fund, schedules have been developed. The schedules demonstrate and track the methodology for cost allocation, and provide a basis for future continuity in the application of cost transfers. The Interfund charges are based upon direct costs, which are costs that provide measurable, direct benefits to particular programs plus indirect expenses based upon an indirect cost rate.

Indirect costs are those costs that cannot be directly charged to a particular program, but are attributed to services, which are necessary to operate the program. Such services include, but are not limited to, accounting, budgeting, payroll preparation, personnel management, and purchasing. The Village will allocate indirect costs based upon the activity based costing model utilizing revenues, number of employees, number of transactions, equalized assessed values, and number of departments as allocation bases. In general terms, an indirect cost rate is the percentage of an organization's indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

The allocation of indirect costs to programs is important because general management costs are necessary for any program to exist. For instance, all programs will use the business office at one time or another for services such as contracts, purchasing, payroll checks, and personnel management. Without the benefit of an indirect cost rate, there would be no standard way for each program to contribute its share of the general management costs without spending a lot of staff time having to "time account" to each activity. By using an indirect cost rate, the Village has a standardized, efficient way to recover a share of general management costs from individual programs.

Certain costs are excluded from the calculation of the indirect costs because they require relatively minimal administrative support compared to the amount of dollars spent. These costs will distort the indirect cost process and are excluded from the calculation of the indirect cost rate. The following costs have been excluded from the calculation: refunds and incentives, electricity charges included in the street department, capital outlay which includes expenditures for items such as the acquisition of land, improvements to sites, construction or purchase of new buildings, major expansions, and capitalized equipment and other financing uses such as transfers out, debt service, and transfers between funds.

Service Charges are allocated to the Water Fund and estimated at \$76,789 and Sewer Fund of \$17,390 which will cover administrative time plus associated overhead expenses.

**Motor Fuel Tax**

The Motor Fuel Tax (MFT) is imposed on the privilege of operating motor vehicles on public highways and recreational watercraft on waterways in Illinois. It is paid by distributors and suppliers who collect the tax from their customers. The FY2018-19 budgeted MFT proceeds of \$40,762 based upon amounts estimated by the Illinois Municipal League. This revenue is distributed on a per capita basis. The amount is estimated at \$25.75 per capita. The amount is approximately \$2,762 higher than prior years due to the increase in the per capita rate.

Elevated fuel costs, alternative energy, high unemployment numbers, and technological advancement that allow for more employees to telecommute, will continue to impact growth in this revenue. These revenues are used to fund the annual street maintenance program and Surface Transportation Program (STP) grant matching road projects.

**Water Fees**

Total fees budgeted for the sale of water for FY2018-2019 is \$ 947,012. The water fund accounts for the provision of the potable water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, depreciation expense, financing, and billing and collections. Water rates are budgeted to increase 1% on January 1, 2019.

All customers share equally in the cost of operation, depreciation and debt service. The Village of Bannockburn bills on a quarterly basis and the water rates are on a “tiered basis” (to help encourage water conservation). The total minimum per quarter for water rates shall in no event be less than \$258.80.

0 – 20,000 cubic feet – \$6.47/100 cubic feet  
20,001-80,000 cubic feet – \$6.65/100 cubic feet  
over 80,000 cubic feet – \$6.81/100 cubic feet

Invoices are mailed in January, April, July, and October. Payments are due 30 days after the invoice date. Check, cash or on-line payments received after the end of business on the due date will receive a 10% late penalty. If the due date falls on a weekend, payment is due no later than the close of business on the next business day. Late payment penalties are budgeted at \$5,200.

Any customer that has incurred three (3) late payments within a two (2) year period may be required to pay to the Village a security deposit in the amount of the highest quarterly bill incurred within the last two years for the continuation of water services. The Village of Bannockburn reserves the right to discontinue service for non-payment of bill(s). A termination fee, a reconnection fee, and the total amount due including penalty (and deposit if required) must be paid before service will be resumed.

## Sanitary Sewer Fees

Total fees budgeted for the sanitary sewer user fees for FY2018-2019 is \$262,763. Sewer user fees are budgeted to increase by 5% on January 1, 2019 to cover current operating expenses. The Village of Bannockburn bills on a quarterly basis. There are two sanitary sewer districts located in the Village of Bannockburn.

➤ **Village of Deerfield Sanitary Sewer District (Residential)**

The Village of Bannockburn will bill at a rate of \$4.77 per 100 cubic feet. The minimum per quarter for residents in the Village of Deerfield Sanitary Sewer District will be \$193.30 (\$190.80 minimum fee per quarter +\$2.50 administrative service charge). Sewage fees are calculated based on water meter readings for that quarter. Where such readings are not available, or where the meter has not functioned properly, said fee shall be calculated based on the water meter readings of such Customer for the same quarter of the preceding year, or on a minimum charge of the base rate, whichever of the two shall be greater.

➤ **North Shore Water Reclamation District (NSWRD) – Residential/Commercial Users**

Residents in the North Shore Water Reclamation District will be invoiced by the Village of Bannockburn and by the North Shore Water Reclamation District.

The Village of Bannockburn will charge a fee of \$1.43 per 100 cubic feet for the maintenance and use of the Village of Bannockburn owned pipes. The minimum per quarter for residents in the North Shore Water Reclamation District will be \$57.20.

Sewage fees are calculated based on water meter readings for that quarter. Where such readings are not available, or where the meter has not functioned properly, said fee shall be calculated based on the water meter readings of such Customer for the same quarter of the preceding year, or on a minimum charge of the base rate, whichever of the two shall be greater.

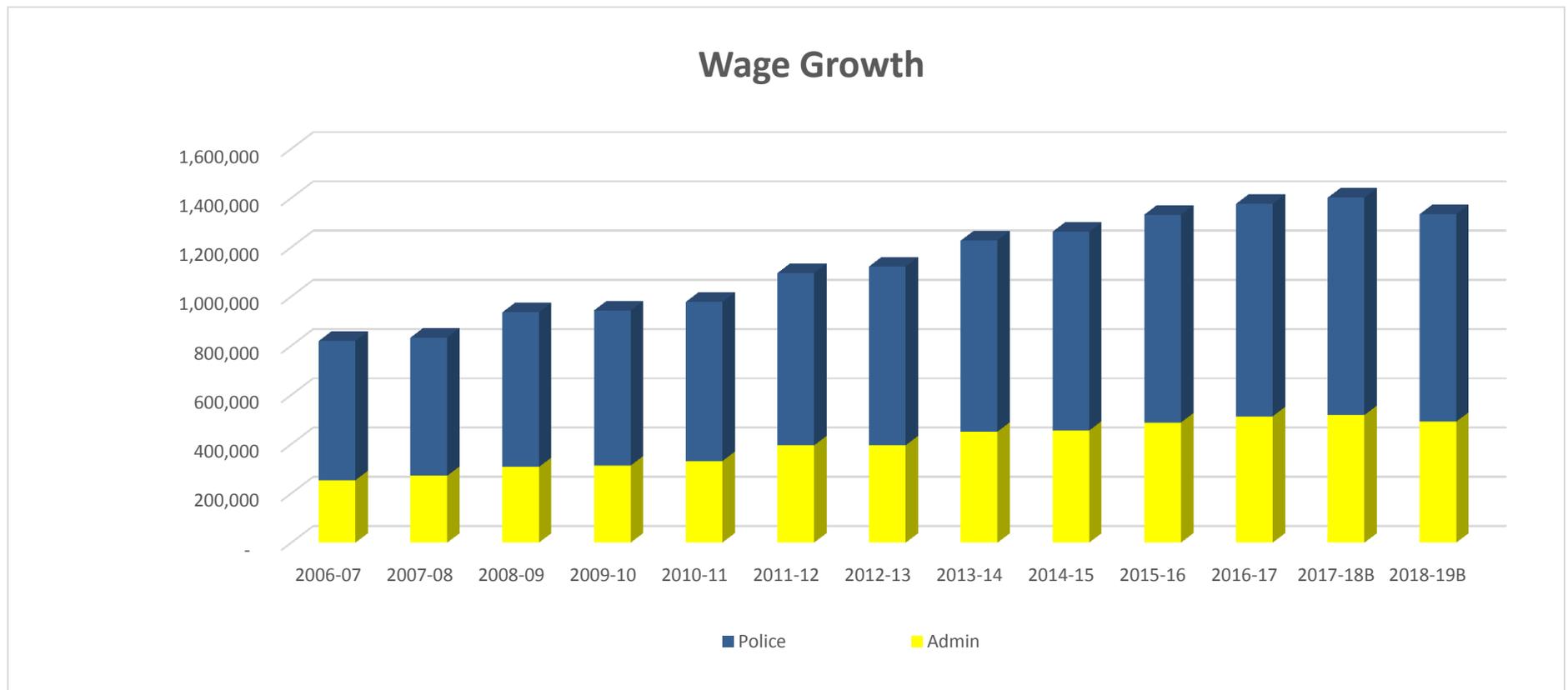
# Expenditure Trends and Projections

## Personnel Services

The primary purpose of the Village of Bannockburn is to provide high quality services to the residents and those employed within its boundaries. To accomplish that purpose in FY2018-2019, 36 percent of all Village expenditures are allocated to salaries and wages.

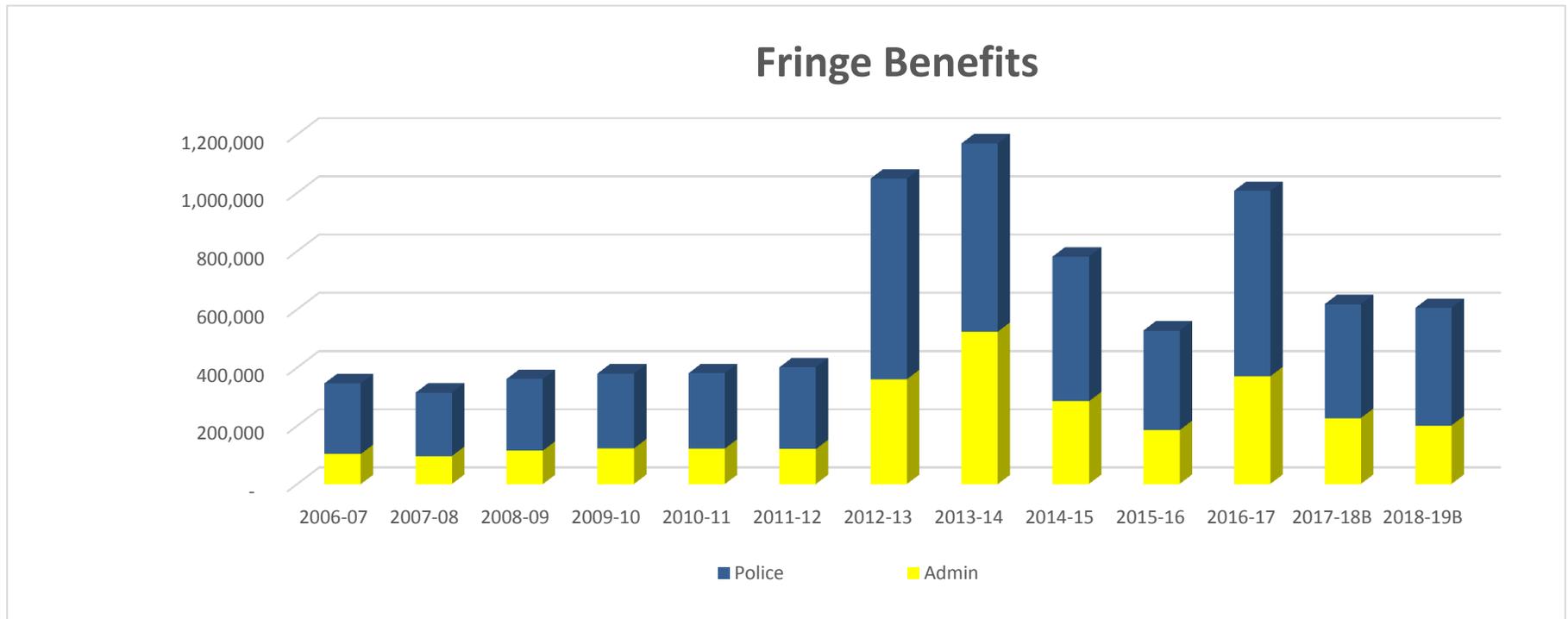
The Village’s pay ranges are evaluated each year to establish both internal and external equity within the market and to ensure fair competitive wages. The recession has been a catalyst in reevaluating the Village’s pay plan to better adapt to a stagnant economy.

The Village has budgeted salary increases based upon merit effective May 1, 2018 or January 1, 2019.



## Personnel Benefits

Personnel benefits include car allowance, tuition reimbursement, medical, dental, life insurance and Illinois Municipal Retirement Fund (IMRF) pension payments. The Village has been proactive in trying to contain medical costs. The Village fully funds the employee’s portion of medical and dental premiums. All employees who choose to elect medical benefits contribute a 10 percent medical premium participation cost share (contribution) for dependents. The Village elected membership in the IMRF, an agent multiple-employer public employee retirement system, effective May 1, 2003. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The Village Board, in order to increase funding levels and lower the annual employer contribution percentage, approved voluntary payments to IMRF totaling \$574,000 in FY2012-2013, \$500,000 in each FY2013-14, FY2016-17, and FY2017-18.



## **Capital Projects and Equipment**

Capital projects and expenses are those that typically exceed \$20,000. Each year, all proposed capital expenditures are assessed in terms of reliability, performance and forecast maintenance experience. The Village then develops a plan to maintain the asset, extending its service life or placing a new asset into service. Annually, the Village of Bannockburn prepares a five-year Capital Improvement Plan which is included in section 7 of this book.

The Village has included a total of \$236,000 in the FY2018-19 budget for improvements to be completed this fiscal year. The capital improvements related to the General Fund are building improvements for the purchase of a new roof for Village Hall (\$54,000), police vehicle purchase of new squad car (\$42,500), and engineering and legal expenses related to the construction of a Wilmot Road pathway (\$15,000). The capital improvements related to the Water Fund are for the SCADA system (\$70,000), utility billing software (\$15,000) of which 80% is allocated to the Water Fund based upon user fee revenue and the remaining 20% is included in the Sewer Fund, for new High Resolution Registers (\$80,000), engineering for Half Day Road water main improvements (\$20,000) and a pump replacement (\$100,000).

## **Other Operating Expenditures**

In general, when prices cannot be accurately determined or specific quantities identified, an incremental analysis is performed comparing the estimated actual expense for FY2018-19 along with expenditure trend information. A reasonable estimation of expenditure is developed for FY2018-19 and included within the line item budget.

## **Debt Service Expenditures**

The Village currently has a Taxable Recovery Zone General Obligation Bond with a rebate, Series 2010, two inter-fund advances due from SSA #16 and SSA #17 to the General Fund, and three Illinois Environmental Protection Agency (IEPA) loans of which two are Drinking Water State Revolving Fund (SRF) Loans and one is a Clean Water SRF loan outstanding as of May 1, 2018. Bond descriptions and amortization schedules are listed within the Debt Profile of this section. No new debt is planned to be issued this fiscal year.

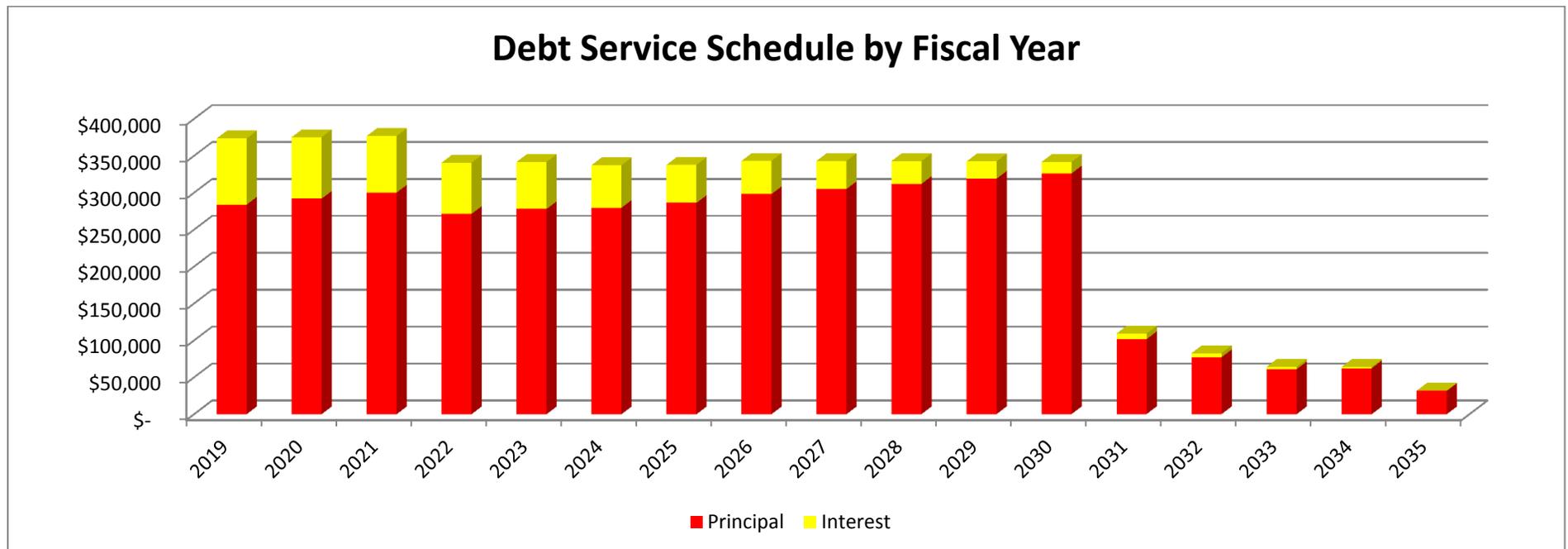
## **Enterprise Fund Expenses**

The Water Fund and Sewer Fund are considered enterprise funds. Rate structures and user fees should be set at levels that are sufficient to pay related expenses. Property tax subsidies are not used to balance enterprise fund operations. In FY2018-19, there are no anticipated advances to any Enterprise Funds.

# Debt Position

From time-to-time, the Village may use the issuance of long-term debt to further the Village’s Capital Improvement Program. Long-term debt is used only for capital projects that cannot be financed from current revenue sources. The Village accounts for repayment of long term debt in several accounts: In the General Fund, on June 2010, the Village issued \$3 million in Recovery Zone Bonds General Obligation bonds for roadway capital projects, with interest rebates and repayment terms of 20-years; in SSA#16 and #17 debt is for inter-fund advances due to the General Fund; and in the Water Fund and Sewer Fund, funded through the Illinois Environmental Protection Agency (IEPA), the Village was awarded grants and loans for water and sanitary sewer capital projects. The award was comprised of 25% American Recovery and Reinvestment Act (ARRA) grant, 25% ARRA loan, and 50% IEPA loan. At project completion, the Water Fund had \$948,621 in loans and the Sewer Fund had \$75,419 in loans, payable at zero percent over 20-years. Additional long-term funding for designated watermain construction projects, completed in fiscal 2014, totaling \$1,023,232, was secured from the IEPA at 2.295% for 20-years. Total debt outstanding as of April 30, 2019 is \$3,883,508 in principal and \$662,487 in interest for a total of \$4,545,995. Below is a chart depicting the future principal and interest payments of all debt.

The Village’s debt limitation is unencumbered. As a home rule government, under Illinois law, the Village no longer has a legal debt limit of 8.625% of the Village’s Equalized Assessed Valuation. The Village’s EAV for 2016 was \$156,817,151. Debt which pledges an alternate revenue source is not subject to the debt limitation calculation. Therefore, none of the Village’s existing debt is subject to the debt limitation.



**Debt Service Schedules**

Fiscal Year Ending	Recovery Zone Bonds with Rebate Taxable General Obligation Bonds, Series 2010 Issue Date: June 14, 2010 Date of Maturity: January 1, 2030 Amount of Contract: \$3,000,000 Interest Rate: 1.35% - 5.3%/1.75% - 2.97% (less rebate) Interest Payable: 1/1 & 7/1 Principal Payable: Annually on 1/1 Payable to:  Funding Source: General Fund				Interfund Advances Issue Date: May 15, 2006 Date of Maturity: April 30, 2021 Amount of Contract: \$385,900 Interest Rate: 5.0% Interest Payable: 05/15 and 11/15 Principal Payable: Annually on 5/15 Payable to: Village of Bannockburn  Funding Source: SSA #16			Interfund Advances Issue Date: May 15, 2006 Date of Maturity: April 30, 2032 Amount of Contract: \$224,357 Interest Rate: 5.0% Interest Payable: 05/15 and 11/15 Principal Payable: Annually on 5/15 Payable to: Village of Bannockburn  Funding Source: SSA #17		
	Principal	Interest	Rebate	Total P&I	Principal	Interest	Total P&I	Principal	Interest	Total P&I
<b>April 30th</b>										
2019	\$145,000	\$100,898	\$(45,404)	\$200,494	\$32,116	\$5,062	\$37,178	\$9,328	\$9,141	\$18,469
2020	150,000	94,953	(42,729)	202,224	33,722	3,457	37,178	9,794	8,674	18,469
2021	155,000	88,653	(39,894)	203,759	35,408	1,770	37,178	10,284	8,185	18,469
2022	160,000	81,833	(36,825)	205,008				10,798	7,670	18,469
2023	165,000	74,473	(33,513)	205,960				11,338	7,130	18,469
2024	165,000	66,553	(29,949)	201,604				11,905	6,564	18,469
2025	170,000	58,303	(26,236)	202,066				12,500	5,968	18,469
2026	180,000	49,803	(22,411)	207,391				13,125	5,343	18,469
2027	185,000	40,533	(18,240)	207,293				13,782	4,687	18,469
2028	190,000	31,005	(13,952)	207,053				14,471	3,998	18,469
2029	195,000	20,935	(9,421)	206,514				15,194	3,274	18,469
2030	200,000	10,600	(4,770)	205,830				15,954	2,515	18,469
2031								16,752	1,717	18,469
2032								17,589	879	18,469
2033										
2034										
2035										
<b>TOTAL</b>	<b>\$2,060,000</b>	<b>\$718,538</b>	<b>\$(323,342)</b>	<b>\$2,455,196</b>	<b>\$101,246</b>	<b>\$10,289</b>	<b>\$111,535</b>	<b>\$182,814</b>	<b>\$75,746</b>	<b>\$258,561</b>

**Debt Service Schedules (continued)**

Fiscal Year Ending	Illinois Environmental Protection Agency (IEPA) Drinking Water SRF Loan Stirling/Valley/Telegraph Water Project #L173208 Issue Date: December 10, 2010 Date of Maturity: June 10, 2030 Amount of Contract: \$948,621 Original Amount - \$1,272,832 less \$324,211 forgiven Interest Rate: 0.00% Interest Payable: N/A Principal Payable: Semi-Annually on 06/10 & 12/10 Payable to: IL Environmental Protection Agency  Funding Source: Water Fund			Illinois Environmental Protection Agency (IEPA) Drinking Water SRF Loan Waukegan/Cedarcrest Water Project #L174693 Issue Date: August 1, 2014 Date of Maturity: August 1, 2034 Original Amount - \$1,023,232.32 Interest Rate: 2.295% Interest Payable: 02/01 & 08/01 Principal Payable: Semi-Annually on 02/01 & 08/01 Payable to: IL Environmental Protection Agency  Funding Source: Water Fund			Illinois Environmental Protection Agency (IEPA) Clean Water SRF Loan Telegraph Sanitary Sewer Project #L173279 Issue Date: January 5, 2011 Date of Maturity: July 5, 2030 Amount of Contract: \$102,103 Interest Rate: 0.00% Interest Payable: N/A Principal Payable: Semi-Annually on 01/05 & 07/05 Payable to: IL Environmental Protection Agency  Funding Source: Sewer Fund		
	Principal	Interest	Total P&I	Principal	Interest	Total P&I	Principal	Interest	Total P&I
<b>2019</b>	\$49,169	\$ -	\$49,169	\$44,233	\$19,853	\$64,086	\$3,902	\$ -	\$3,902
<b>2020</b>	49,169	-	49,169	45,254	18,832	64,086	3,902	-	3,902
<b>2021</b>	49,169	-	49,169	46,298	17,788	64,086	3,902	-	3,902
<b>2022</b>	49,169	-	49,169	47,367	16,719	64,086	3,902	-	3,902
<b>2023</b>	49,169	-	49,169	48,460	15,626	64,086	3,902	-	3,902
<b>2024</b>	49,169	-	49,169	49,579	14,507	64,086	3,902	-	3,902
<b>2025</b>	49,169	-	49,169	50,723	13,363	64,086	3,902	-	3,902
<b>2026</b>	49,169	-	49,169	51,894	12,192	64,086	3,902	-	3,902
<b>2027</b>	49,169	-	49,169	53,092	10,994	64,086	3,902	-	3,902
<b>2028</b>	49,169	-	49,169	54,317	9,769	64,086	3,902	-	3,902
<b>2029</b>	49,169	-	49,169	55,571	8,515	64,086	3,902	-	3,902
<b>2030</b>	49,169	-	49,169	56,854	7,233	64,086	3,902	-	3,902
<b>2031</b>	24,584	-	24,584	58,166	5,920	64,086	1,951	-	1,951
<b>2032</b>				59,509	4,578	64,086			
<b>2033</b>				60,882	3,204	64,086			
<b>2034</b>				62,287	1,799	64,086			
<b>2035</b>				31,579	362	31,941			
<b>TOTAL</b>	<b>\$614,608</b>	<b>\$ -</b>	<b>\$614,608</b>	<b>\$876,065</b>	<b>\$181,256</b>	<b>\$1,057,321</b>	<b>\$48,774</b>	<b>\$ -</b>	<b>\$48,774</b>

**Debt Service Schedules (continued)**

Fiscal Year Ending	Village of Bannockburn All Issues – Combined Totals		
	Principal	Interest	Total P&I
April 30th			
2019	\$283,747	\$89,550	\$373,298
2020	291,841	83,187	375,028
2021	300,061	76,502	376,563
2022	271,236	69,397	340,633
2023	277,869	63,716	341,585
2024	279,554	57,675	337,229
2025	286,294	51,398	337,692
2026	298,090	44,927	343,017
2027	304,944	37,974	342,918
2028	311,858	30,820	342,678
2029	318,836	23,304	342,140
2030	325,878	15,577	341,455
2031	101,453	7,637	109,090
2032	77,098	5,457	82,555
2033	60,882	3,204	64,086
2034	62,287	1,799	64,086
2035	31,579	362	31,941
<b>TOTAL</b>	<b>\$3,883,508</b>	<b>\$662,487</b>	<b>\$4,545,995</b>

## General Fund Balances and Projections

The General Fund is used to account for the resources and activities associated with the core services and day-to-day operations of the Village. The General Fund receives the majority of Village revenues and utilizes these resources to fund expenditures traditionally associated with government, including general administration, police, street maintenance, snow and ice removal, community events, building and zoning enforcement and planning and economic development. The main sources of revenue for the General Fund are General Sales Tax, Property Taxes and State Shared Income Tax. The three sources make up 65% of the FY2018-19 General Fund revenue budget.

## Fund Balance Policy

The Village of Bannockburn Board of Trustees adopted a policy that requires the General Fund year-end unrestricted fund balance be maintained in an amount at least 25% for emergency reserves and 75% for operating reserves of the annual General Fund Operating Budget, including the annual debt service. The amount approximates three months of working capital for emergencies and nine months of working capital as an operating reserve. The objective of this reserve level is to ensure adequate funds are set aside in a planned and consistent manner and that these monies are not spent for regular Village expenditures or used to reduce property taxes. The budget process takes a look at the next three years with a goal of sustaining this policy. The General Fund Balance at the end of FY2018-19 is projected to be \$4,568,806 or 123.48% of the total General Fund Expenditures for FY2018-19. The FY2018-19 Unassigned Fund Balance is \$3,430,113 or 93% of total General Fund operating expenditures. Based upon the Village's new Fund Balance Policy requiring the Village to maintain an upper limit of 75% of the Village's General Fund operating budget including debt service and excluding capital expenditures as operating reserves, the Village is in compliance with the Fund Balance Policy and has funds available for future capital improvements.

	Actuals FY2015-16	Actuals FY2016-17	Budget FY2017-18	Budget FY2018-19	Projected FY2019-20	Projected FY2020-21
<b>Beginning Fund Balance</b>	\$5,168,900	\$4,855,201	\$4,574,083	\$4,545,049	\$4,568,806	\$4,593,061
<b>General Fund Revenues</b>	3,036,647	3,471,999	3,620,662	3,723,533	3,801,727	3,881,563
<b>Less: General Fund Expenditures</b>	3,350,346	3,753,117	3,649,696	3,699,776	3,777,471	3,856,798
<b>Annual Operating Surplus/(Deficit)</b>	(313,699)	(281,118)	(29,034)	23,757	24,256	24,765
<b>Less: Committed/Restricted/Non-Spendable</b>						
<b>Committed Emergency Reserve</b>				897,069	898,743	775,531
<b>Non-Spendable/Restricted</b>	354,397	316,806	279,215	241,624	204,033	166,442
<b>Total Ending Unassigned Fund Balance</b>	4,500,804	4,257,277	4,265,834	3,430,113	3,490,286	3,675,854
<b>Capital Expenditures</b>	115,174	57,210	10,500	111,500	182,500	754,675
<b>Expenditure less Capital Outlay (Operating Budget)</b>	3,235,172	3,695,907	3,639,196	3,588,276	3,594,971	3,102,123
<b>Required Operating Reserve % of Annual Operating Budget FY2016 to FY2018 - 100% &amp; FY2019 forward 75%</b>	<b>134%</b>	<b>113%</b>	<b>117%</b>	<b>93%</b>	<b>92%</b>	<b>95%</b>

## Fund Balance Projections by Fund

The fund balance is the fund equity of governmental funds. Changes in fund balances are the result of the difference of revenues and expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues.

The Village of Bannockburn uses cash and investments as a proxy for fund equity in the enterprise funds. The following table depicts the proposed revenues and expenditures by fund for the FY 2018-19 Budget, with surplus (deficit) shown for each fund.

Fund	Fund Balance 4/30/17	Estimated Fund Balance 4/30/18	FY2018-2019 Revenue	FY2018-2019 Expenditures	Excess of Revenue over Expenditures	Fund Balance 4/30/18	Reserve/ Assigned/ Restricted Funds
<b>General Fund</b>	\$4,574,083	\$4,545,049	\$3,723,533	\$3,699,776	\$23,757	\$4,568,806	\$3,723,533
<b>Special Revenue Funds</b>							
MFT Fund	(8,658)	29,367	40,772	20	40,752	70,119	40,772
SSA #1	16,230	15,730	1,995	2,500	(505)	15,225	1,995
SSA #2	68,610	74,610	8,505	2,500	6,005	80,615	8,505
SSA #15	708	-	-	-	-	\$ -	-
SSA #16	(139,326)	(108,726)	37,200	37,178	22	(76,610)	37,200
SSA #17	(185,928)	(176,328)	18,469	18,469	-	(167,000)	18,469
<b>Enterprise Funds</b>							
Water Fund (1)	1,221,666	1,397,138	971,712	978,708	(6,997)	1,390,141	971,712
Sewer Fund (1)	36,616	263,066	265,881	343,572	(77,692)	185,374	265,881
<b>Total Funds</b>	<b>\$5,584,001</b>	<b>\$6,039,906</b>	<b>\$5,068,066</b>	<b>\$5,082,724</b>	<b>\$(14,658)</b>	<b>\$6,066,671</b>	<b>\$5,068,066</b>

(1) Expenditure amounts exclude capital asset expenses and debt principal payments

# SECTION 4



## General Fund Summary and Detail

- General Fund
- Administration
- Police
- Building & Development
- Public Works
- Community Development
- Insurance
- Debt Service
- Capital Outlay



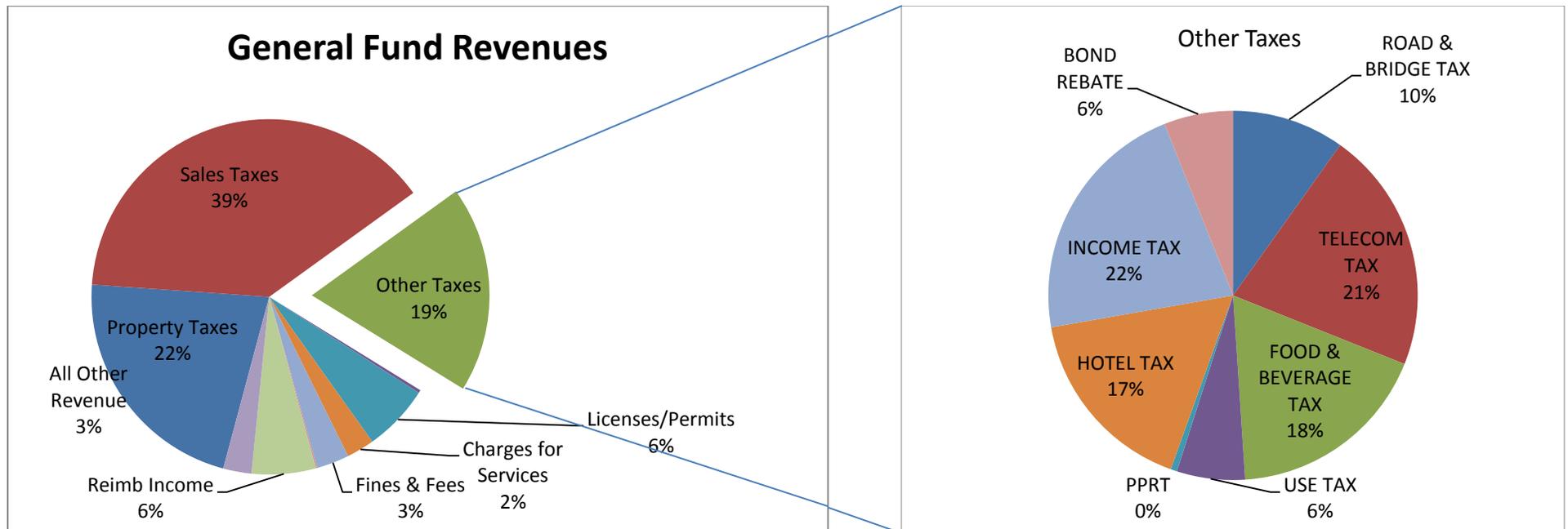
# General Fund Summary and Detail

## General Fund

The Village of Bannockburn is a home rule municipality which levies taxes in Lake County. The General Fund Revenue Budget for FY2018-19 is \$3,723,533 representing an increase from the prior year. The Village derives a significant portion (39%) of its revenue in the General Fund from Sales Tax, Property Taxes (22%) and other Intergovernmental Taxes (19%). Other taxes include Income Tax, Personal Property Replacement Tax, Road & Bridge Tax, Hotel Tax, Use Tax, Food & Beverage Tax, and the Utility Tax for telephone; the Village does not impose the electricity or natural gas tax on its residents. Real Estate Taxes include the Corporate, Audit, Police Protection/System and Tort Judgement/Liability Insurance. Aside from taxes, the Village obtains funding for its general operations by charging for services provided to the public, for licenses and permits, for special police details, and by charging other funds in the Village for internal services provided by administration, finance, and police staff. In addition, the Village receives, to a lesser degree, funding from police fines and forfeits.

The Village’s ability to increase its revenues in the General Fund is limited since the majority of its revenues are linked either to its population or its ability to develop new sales-generating businesses; however, some opportunities do exist.

For more detailed description on revenues and assumptions refer to Section 4 Executive Overview.



## General Fund Revenues

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-105-3000	REAL ESTATE TAX - CORPORATE	\$289,159	\$292,000	\$287,416	Reflect current levy amounts assuming a CPI 2.1% incr
101-105-3001	REAL ESTATE TAX - POLICE	456,171	460,000	452,759	Reflect current levy amounts assuming a CPI 2.1% incr
101-105-3002	REAL ESTATE TAX - AUDIT	22,816	25,000	25,550	Reflect current levy amounts assuming a CPI 2.1% incr
101-105-3003	REAL ESTATE TAX - INSURANCE	19,840	20,300	50,905	Prior year levy accounted for IRMA refund; FY2018-19 amounts reflect current exp
101-105-3010	ROAD & BRIDGE TAX	67,873	69,937	68,819	Reflect current levy amounts assuming a CPI 2.1% incr
101-105-3020	TELECOMMUNICATIONS TAX	169,243	145,000	148,045	Despite a long term downward trend in telecom tax due to continued loss of landline phone service, some growth is forecasted due to a one-time accounting change at IDoR that negatively impacted last fiscal year receipts. The CGFA (Commission on Gov't Forecasting and Accounting) estimates a 2.1% inc
101-105-3030	FOOD & BEVERAGE TAX	6,894	72,000	125,000	Based upon most current 8 month actuals food/beverage sales tax revenue at a rate of 1.0% tax rate plus full year of Mariano's
101-105-3040	USE TAX	38,962	35,000	41,633	IML forecast at a \$26.30 per capita
101-105-3041	PERSONAL PROPERTY TAX	5,336	3,500	3,915	IML is anticipating a 12% increase due to higher corporate tax rate
101-105-3050	HOTEL TAX	108,365	105,000	117,000	Trending 8% higher than prior year
	<b>Total Local Taxes</b>	<b>\$1,184,658</b>	<b>\$1,227,737</b>	<b>\$1,321,043</b>	
101-110-3100	SALES TAX	\$855,982	\$981,450	\$1,164,461	Current trend 10% inc FY2016-17 w/o new grocery store plus new grocery store less 2% fee imposed by the State
101-110-3101	SALES TAX - HOME RULE	267,751	346,500	285,909	COGFA projecting .3% increase - current trend 2% incr from prior yr. Prepared food only included in line item. Less 2% State fee
101-110-3110	STATE INCOME TAX	149,258	160,000	151,651	IML projection \$95.80 per capita of 1,583 includes loss of 10% share taken from the State
101-110-3120	ROAD BOND INTEREST REBATE	45,887	44,050	42,271	Rebate from Recovery Zone Economic Development Bonds GO Tax Bonds, Series 2010, rebate at 45% less reduction of 6.9% from federal sequester
	<b>Total Intergovernmental Taxes</b>	<b>\$1,318,877</b>	<b>\$1,532,000</b>	<b>\$1,644,292</b>	

**General Fund Revenues (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-115-3200	GRANT - TOBACCO	\$2,200	\$1,100	\$-	No longer participating due to new funding rules
101-115-3210	GRANT - VEST DOJ	-	650	900	2 vests @\$450 reimbursed at 50%
101-115-3220	GRANT - IPRF	2,435	2,500	2,500	Insurance grant for safety equipment
101-115-3230	GRANT - CANINE	7,607	6,800	7,000	DAS charitable fund
	<b>GRANT REVENUE</b>	<b>\$12,242</b>	<b>\$11,050</b>	<b>\$10,400</b>	
101-120-3300	LICENSES - DOG	\$810	\$850	\$850	\$10 renew and \$20 new dog tags - 60 tags
101-120-3310	LICENSES - BUSINESS	13,925	14,150	14,150	200 license avg cost \$50 per licensor, corporate special licenses \$4,000. Note: new rates went into effect in on 1/1/17 and are therefore, reflected in the 2016/17 and forward amounts
101-120-3320	LICENSES - LIQUOR	10,500	12,000	14,500	7 licenses 1@1,250, 1@1,500 1@\$1,750, 1@2,000, 2@\$2,500, 1@\$3,000
101-120-3330	ROAD MAINTENANCE FEE	-	6,300	-	None anticipated
101-120-3340	PARK FACILITY RENTAL FEE	150	850	500	Shelter rental \$100 - \$200/rental - 2 yr avg
101-120-3350	TRANSFER COMPLIANCE FEE	47,087	5,000	10,000	\$100 residential fee/#\$.10/sq ft non-residential. Slow-down in housing market anticipated; therefore, less transfers
	<b>TOTAL LICENSES &amp; FEES</b>	<b>\$72,472</b>	<b>\$39,150</b>	<b>\$40,000</b>	
101-125-3360	AMERITECH FRANCHISE	\$3,132	\$3,300	\$2,500	Trending 20% less than prior year
101-125-3361	PEG/VIDEO FRANCHISE	-	250	250	Based upon prior year estimates
101-125-3362	CABLE FRANCHISE FEES	19,668	19,500	20,650	Trending 5% higher than 2015/16
	<b>FRANCHISE FEES</b>	<b>\$22,801</b>	<b>\$23,050</b>	<b>\$23,400</b>	
101-130-3400	BUILDING PERMITS	\$227,673	\$250,000	\$175,000	Slowdown in housing market and no large commercial project anticipated
101-130-3410	APPLICATION FEES - ARC	2,175	3,500	3,500	Current trend
101-130-3420	APPLICATION FEES - ZBA	1,500	2,200	1,500	Prior year actuals
101-130-3430	DEMOLITION FEE - TREES	15,000	10,000	5,000	Current actuals
101-130-3431	DEMOLITION FEE - R&B	15,000	10,000	-	None anticipated
101-130-3440	REFORESTATION FEE	207,849	1,000	1,000	No large project anticipated
	<b>TOTAL BUILDING &amp; ZONING FEES</b>	<b>\$469,197</b>	<b>\$276,700</b>	<b>\$186,000</b>	

## General Fund Revenues (continued)

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-135-3450	DONATIONS - DARE	\$7,747	\$2,000	\$17,571	Funding through court fines & other donations - Current forecast for FY2017-18
101-135-3455	DONATIONS - SODA	163	150	150	Average yearly amount - staff soda purchases
	<b>DONATIONS</b>	<b>\$7,910</b>	<b>\$2,150</b>	<b>\$17,721</b>	
101-140-3500	TRAFFIC FINES	\$55,006	\$55,000	\$72,000	Averaging \$6,000. Increased enforcement
101-140-3505	COURT FINES - DUI	3,498	-	3,500	Prior year actuals
101-140-3510	PARKING & COMPLIANCE TICKETS	31,576	32,500	34,200	Averaging \$2,850 per month
101-140-3520	ALARM FINES	975	1,000	100	# of calls has drastically been reduced
	<b>POLICE FINES &amp; FEES</b>	<b>\$91,055</b>	<b>\$88,500</b>	<b>\$109,800</b>	
101-145-3550	SEIZURE/FORFEITURE	\$6,862	\$5,000	\$5,000	Money/Vehicle from drug seizure/shared with state 60/40 - 60% Village
101-145-3555	ABANDONED PROPERTY	-	-	100	Evidence property left and unclaimed
	<b>POLICE SPECIAL REVENUE</b>	<b>\$6,862</b>	<b>\$5,000</b>	<b>\$5,100</b>	
101-155-3600	IRMA REFUND - POLICE	\$26,517	\$54,500	\$-	None anticipated
101-155-3601	IRMA REFUND - GENERAL	14,916	27,000	-	None anticipated
101-155-3602	IRMA REFUND - INSURANCE	41,433	87,500	-	None anticipated
101-155-3605	SSA REIMBURSEMENTS	2,700	-	2,700	None anticipated
101-155-3610	BUILDING & ZONING REIMBURSABLES	148,041	62,000	179,000	Engineering and attorney fees, public notices, postages.
101-155-3620	SPECIAL DETAIL	15,989	17,500	30,000	Ravinia
101-155-3621	SPECIAL DETAIL BENEFITS	3,051	3,200	5,295	IMRF expenses @10%, SS@.0625, Medicare @.0145, Fed & State taxes
	<b>REIMBURSABLE EXP REVENUE</b>	<b>\$252,646</b>	<b>\$251,700</b>	<b>\$216,995</b>	
101-160-3650	INTEREST INCOME	\$10,213	\$8,525	\$36,000	Anticipated rate of return @1.2% on current cash balance
101-160-3660	INTEREST-SSA & RECAPTURE	18,056	121,650	14,203	Interest payment from SSA #16 of \$5,062.31 & SSA #17 \$9,140.73
101-165-3700	SPECIAL EVENTS REVENUE	\$2,625	\$2,650	\$2,400	Golf Outing - based upon prior yr actual
	<b>INTEREST &amp; COMM DEVELOPMENT</b>	<b>\$30,894</b>	<b>\$54,719</b>	<b>\$42,603</b>	
101-170-3760	SALES OF ASSETS	\$ -	\$ -	\$2,000	Sale of squad car
101-170-3770	MISCELLANEOUS INCOME	1,295	500	-	None anticipated
101-170-3771	MISCELLANEOUS INCOME - POLICE	294	300	-	None anticipated
	<b>TOTAL OTHER REVENUES</b>	<b>\$1,589</b>	<b>\$800</b>	<b>\$2,000</b>	

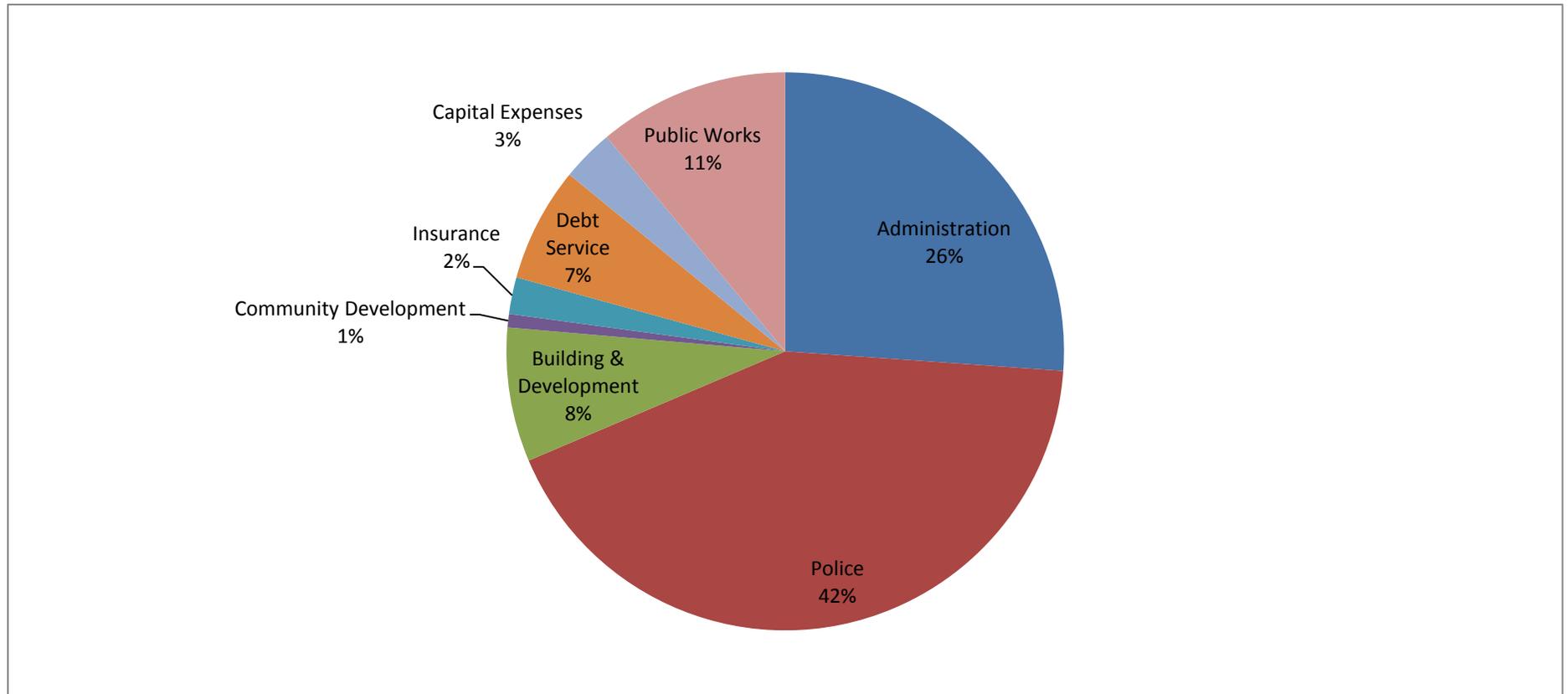
**General Fund Revenues (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-195-3850	SERVICE CHARGES - WATER	\$-	\$30,000	\$76,789	Based upon administrative hours plus overhead costs
101-195-3851	SERVICE CHARGES - SEWER	-	-	17,390	Based upon administrative hours plus overhead costs
	<b>TOTAL SERVICE CHARGES</b>	<b>\$-</b>	<b>\$30,000</b>	<b>\$94,178</b>	
	<b>General Fund Total Revenues</b>	<b>\$3,471,204</b>	<b>\$3,620,662</b>	<b>\$3,723,533</b>	

## General Fund Expenditures

The General Fund Expenditures for FY2018-2019 total \$3,699,776, which represents a \$50,080 increase from the prior fiscal year budget. The increase reflects Capital Improvements related to the new roof on Village Hall and a new squad car. The General Fund budget includes expenses for the following departments: Village Board & Commissions, Administration, Police, Build and Development, Public Works, Community Development, and Insurance. The expenditures also include capital expenses and debt expense.

Below is a breakdown of expenses:



## **Administration**

The Administration Department in the Village of Bannockburn is responsible for all the day-to-day activities in the Village, as well as, overseeing personnel administration and treasury management. The Administration Department includes elected officials and appointed staff members.

The objective of the Village Board is to assure the community has efficient and economical government services, to establish policy and enact ordinances that protect the health, safety and welfare of the Village residents. The Village President, Board of Trustees and Village Clerk are part-time elected officials. Trustees are elected to staggered, four (4) year terms. The Village's President and clerk are elected to two-year terms. The Board establishes the vision and direction for the Village, and coordinates through the Village Manager.

### **Village Manager**

The Village Manager is the chief administrative and financial officer of the Village. The Village Manager supervises and coordinates the work of all departments and is directly responsible for planning, organizing and directing the day-to-day operations of Village. The Village Manager ensures that all policies, directives, laws and ordinances adopted by the Village of Bannockburn are faithfully administered and enforced.

The Village Manager provides general management, staff leadership, and administrative review and oversight to all Village departments. The Village Manager's work includes:

- Acting as business manager for the Village under the direction of the President and Board of Trustees;
- Attending, preparing agenda and noticing all meetings of the Village Board;
- Keeping the Village Board apprised and informed on the conditions and needs of the Village and recommending to the Board for adoption of any such measures the Village Manager may deem necessary or expedient in the operation of the Village;
- Making recommendations to the Village Board on municipal ordinances and regulations;
- Preparing and submitting to the Village Board, as of the end of the fiscal year, a complete report on the finances and the administrative activities of the Village for the preceding year;
- Implementing policies established by the Village Board;
- Supervising, coordinating and evaluating all departmental activities and responsibilities, including the budgeting process;
- Analyzing and making policy recommendations concerning land use and development proposals, zoning and development regulations and transportation issues;
- Participating in activities of community organization, other governmental agencies and the private sector to represent the Village;
- Staff support to designated standing and adhoc commissions and committees;
- Coordinating communications with the community, including residents, businesses and other organizations, concerning Village programs and policies;
- Conducting the human resource function which is structured to provide support to all Village departments, including but not limited to recruitment, selection, training, promotion and retention of quality employees; compensation and benefit program administration; employee labor relations; management of current labor agreements; policy administration and interpretation, and employee recognition program.

### **Finance Director**

The Finance Department is established to provide the Village with a wide range of financial, analytical, and administrative tasks:

- Overseeing all areas of fiscal management of the Village's financial operations including accounting, banking, billing and collections, purchasing, personnel, benefits, taxes, assets, licensing, revenue, IT and treasury management;
- Developing the annual budget, working with the Village Manager and other Village department heads and with the approval of the Village Board;
- Preparing the Comprehensive Annual Financial Report (CAFR);
- Assuring that the Village's financial systems meet Government Accounting Standard Board (GASB), Generally Accepted Accounting Principles (GAAP) and other appropriate standards;
- Assisting in the development, maintenance and audit of the accounting systems;
- Managing the investment portfolio of the Village.

### **Assistant to the Village Manager**

The Assistant to the Village Manager is responsible for general services, building and zoning, water and sewer department, communication and special projects. The following are the functions performed:

- Interpretation and enforcement of all Village Building & Zoning Codes;
- Reviewing all plans submitted for permit for completeness and issuing permits and certificates of occupancy;
- Working with Village Forester on Village's removal of dead, diseased and dying trees, and maintaining a tree inventory of Village trees;
- Assisting in the planning process for future economic development and growth;
- Managing the Village communications through the website and newsletter and assisting with IT general issues;
- Coordinating Village sponsored events;
- Overseeing water billing, water meter inventory, water audit, reduced pressure zone backflow prevention devices (RPZ), and backflow tracking and inventory;
- Assisting with FOIA processing and maintaining Village files including ordinances and resolutions;
- Serving as staff support to various committees.

### **Administrative Assistant**

The Village's Administrative Assistant provides support to the Administrative, Police and Building Department staff. The responsibilities include:

- Handling of phone calls and visitor questions by providing "white glove" customer service to visitors and callers to the Village;
- Facilitating the building permit process from receipt of application until permit is closed out;
- Providing support at Board and Commission meetings, including all meeting minutes and meeting preparation;
- Assisting with special events as needed;
- Handling FOIA requests;
- Maintaining a positive working relationship with the staff at Lake Forest, Fire Marshall, Village Engineers, Village Forester and Public Works;
- Covering the office for vacations, conferences, and emergencies.

## **Outsourced Services**

The Village of Bannockburn, being a small community, has strategically chosen, as a means of controlling operating cost and hiring the most qualified professionals, to utilize outside resources to perform its information technology (IT), utility billing, legal, engineering and public works functions.

### ➤ **Network Administrator**

The Network Administrator provides management of the Village's Information Technology program. The Network Administrator is responsible for the infrastructure of the Village's Information Technology platform and provides a review and oversight of all Village information system needs including, but not limited to; 1) intra-department computer and telephone support; 2) planning, evaluating and maintaining the Village's hardware, software and network choice acquisitions; 3) project technology management; and 4) guaranteeing the integrity and security of the overall system and its data, including all local and wide area networks, from internal and external conditions.

### ➤ **Utility Billing**

The Utility Billing clerk provides accurate utility billing information; processes and maintains accounting transactions; receives, accesses utility billing paperwork and mainframe computer database for customer billing records the Water/Sewer Department.

### ➤ **Legal**

The Village Attorney provides legal service and advice to the Village's staff, Board, Commissions, Committees, and Boards on a variety of legal matters pertaining to Village operations. The Village Attorney attends Village Board meetings and is available for staff conferences as needed. Additional funds are budgeted for legal costs incurred by specific research, ordinance preparation, contracts and litigation. The Village also receives legal service from the Village Prosecutor to represent the Village's interest in court.

### ➤ **Engineering**

The Village Engineer conducts special studies and reports on a variety of subjects and activities as basis for recommendations to the Village Manager and Village Board of Trustees; prepares engineering studies, project designs, preliminary and final construction cost estimates, engineering drawings and project specifications; serves as project manager for federally funded grant projects; makes recommendation and planning of special construction or maintenance projects, and provides construction administration & oversight for capital improvement projects.

### ➤ **Public Works**

The Village hires several contractors to perform the duties of a Public Works Department. The duties include maintenance to public buildings (Village Hall and Shelter), infrastructure (roads, paths, water mains, sanitary sewer, stormwater management) and public space (rain gardens, open space, green space and trees).

## Budget Analysis

The Administration Department FY2018-2019 budget is \$58,112 lower than the prior year budget. The decrease in expenses is related to lower costs for IMRF, salaries for new hires, and small equipment cost for a new server in FY2017-18.

## Administration Budget

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-310-4000	WAGES - FULL TIME	\$442,233	\$479,375	\$451,164	Increase based upon Board approval excludes 1.5 months Finance Director overlap
101-310-4005	WAGES - PART TIME	27,831	39,000	40,170	3% increase
101-310-4015	OTHER PAYROLL - BONUS	25,507	3,500	41,613	Board approved bonus per employee
101-310-4020	SICK PAYROLL	3,788	4,500	2,402	One employee 40 hours cashing in sick
101-310-4025	VACATION PAYROLL	11,613	14,000	8,676	Full-time employees cashing in one week
101-310-4100	MEDICAL, DENTAL & LIFE	60,125	72,540	70,508	Current actual rates plus 10% effective 1/1/19
101-310-4110	HRA FUNDING	17,835	21,000	24,413	Employer portion of deductible contribution based upon 75% of balance
101-310-4200	SOCIAL SECURITY & MEDICARE	29,541	41,400	32,496	Social Security @6.2% up to \$128,400 Medicare @1.45% of salary
101-310-4210	IMRF EXPENSE	243,128	64,320	53,783	IMRF based upon rate of 9.42% to 12/31/18 and 10.36% for CY 2019
101-310-4220	UNEMPLOYMENT	294	350	272	\$12,960 @0.525% for 4 employees
101-310-4310	TUITION PAYROLL	2,002	2,500	2,500	MPA tuition reimbursement
101-310-4320	AUTO ALLOWANCE	6,000	6,000	6,000	Village Manager auto allowance
	<b>TOTAL ADMIN PERSONNEL COST</b>	<b>\$869,897</b>	<b>\$748,485</b>	<b>\$733,997</b>	

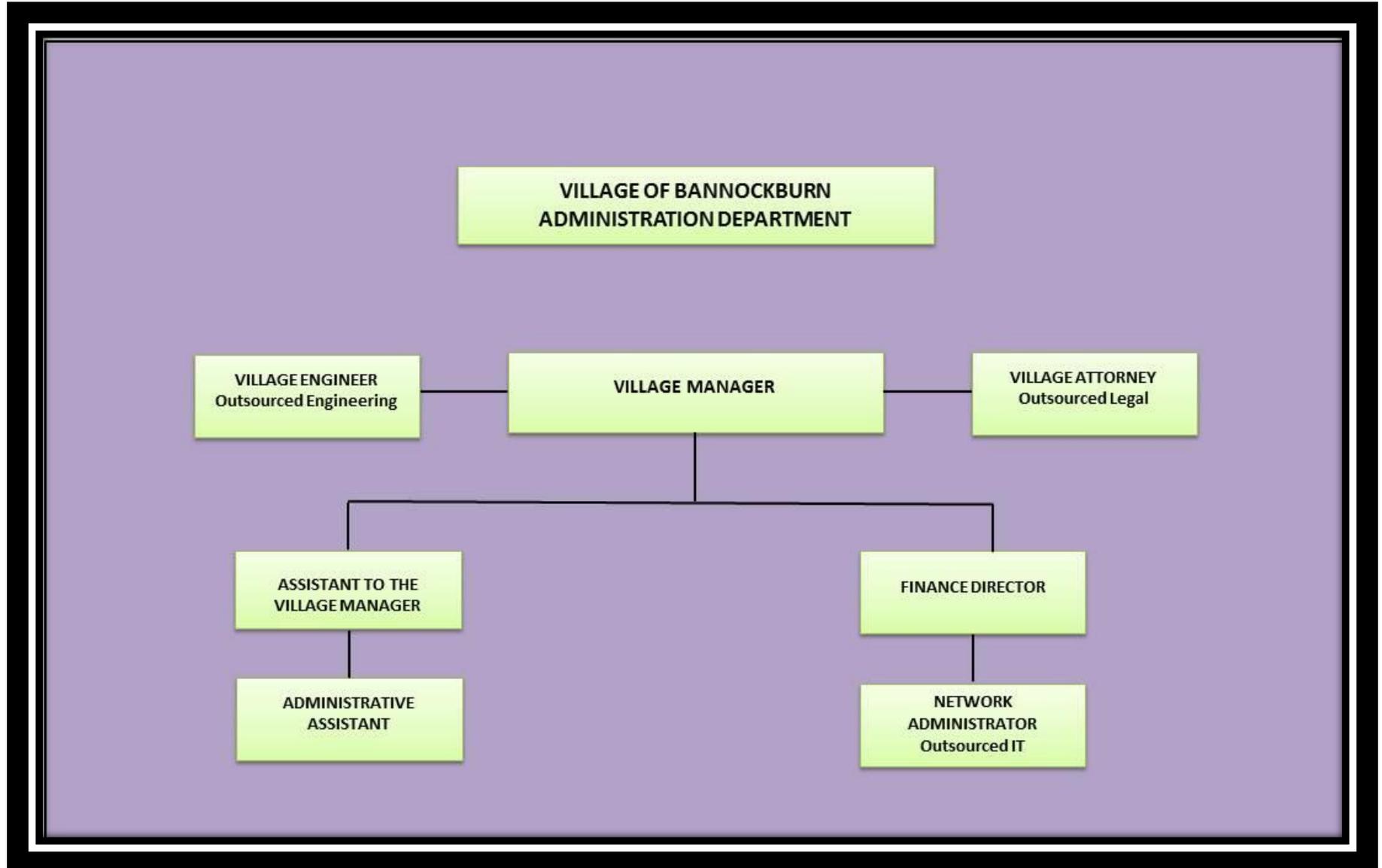
**Administration Budget (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
<b>101-310-5000</b>	MAINTENANCE - BUILDING	\$4,863	\$10,600	\$22,595	Bannockburn Public Works Gen Building - \$5,000, New Air Cond & Main \$5,000, AB Wildlife extermination \$700, fire extinguisher inspection \$395, bulbs, filters, etc. \$1,000, re-align workspace \$10,500
<b>101-310-5001</b>	CLEANING SERVICE	6,836	8,150	8,200	\$600/month -Cleaning service and supplies \$1,000
<b>101-310-5105</b>	AUDIT	24,536	26,100	20,133	Allocation of audit based upon 25% # of funds & 75% expenditures - portion allocated to water and sewer fund
<b>101-310-5120</b>	LEGAL	77,434	68,252	67,750	Based upon current actuals less compliance issues plus 3%
<b>101-310-5130</b>	ALARM	2,308	2,500	2,980	Fire alarm \$120/quarter, Burglar Alarm \$400/quarter, key pad system \$400/year, maintenance \$500/year
<b>101-310-5160</b>	COMPUTER NETWORK	24,534	36,100	30,000	4 days per month @\$625/day
<b>101-310-5161</b>	WEB SITE	2,814	5,000	3,000	Mthly updates \$250
<b>101-310-5162</b>	INTERNET	1,386	1,350	1,400	Comcast cable cost - \$120/month & domain costs \$200
<b>101-310-5200</b>	POSTAGE, FREIGHT, SHIPPING	2,494	3,000	3,400	Newsletter @\$600/ mailing, licenses, miscellaneous
<b>101-310-5220</b>	PHOTOCOPY	1,365	1,650	1,650	Copier maintenance, toner
<b>101-310-5221</b>	PRINTING, TYPESETTING	5,631	6,300	6,000	Newsletter printing 6@\$750, business cards, letterhead, dog tags, decals
<b>101-310-5223</b>	RECORDING, FILING FEES	-	100	-	Moved to building & zoning
<b>101-310-5224</b>	LEGAL PUBLICATIONS	465	700	700	Public notices, treasurer's report
<b>101-310-5310</b>	MEMBERSHIPS	14,805	9,500	12,500	NW Municipal Conf \$5,421, SWALCO \$350, CityTech \$165, Local Gov't News \$860, CMAP \$60, Metro Mayors Caucus \$130, IML \$250, Lake Cty Trans Alli \$250, TMA of Lake Cty \$250, Lake Cty Partners \$500, Lake Cty Muni League \$775, IGFOA \$150, GFOA \$250, Municipal Clerks IL \$110, ILCMA dues \$475 & \$182.50, Int'l City/Cty Mgmt Assn \$1,600, Municipal Clerks of Lake Cty \$40, Amer Planning Assn \$460
<b>101-310-5320</b>	TRAVEL	601	750	7,500	Air, mileage, & hotels to Conferences GFOA, ICMA, ILCMA, NW Municipal Conference
<b>101-310-5330</b>	TRAINING & CONFERENCES	7,310	9,400	5,000	APA IL \$300, GFOA, ILCMA, ICMA, NW Municipal Conf \$500, Lunches \$500 (excludes hotel/mileage moved to travel & staff membership moved to memberships)

### Administration Budget (continued)

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-310-5331	TRAINING & CONFERENCES - BOARD	3,968	7,750	3,500	ILCMA, Lake County Municipal League, luncheons, legislative brunches, events attended by board and clerk, elected official training. Note: Recognition dinner moved to award & recognition line item
101-320-5340	TUITION REIMBURSEMENT	4,872	5,200	5,200	MPA tuition reimbursement
101-310-5410	UTILITIES	5,919	6,350	6,000	Water \$5,000 and Gas \$1,000
101-310-5411	TELEPHONE	3,095	3,400	4,680	Call One \$215/month, Cell Phone \$65/month, phone main \$330/quarter
101-310-5412	TELEPHONE ALARM	1,492	1,650	1,500	Shelter phone and alarm costs
101-310-5430	BANK FEES	2,563	2,850	2,640	Checking account banking fees, positive pay, average of \$220/month
101-310-5450	PROPERTY TAXES	104	200	200	West Skokie drainage tax
101-310-5451	PROPERTY TAXES - 12 ACRES	7,698	7,800	-	None anticipated - FY2017-18 final year of tax levy for SSA #15
101-310-5452	PROPERTY TAXES - OPEN SPACE	195	200	200	West Skokie drainage tax
101-310-5700	OFFICE SUPPLIES	4,650	5,200	8,500	Paper, envelopes, stationary, coffee, check printing, folders, pens, water, and other items moved from misc.
101-310-5730	SMALL EQUIPMENT	-	43,000	1,000	Board room projector/TV, router \$1,000
101-310-5711	SALT	-	500	500	Sidewalk salt
101-310-5955	AWARDS AND RECOGNITION	-	-	4,500	Holiday Dinner, awards, plaques, gifts, team building
101-310-5999	MISCELLANEOUS	1,779	2,300	1,000	Other categorized expenses - water, tags, meeting exp moved to other line items
	<b>OPERATING EXPENSES</b>	<b>\$213,717</b>	<b>\$275,852</b>	<b>\$232,228</b>	
	<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>\$1,083,615</b>	<b>\$1,024,337</b>	<b>\$966,225</b>	

**VILLAGE OF BANNOCKBURN, ILLINOIS**  
**Organizational Chart – Administration Department**  
**April 30, 2018**



## **Police Department**

The Police Department delivers a variety of local law enforcement services to the community. Police services include crime prevention and suppression, victim support and assistance, infrastructure protection, community education and awareness, emergency preparedness, and traffic safety.

### **Mission Statement**

The mission of the Bannockburn Police Department is to provide the highest quality police services in partnership with the community to residents, visitors and businesses through dedicated efforts and innovative programs. This mission is performed with dedication and professionalism while being fair and impartial and ensuring a safe place to work, live, learn, shop and play.

### **Values**

The Bannockburn Police Department bases its policing practices on the principles of service to the community, ethics and professionalism.

The mission and goals of the Bannockburn Police Department shall be carried out in alignment with the following values:

- **Partnership:** Work in partnership with residents, businesses, the Village Board and other Departments, Service Agencies, and Criminal Justice systems.
- **Organization and Operations:** Provide supportive, high quality professional service to the community through teamwork, creativity and continual self-improvement.
- **Leadership:** Create a trusting environment where everyone leads by example and is willing to go beyond traditional expectations.
- **Integrity:** Commit to the highest ethical standards by upholding our position of trust through honesty and accountability.
- **Crime Prevention:** Use problem-solving methods to reduce the incidence and fear of crime and to improve management and operational approaches.
- **Empowerment:** Encourage decision making at the most effective level and promote citizen responsibility and involvement.

### **History**

The Bannockburn Police Department was established on November 18, 1968. The Bannockburn Police Department employs seven sworn officers, 15 part-time officers and one part-time professional, administrative support staff. The Bannockburn Police Department is committed to raising the quality of life in the community and works very closely with the public in providing a wide range of programs and information. The Bannockburn Police Department's Officers provide a full range of law enforcement services.

A listing of a few of the programs and services the Bannockburn Police Department provides is as follows: Community Safety Day where safety information, goodies, and child seats are distributed and installed in cars, as well as, a smoke trailer is present which provides a simulation exercise on what happens during a fire; Trinity International University (TIU) Training Day where the Village's training officer conducts active shooter situation training on the TIU campus for Village and surrounding police departments; "Give Where You Live" campaign to help homeless people; and the Drug Abuse Resistance Education (DARE) program that seeks to prevent use of controlled drugs, gangs, and violence. The Village has supported the DARE program since 2001 and graduates 20 or more students from the 5<sup>th</sup> grade class of Bannockburn Elementary School each year.

**Budget Analysis**

The Bannockburn Police Department's FY2018-2019 budget is forecasted to decrease from the projected FY2017-2018 budget by \$20,588. The Bannockburn Police Department hired a new officer to replace a retiring officer at a lower salary resulting in the decrease.

**Police Budget**

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-320-4000	WAGES - FULL TIME	\$669,908	\$737,500	\$715,271	New officer hired @ salaries lower than retired officers
101-320-4005	WAGES - PART TIME	87,316	87,000	55,710	1,800 hours anticipated - Village fully staffed less part-timers needed
101-320-4006	WAGES - REIMBURSABLE	16,059	17,500	30,000	Ravinia and other special detail reimbursed to Village
101-320-4010	WAGES - OVER TIME	38,077	33,500	34,000	Same as previous year
101-320-4015	OTHER PAYROLL - BONUS	6,722	7,500	7,500	\$1,000 per full-time officer
101-320-4020	SICK PAYROLL	24,793	2,000	8,092	3 officers @40 hours and 1 @25 hours
101-320-4025	VACATION PAYROLL	20,312	28,400	22,257	5 officers @80 hours
101-320-4100	MEDICAL, DENTAL & LIFE	160,647	199,000	166,190	Actual cost per emp/Village ins changed to high deductible-lower premiums
101-320-4110	HRA FUNDING	855	1,000	54,900	Employer portion of deductible contribution based upon 75% of balance
101-320-4115	MEDICAL, DENTAL SUPPLEMENTAL PYMT	-	-	7,007	Retired officers supplemental payment
101-320-4200	SOCIAL SECURITY & MEDICARE	61,297	62,100	64,237	Social Security @6.2% up to \$128,400 Medicare @1.45% of salary
101-320-4210	IMRF EXPENSE	405,147	96,480	79,490	IMRF based upon rate of 9.42% to 12/31/18 and 10.36% for CY 2019
101-320-4220	UNEMPLOYMENT	840	1,400	1,157	\$12,960 @0.525% for 7 F-T employees & 10 P-T Employees
101-320-4300	OTHER PAYMENTS	300	400	-	None anticipated
	<b>TOTAL POLICE PERSONNEL COSTS</b>	<b>\$1,492,273</b>	<b>\$1,273,780</b>	<b>\$1,245,812</b>	

**Police Budget (continued)**

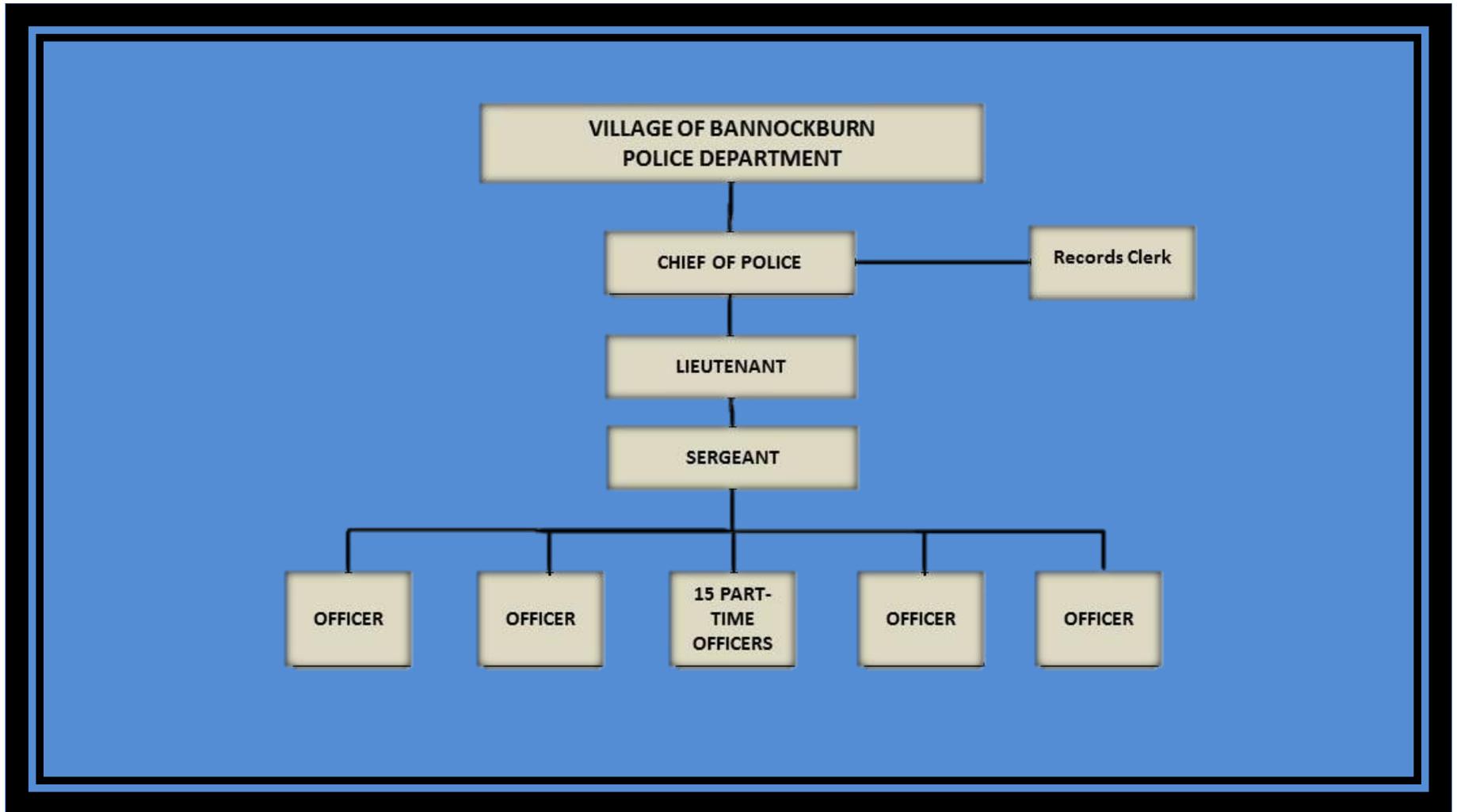
General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-320-5020	MAINTENANCE - VEHICLE	\$16,184	\$10,850	\$11,500	Oil changes-\$1,000, repairs: breaks, new tires, gen maintenance - \$10,000, car washes - \$500
101-320-5101	CANINE SERVICES	5,265	5,000	6,000	Vet - \$1,000, dog training \$5,000
101-320-5102	ANIMAL CONTROL	-	100	100	Animals sent to shelter & supplies
101-320-5106	APPLICANT TESTING	1,144	750	800	Employment & service testing of new officers - \$400 each (2) Estimated
101-320-5120	LEGAL	1,147	1,500	1,500	Village attorney - compliance issues non-ticket items
101-320-5121	PROSECUTOR	19,208	17,000	20,400	Prosecution and Adjudication \$500 retainer, \$1,200 avg monthly
101-320-5135	VILLAGE OF DEERFIELD DISPATCH	128,469	140,400	131,095	Dispatching annual fee - 3% increase plus radio network dues
101-320-5136	EMERGENCY SERVICES	250	750	550	Siren service \$250, emergency council dues \$100, training \$200
101-320-5200	POSTAGE, FREIGHT, SHIPPING	630	600	500	Postage letters, documents, purchases
101-320-5221	PRINTING	4,003	2,200	7,000	Ticket printing \$2,500, business cards \$500, annual report \$700, color copier \$3,300
101-320-5310	DUES - MEMBERSHIPS	10,663	12,800	17,730	Blackboard \$1,400, Critical Reach \$145, IL Assn Chiefs \$110, MCAT \$250, Range practice \$300, Major Crimes dues \$500, Lake County State's Attorneys forensic lab dues \$1,500, Int'l Assn Chiefs of Police \$300, Lexipol \$3,025, Lake County Chiefs of Police \$230, IL Emergency Svcs Mgmt Assn - \$65, MCAT drone program \$500, IL Tactical Officer Dues \$80, MEG annual assessment \$4,000, Lake Cty Major Crime Task Force \$1,550, Axon enterprise/evidence.com annual fee of \$4,000
101-320-5311	NO ILLINOIS POLICE ALARM SYSTEM	6,456	8,000	8,205	Member assessment annual fee per officer plus \$2,000 for equipment
101-320-5314	CRIME LAB MULTI AGENCY	5,111	5,150	5,200	Northeastern IL Regional Crime Annual Dues
101-320-5330	TRAINING & CONFERENCES	10,023	10,000	10,000	Legal review \$2,000, taser \$1,000, tactical \$2,000, leadership \$2,000, Conferences \$3,000
101-320-5340	TUITION REIMBURSEMENT	(809)	-	-	None anticipated
101-320-5411	TELEPHONE AND COMPUTER LINES	16,712	18,500	19,200	Call One \$1,600 per month
101-320-5700	OFFICE SUPPLIES	3,622	3,500	4,000	Paper, laser cartridges, business cards, envelopes, memo pad, coffee

**Police Budget (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-320-5710	OPERATING SUPPLIES	1,808	1,350	1,500	Taser cartridges
101-320-5715	CANINE SUPPLIES	2,340	2,000	2,000	Dog food and medication
101-320-5721	FUEL - SQUADS	18,682	22,000	22,000	Cost per gal expected to remain the same as current rates which are 20% higher than last years
101-320-5730	SMALL EQUIPMENT	5,682	8,350	30,400	Video, In-Car Camera System, Body Cameras \$30,390.27 initial, \$12,576 for next 4 years
101-320-5731	TECHNOLOGY EQUIPMENT	1,126	18,500	5,000	Computer replacements
101-320-5740	UNIFORMS - FULL TIME STAFF	2,100	5,000	4,200	Uniform allowance 7 officers @\$600
101-320-5741	UNIFORMS - PART TIME STAFF	2,532	2,000	2,000	Uniforms as needed
101-320-5742	UNIFORMS - MISCELLANEOUS	4,259	5,000	-	Combined with Full & Part-time line items
101-320-5745	DUTY AMMUNITION	1,915	2,000	2,500	Ammunition- additional officer this year
101-320-5746	ARREST RELATED ITEMS	1,349	1,200	-	Combined with operating supplies
101-320-5747	ESDA SUPPLIES	683	1,250	500	ESDA materials, ID's, other supplies
101-320-5950	COMMUNITY DONATIONS	1,355	1,000	1,000	Needy family, post prom, special Olympics
101-320-5955	AWARDS AND RECOGNITION	1,605	2,750	1,500	Luncheons, gift cards
101-320-5960	DARE PROGRAM	4,871	4,500	4,500	Coloring books, pencils books, t-shirts, picnic
101-320-5961	COMMUNITY SAFETY DAY	3,610	3,500	4,000	Tent rental, supplies, ID kits, face painter, promotional items. National Night Out, Police Expo
101-320-5999	MISCELLANEOUS	763	1,000	1,000	Other items as needed
	<b>TOTAL OPERATIONS COSTS</b>	<b>\$282,756</b>	<b>\$318,500</b>	<b>\$325,880</b>	
	<b>Total Public Safety</b>	<b>\$1,775,028</b>	<b>\$1,592,280</b>	<b>\$1,571,692</b>	



**VILLAGE OF BANNOCKBURN, ILLINOIS**  
**Organizational Chart – Police Department**  
**April 30, 2018**



### Building and Development Department

The mission of the Building and Development Department is to preserve the Village's community character and natural resources, build a better community; enhance quality of life; and respond to community needs through the implementation of the adopted Comprehensive Master Plan, Village Code, and Building Codes while providing professional, friendly and quality customer service to the community.

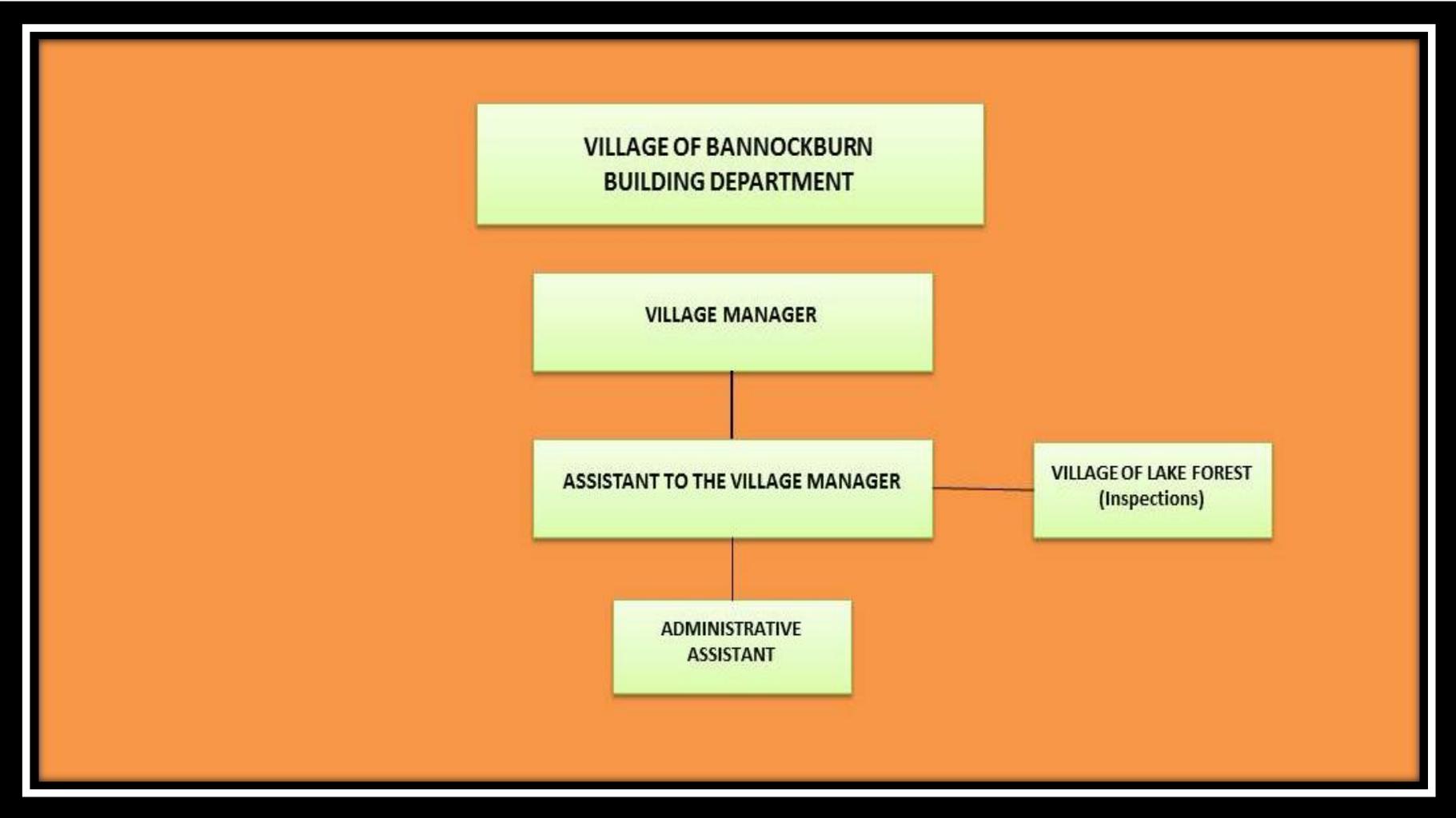
The Building and Development Department is responsible for implementing and enforcing current applicable codes and ordinances within the Village of Bannockburn. Building permits are required for new construction, as well as for specific scopes of work to alter or repair existing structures or property. The department oversees the construction process at various stages through building inspections to confirm the scope of work is being done per current codes and ordinances. The Village outsources its inspection process and has an intergovernmental agreement with the Village of Lake Forest to perform the inspections.

#### Budget Analysis

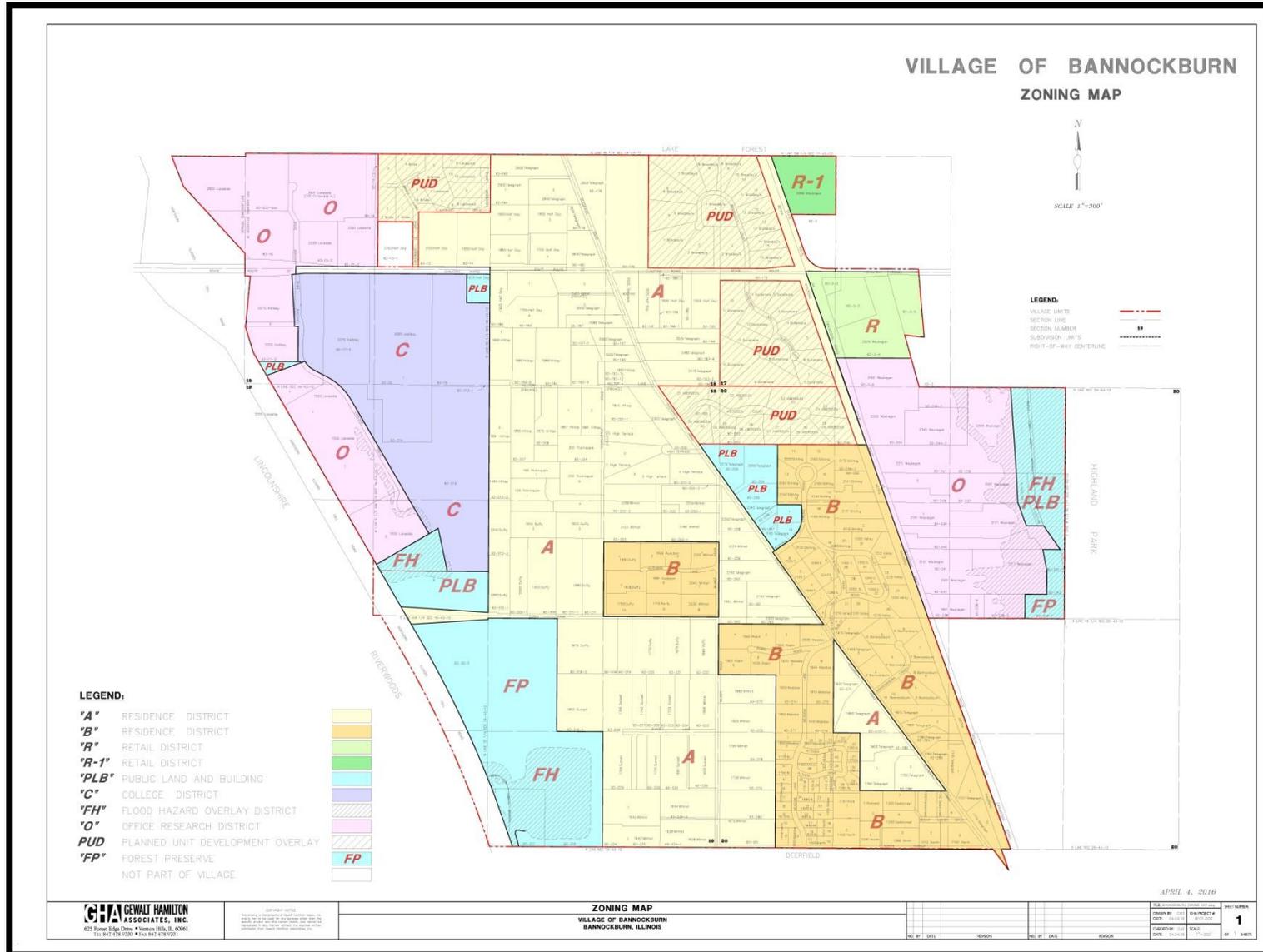
The Building & Development Department's FY2018-2019 budget is forecasted to increase from the projected FY2017-2018 budget by \$95,000. The increase in expenses is attributable to an intergovernmental agreement for sales tax sharing with the Village of Lake Forest.

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-330-5112	REIMBURSABLE – ENGINEERING	\$50,599	\$25,000	\$50,000	Anticipated to be less than last years forecasted amount due to a slow-down in home sales
101-330-5120	LEGAL & COMPLIANCE SERVICES	4,610	3,500	15,000	Code enforcement issues \$5,000 & Building Code Updates \$10,000
101-330-5122	REIMBURSABLE – LEGAL	47,590	25,000	30,000	Legal reimbursable expenses from applicant
101-330-5224	LEGAL PUBLICATIONS	-	-	-	Notices in the paper
101-330-5125	CODE REVISIONS	16,522	15,000	7,500	Zoning code revisions and updates
101-330-5132	REIMBURSABLE – OTHER	15,234	4,500	99,000	Elevator inspections, recording fees, notices, printing, copying, intergovernmental agreements
101-330-5150	BUILDING INSPECTIONS	95,005	110,000	75,000	City of Lake Forest plan reviews, permitting, arc fees less permits expected
101-330-5151	SUPPLEMENTAL BLDG INSPECTIONS	1,887	2,000	1,000	Decals, code books, miscellaneous items
101-330-5172	REIMBURSABLE – ARBORIST	11,899	7,500	10,000	Landscape plan reviews, forester tree reviews, two year average
	<b>TOTAL BUILDING &amp; DEVELOPMENT DEPT</b>	<b>\$243,347</b>	<b>\$192,500</b>	<b>\$287,500</b>	

**VILLAGE OF BANNOCKBURN, ILLINOIS**  
**Organizational Chart – Building Development**  
**April 30, 2018**



# VILLAGE OF BANNOCKBURN, ILLINOIS Zoning Map April 30, 2018



## **Public Works**

The Village of Bannockburn's Public Works department utilizes outside resources to perform a comprehensive and diverse range of responsibilities in the Village. One of the major responsibilities is the repair and maintenance of roadways, easements, pathways, and sidewalks within the Village's corporate boundaries. This also includes repairs to ditch areas, parkway tree maintenance, pavement marking and crack sealing, storm sewer maintenance, and repairs to Village signs. Snow and ice control during the winter months is another major responsibility of the Public Works Department. Another key component of the Public Works Department is their assistance during Village special events.

The Village hires several contractors to perform the duties of a public works department. The contractors other duties also include maintenance to public buildings (Village Hall and Shelter) and public space (rain gardens, open space, green space and trees).

The Public Works Department's FY2018-2019 budget is forecasted to decrease from the projected FY2017-2018 budget by \$28,699. The decrease in expenses is attributable to a decrease in the maintenance – storm/ditch line item. Manhole maintenance was performed on Bannockburn Court which is not budgeted in FY2018-19.

## **Building Maintenance**

The Public Works department provides a clean, healthy, safe and efficient working environment in each facility for Village employees and in public areas and meeting places utilized by the public and the various committees and commission of the Village's government structure. The department provides predictive, preventative and emergency maintenance on all building systems including the Village Hall and Shelter. The department also oversees maintenance and operation of the street lighting system to aid pedestrian and vehicular traffic along major streets and throughout the community at intersections and crosswalks after dark.

## **Streets, Drainage, and Water/Sanitary Sewer**

The Public Works Department oversees the maintenance of streets, drainage ditches, and storm sewers to ensure that they are smooth, clean, safe, and structurally sound for vehicular travel in a variety of weather conditions. Whenever street conditions are unsafe, it is necessary to take measures that will ensure continuous safe vehicle travel through the community. The department also provides for safe and efficient vehicular traffic movement by using traffic control devices, movement markings, and signage to inform operator of motor vehicles and pedestrians of conditions and regulation so as to minimize traffic accidents while accommodating smooth and reasonably rapid traffic movements. During a winter weather advisory, equipment is readied and loaded with road salt. Typically, the Village Police Department notifies the Public Works Department when road conditions require snow and ice control.

The Public Works Department provides for the preventative maintenance annual cleaning and inspection of the Village storm sewer and drainage system in compliance with the National Pollutant Discharge Elimination System (NPDES) program.

## **Forestry and Grounds**

The Public Works Department provides for maintenance and care of parkway trees, as well as, maintenance of the open space and rain gardens, including mowing and repairs to playground equipment. Several tasks are performed to insure the vitality of parkway trees and nursery stock including spraying to arrest or prevent disease; trimming to shape and improve aesthetics; tree removal in the event of storm damage, disease, or insect infestation (the conformation of the Emerald Ash Borer in Bannockburn); and replacement of those trees.

## Public Works Budget

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-340-5002	MAINTENANCE – SHELTER	\$816	\$1,250	\$1,000	Cleaning services- \$850, general maintenance- \$160
101-340-5040	MAINTENANCE – LAWN	28,038	30,100	31,000	Village Hall, right way, Stirling Circle, Pinestone
101-340-5041	MAINTENANCE - SPRINKLER SYSTEM	2,201	1,800	2,000	Winterizing, start up, maintenance of irrigation system
101-340-5045	MAINTENANCE - PATH/OPEN SPACE	13,590	29,250	22,000	Path and open space other than Waukegan and Lakeside Drive - 319 Grant
101-340-5046	MAINTENANCE - PARKS	2,226	4,750	6,500	Shelter maintenance, floors, roof, insect treatment, playground equipment \$3,500. Resurfacing of floor in FY2017-18
101-340-5051	MAINTENANCE - RESERVOIR	570	750	-	Maintenance as needed
101-340-5047	MAINTENANCE - RAIN GARDEN	7,999	16,500	15,000	Consulting cost, landscape services, maint, watering \$8,000, rain garden expansion \$6,000, planting \$1,000
101-340-5048	VILLAGE BEAUTIFICATION SERVICES	324	-	-	None anticipated
101-340-5049	MAINTENANCE – CORNERS & BEDS	17,561	21,100	20,000	Plants, soil, mulch, landscape services. Corners & bed beautification projects, two year average, mutual ace \$5,000
101-340-5170	ARBOR/FORESTRY SERVICES	6,304	6,500	6,000	Tree analysis not reimbursable
101-340-5171	LANDSCAPE CONSULTANT	(33)	24,000	-	Project not completed in FY2016-17 moved to FY2019/20
101-340-5175	TREE REMOVAL SERVICE	60,559	15,000	7,500	Major work completed, as need tree removal
101-340-5178	NATIONAL ARBOR DAY	353	1,150	500	Planting of tree, National Arbor Day Foundation dues
101-340-5712	TREE PLANTING	2,500	1,000	-	Tree planting based upon plans and landscape architect recommendations to be completed in FY2019/20
101-340-5713	RT 22 TREE REPLANTINGS	-	5,000	-	Included in Tree planting line item
101-340-5714	GARDEN CLUB PROJECTS SUPPLIES	1,593	6,500	2,500	Daffodils and other Garden Club projects
	<b>TREES, PATHS, PARKS, LANDSCAPING</b>	<b>\$158,964</b>	<b>\$164,650</b>	<b>\$114,000</b>	
101-340-5110	ENGINEERING SERVICES	\$10,593	\$11,312	\$11,500	Based upon prior year, projects as needed
101-340-5113	ENGINEERING SERVICES - PATH	1,478	7,500	2,000	All items in capital plan - minor projected included in this line item, crack sealing
101-340-5116	ENGINEERING SERVICES - ROADS	10,408	8,787	10,000	Rejuvenation oversight, joint bidding, crack sealing and pavement marking
101-340-5117	ENGINEERING - STORM SEWER	19,105	15,000	20,000	Emergency projects as needed
	<b>ENGINEERING</b>	<b>\$41,583</b>	<b>\$42,599</b>	<b>\$43,500</b>	

## Public Works Budget (continued)

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-340-5030	MAINTENANCE - ROAD	\$7,331	\$10,000	\$71,000	\$25,000 Rejuvenation Project- Robin Road, Aitken Drive, Meadow Ln, \$20,000 pavement patching project joint bidding - Aberdeen, pavement marking replacement \$25,000 & crack sealing - \$10,000
101-340-5031	MAINTENANCE - ROADSIDE	12,788	10,000	-	Combined with Maintenance - Road line item
101-340-5032	MAINTENANCE - SHOULDER	4,146	2,750	-	Combined with Maintenance - Road line item
101-340-5033	MAINTENANCE - RTE 22 & RTE 43	20,942	27,500	30,000	Landscaping services medians \$27,500, watering \$2,500
101-340-5034	MAINTENANCE - STORM/DITCH	31,755	79,000	35,000	Army Corp Study \$5,000, other maintenance public work contract, last year included emergency work, \$10,000 for ditch maintenance and \$20,000 for storm sewer cleaning and repairs. Cleaning and repairs include inlet vacuum cleaning and storm sewer repairs include jet rodding; removing blockages in the storm sewers.
101-340-5035	MAINTENANCE - 319 GRANT	10,471	-	10,000	Open space burn and/or mowing
101-340-5036	MAINTENANCE - SIDEWALKS	-	-	10,000	Concrete work - sidewalk and curb replacement
101-340-5060	SNOW PLOWING - ROADS	31,850	45,000	55,000	Based upon FY2017-18 costs
101-340-5061	SNOW PLOWING - VH	3,100	4,000	3,000	Based upon FY2017-18 costs
101-340-5062	SNOW PLOWING - PATHS	210	400	1,500	Based upon FY2017-18 costs
101-340-5107	JULIE MARKING SERVICE	730	25,200	4,000	Utility location service cost
101-340-5711	SALT	14,828	19,500	25,000	Additional salt will be purchased since carryover of 80 tons occurred in the prior year and reserve will be depleted, salt per ton expected to increase due to increased ice events and depleted State supplies
101-340-5415	STREET LIGHTING	3,041	3,200	3,000	Current - \$280/month Comed costs expecting lower electric costs due to LED lighting
101-340-5410	UTILITIES	2,842	3,000	3,000	Utility water/sewer bills @\$250/month
101-340-5999	MISCELLANEOUS	1,217	1,400	1,500	Bond costs, vehicle stickers
	<b>OTHER SERVICES</b>	<b>\$145,250</b>	<b>\$230,950</b>	<b>\$252,000</b>	
	<b>TOTAL PUBLIC WORKS DEPT</b>	<b>\$345,798</b>	<b>\$438,199</b>	<b>\$409,500</b>	

## Community Development Department

The Community Development Department in the Village of Bannockburn spearheads special events for residents of the community. In addition to creating engaging activities and events for the residents of Bannockburn, the Community Development Department strives to provide quality leisure opportunities in an entertaining and informative environment.

The Village is proud of its open space and shelter facility. Educational and physically stimulating playground equipment for children, as well as picnic tables and park benches, have been installed in that location. Numerous acres of open space allow for outdoor activities and leisure opportunities.

The Community Development Department's FY2018-2019 budget is forecasted to decrease from the projected FY2017-2018 budget by \$15,225. The decrease in expenses is attributable to the Village's postponement of expenses related to new entryway signage to FY2019-20.

General Ledger #	General Ledger Acct Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-350-5510	ARTS COUNCIL	\$250	\$250	\$250	Art Council Liability Insurance
101-350-5515	BOOK CLUB	-	-	175	Annual meeting gifts
101-350-5520	BANNOCKBURN DAYS	12,374	11,000	11,000	Face painter, bands, pony rides, tents, tables, chairs, grills, food, labor, insect control
101-350-5525	CHAMBER EVENTS	1,425	11,500	4,000	Contribution
101-350-5530	GOLF EVENT	2,730	2,000	2,000	Promotional gifts, refreshments, deposit. Revenue received to offset expenses
101-350-5535	WINE & CHEESE EVENT	721	500	500	Notifications, promo items
101-350-5540	PARADE	1,500	1,500	1,600	Candy \$100, bagpipers \$1,500
101-350-5545	HAUNTED TRAILS	469	1,500	750	Decorations, treats
101-350-5546	HAYRIDE	-	-	750	Hayride, decorations
101-350-5550	CONCERT IN THE PARK	700	700	700	Band
101-350-5555	SHUTTLE BUG	-	-	3,000	New program
101-350-5760	ENTRY SIGNAGE	-	10,000	-	New entrance way signage design, construct, install, maintain moved to FY2019/20
101-350-5761	HOLIDAY TREE LIGHTING	2,457	4,000	3,000	Based upon prior 2 year costs
101-350-5999	MISCELLANEOUS	150	1,000	1,000	Cover unexpected expenses related to Village events
	TOTAL COMMUNITY DEVELOPMENT	\$22,776	\$43,950	\$28,725	TOTAL COMMUNITY DEVELOPMENT

## Insurance

The Insurance Department denotes funding for the cost of liability and workers' compensation coverage through a combination of insurance companies, which specialize and offer the best coverage at affordable rates. The Village collects taxes through the levy to pay for insurance expenses. The insurance coverage is through IPRF – Illinois Public Risk Fund.

The Insurance expenses for the FY2018-2019 budget are forecasted to decrease from the projected FY2017-2018 budget by \$17,793. The decrease in expenses is attributable to the Village allocating the property insurance expenses related to water and sewer to the enterprise fund.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
<b>101-360-5500</b>	LIABILITY INSURANCE - PREMIUM	\$(22,204)	\$96,530	\$68,737	Based upon prior year plus 10% - allocations to water and sewer based upon capital asset values
<b>101-360-5501</b>	LIABILITY INSURANCE - DEDUCTIBLE	-	-	10,000	Estimated for conservancy purposes
	<b>TOTAL INSURANCE DEPARTMENT</b>	<b>\$(22,204)</b>	<b>\$96,530</b>	<b>\$78,737</b>	

## Debt Service

The Village may use the issuance of long-term debt to further the Village's Capital Improvement Projects. Long-term debt is used only for capital projects that cannot be financed from current revenue sources. The following debt service relates to the Village issued \$3 million in Recovery Zone Bonds General Obligation bonds, on June 2010, for roadway capital projects, with interest rebates and repayment terms of 20-years.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
<b>01-400-6000</b>	PRINCIPAL PAYMENT	\$140,000	\$145,000	\$145,000	G.O. Bonds, Series 2010
<b>01-400-6010</b>	INTEREST EXPENSE	111,095	106,400	100,898	G.O. Bonds, Series 2010
	<b>TOTAL DEBT EXPENSE</b>	<b>\$251,095</b>	<b>\$251,400</b>	<b>\$245,898</b>	

### Capital Outlay

The Village’s operational needs for capital expenditures must be weighed against the ability of the Village to finance these projects. Capital improvement projects represent the equipment and infrastructure resources that all municipalities need to provide resident and business services and generally provide future benefits with long service lives. Capital expenditures are costs that create future benefits. A capital expenditure is incurred when the Village spends money to buy fixed assets or add value to an existing fixed asset. The Village capitalizes all equipment purchases over \$20,000. Additional information is located in the Capital Improvement Program detail in Section 8.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
101-510-5020	BUILDING	\$-	\$-	\$54,000	Portion of new roof \$45,000, gutters and downspouts \$9,000
101-520-7040	VEHICLES - POLICE	-	-	42,500	New squad car
101-540-7061	PATHWAYS	-	-	15,000	Engineering \$10,000 and \$5,000 legal and construction for Wilmot pathway anticipated for FY2019-20
101-540-7080	ROAD CONSTRUCTION	53,664	10,500	-	None anticipated
	<b>TOTAL CAPITAL PROJECTS</b>	<b>\$53,664</b>	<b>\$10,500</b>	<b>\$111,500</b>	

### Total General Fund Revenues, Expenditures and Net Income

The Village of Bannockburn General Fund Net Income for FY2018-2019 is anticipated to have net income of \$23,757.

	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019
Total General Fund Revenues	\$3,471,204	\$3,620,662	\$3,723,533
Total General Fund Expenses	(3,753,118)	(3,649,696)	(3,699,776)
<b>Net Income</b>	<b>\$(281,915)</b>	<b>\$(29,034)</b>	<b>\$23,757</b>

# SECTION 5



## Special Revenue Funds

- Motor Fuel Tax
- Special Service Area #1
- Special Service Area #2
- Special Service Area #16
- Special Service Area #17



## Special Revenue Accounts

Special Revenue accounts are used to account for general government financial resources that are restricted by law or contractual agreement to specific purposes other than debt service or major capital projects. The funds exist as long as the government has resources dedicated to specific purposes.

### Motor Fuel Tax Fund

The State of Illinois distributes taxes paid by consumers at the gas pump to municipalities on a per capita basis. The use of these funds is restricted to the following purposes:

- Pavement Repair and Maintenance
- Construction of Roads
- Snow & Ice Removal
- Traffic Control Devices and School Crossing Signals
- Utility Adjustments
- Street lighting
- Traffic Signal Maintenance
- Parkway Maintenance
- Bicycle Signs and Markings
- Engineering Services
- Off-Street Parking Facilities
- Retirement of Indebtedness
- Payment of Principal and Interest on Road Bonds
- Miscellaneous Expenses in Connection with Bond Issue
- Salt Storage Facilities
- Storm Sewers
- Sidewalks and Curb Ramps
- Wages or Salaries and Benefits
- Equipment Operating Costs
- Tree Trimming and Tree Removal
- Workers' Compensation Insurance Premiums
- Improvements Railroad Signal Protection and Crossing Work

The Village has experienced stagnation and then a decline in this revenue stream, which directly correlates to the change in statewide sales of gasoline. Logical reasons for this decline include the use of more fuel-efficient vehicles, increased use of carpooling and electric cars, increased use of public transportation, and a decline in discretionary travel for recreation and shopping.

The proposed budget for FY2018-2019 was developed assuming a slight increase in the per capita rate from to \$24.00 to \$25.75 based upon the Illinois Municipal League projections; a population of 1,583 (2010 Census); and no additional revenue from the High Growth Cities fund and from the Jobs Now Program.

## Motor Fuel Tax Fund (continued)

Below is historical information on the Village's motor fuel tax receipts.

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Rate Per Capita</u>
<b>FY2010-2011</b>	\$ 42,356 *	24.53
<b>FY2011-2012</b>	\$ 44,684 *	28.80
<b>FY2012-2013</b>	\$ 43,900 *	27.68
<b>FY2013-2014</b>	\$ 45,286 *	27.66
<b>FY2014-2015</b>	\$ 51,341 *	24.30
<b>FY2015-2016</b>	\$ 40,491	26.56
<b>FY2016-2017</b>	\$ 40,124	25.35
<b>FY2017-2018 (B)</b>	\$ 38,000	24.00
<b>FY2018-2019(B)</b>	\$ 40,762	25.75

\*Includes Job Now & High Growth Cities receipts

<b>General Ledger #</b>	<b>General Ledger Account Description</b>	<b>Actuals 2016-2017</b>	<b>Budget 2017-2018</b>	<b>Budget 2018-2019</b>	<b>Description</b>
205-100-3130	MOTOR FUEL TAX	\$40,124	\$38,000	\$40,762	\$25.75 per capita per Illinois Municipal League projections
205-100-3650	INTEREST INCOME	33	50	10	Current actuals
	<b>Total Revenue</b>	<b>\$40,157</b>	<b>\$38,050</b>	<b>\$40,772</b>	
205-300-5430	BANK FEES	\$2	\$25	\$20	Based upon current monthly fees
205-500-7080	ROAD CONSTRUCTION	189,523	-	-	Building up reserves none anticipated
	<b>Total Expenses</b>	<b>\$189,525</b>	<b>\$25</b>	<b>\$20</b>	
	<b>Total Motor Fuel Tax</b>	<b>\$(149,368)</b>	<b>\$38,025</b>	<b>\$40,752</b>	

## Special Service Areas (SSA)

### SSA #1

Special Service Area #1 – The Corporate authorities of the Village, on March 9, 1979, felt it was in the best interest of the Village of Bannockburn to create a SSA for the construction and installation of sanitary sewers within the SSA area and finance the improvements with the sale of bonds. The SSA was created so the Village could provide special sewage disposal services to the area and it could be developed according to the Master Plan and zoning policies of the Village. Taxes were levied on the properties to retire the bonds and to cover the costs and expenses connected with the maintenance, repair and operation of the sanitary sewer within the SSA. The bonds have been retired and the Village is currently levying taxes, as authorized, to pay for the annual maintenance of the sanitary sewer and its improvements within SSA #1. The Village imposes a tax on all taxable property within SSA #1, provided that such tax does not exceed one percent (1%) of the assessed valuation of SSA #1. The assessed valuation of SSA #1 as of 2017 is \$12,723,542. The maximum levy would be \$127,235.42 and the Village has levied for FY2018-19 the amount of \$1,995 to cover general maintenance of the sanitary sewer.

Every property owner that seeks to be added to the Special Service Area would be required to pay annexation, tap-in, recapture, legal, interest, connection, inspection, application, engineering, and other costs as needed, included, and detailed in the SSA #1 establishing Ordinance No. 79-3, Ordinance No.77-11.14.1 Establishing Fees and Charges for Water, Sewer, and Plumbing, and Village Fee Schedules.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
221-100-3000	REAL ESTATE TAX	\$1,994	\$2,000	\$1,995	Per tax levy
	<b>Total Revenue</b>	\$1,994	\$2,000	\$1,995	
221-300-5050	MAINTENANCE - UTILITY SYSTEM	\$ -	\$2,500	\$2,500	General maintenance as needed
	<b>Total SSA #1</b>	<b>\$1,994</b>	<b>\$(500)</b>	<b>\$(505)</b>	



### Special Service Areas (SSA) (continued)

#### SSA #2

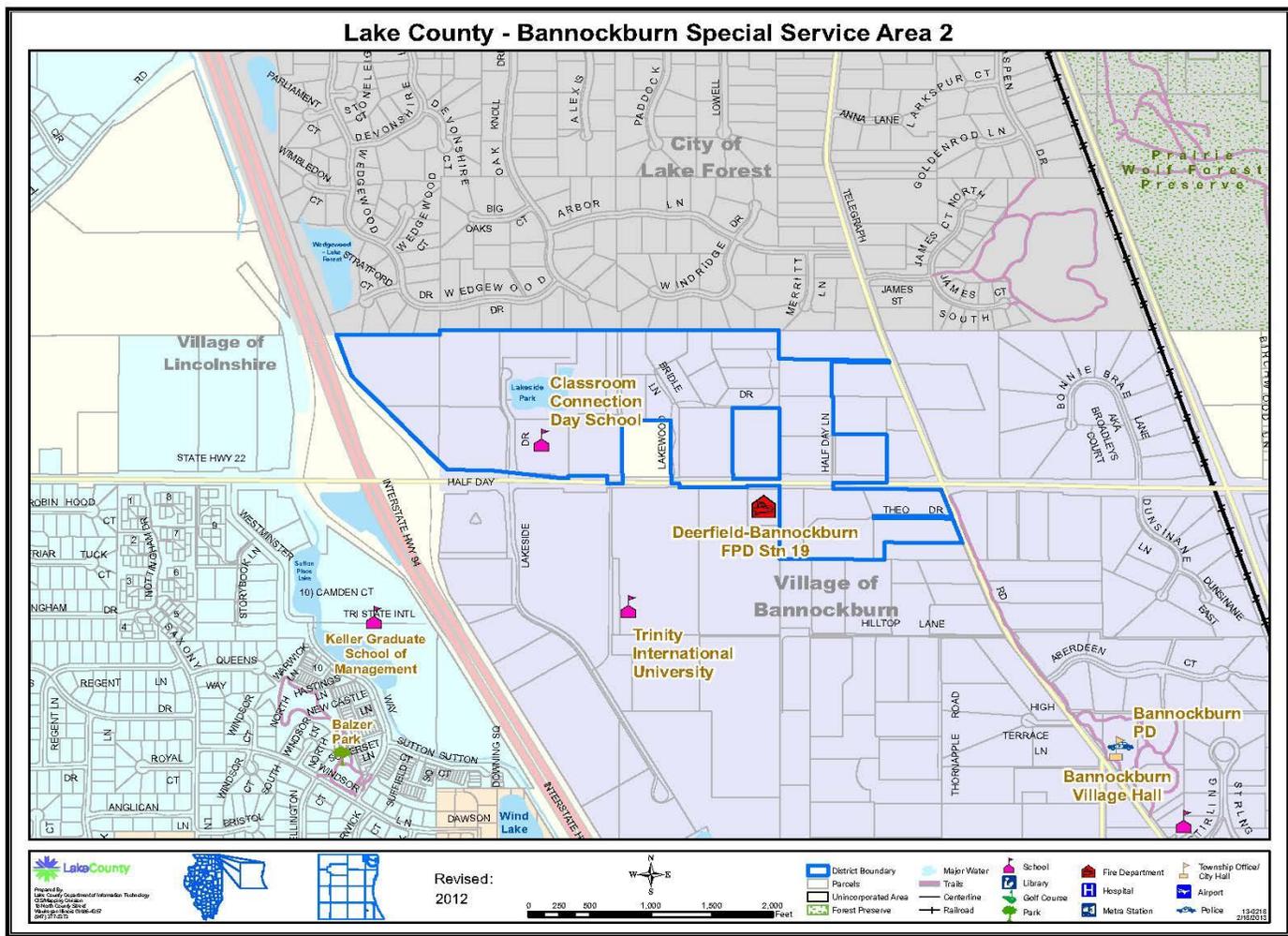
Special Service Area #2 – The Corporate authorities of the Village, on March 9, 1979, felt it was in the best interest of the Village of Bannockburn to create a SSA for the construction and installation of sanitary sewers within the SSA area and finance the improvements with the sale of bonds. The SSA was created so the Village could provide special sewage disposal services to the area and it could be developed according to the Master Plan and zoning policies of the Village. Taxes were levied on the properties to retire the bonds and to cover the costs and expenses connected with the maintenance, repair and operation of the sanitary sewer within the SSA. The bonds have been retired and the Village is currently levying taxes, as authorized, to pay for the annual maintenance of the sanitary sewer and its improvements within SSA #2. The Village imposes a tax on all taxable property within SSA #2, provided that such tax does not exceed one percent (1%) of the assessed valuation of SSA #2. The assessed valuation of SSA #2 as of 2017 is \$25,676,179. The maximum levy would be \$256,761.79 and the Village has levied for FY2018-19 the amount of \$8,505.23 to cover general maintenance of the sanitary sewer.

Every property owner that seeks to be added to the Special Service Area would be required to pay annexation, tap-in, recapture, legal, interest, connection, inspection, application, engineering, and other costs as needed, included, and detailed in the SSA #2 establishing Ordinance No. 79-4, Ordinance No.77-11.14.1 Establishing Fees and Charges for Water, Sewer, and Plumbing, and Village Fee Schedules.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
222-100-3000	REAL ESTATE TAXES	\$8,505	\$8,500	\$8,505	Per tax levy
	<b>Total Income</b>	\$8,505	\$8,500	\$8,505	
222-300-5050	MAINTENANCE - UTILITY SYSTEM	\$-	\$2,500	\$2,500	General maintenance as needed
	<b>Total Expenses</b>	\$-	\$2,500	\$2,500	
	<b>Total SSA #2</b>	\$8,505	\$6,000	\$6,005	

# VILLAGE OF BANNOCKBURN, ILLINOIS

SSA #2 Map  
April 30, 2018



## Special Service Areas (SSA) (continued)

### SSA #16

Special Service Area #16 - The Corporate authorities of the Village, on December 13, 2004, felt it was in the best interest of the Village of Bannockburn to create a SSA for the construction and installation of new sanitary sewers main extensions and appurtenant facilities to provide sanitary sewer and potable water service to the territory within the SSA area. The SSA was created so the Village could provide more adequate, efficient, and appropriate water service and sanitary sewer services to the area and it could be developed according to the Master Plan and zoning policies of the Village. Taxes were levied on the properties to cover the costs and expenses of constructing and installing improvements including engineering, administrative, legal, publication, financing, and recording costs within the SSA. The costs are financed through a special tax roll in lieu of an ad valorem tax. Five homes within the SSA #16 are paying \$1,635.85 for water improvements and \$5,799.84 for sewer improvements for a total of \$7,435.69 annually each. The Village is currently levying the special tax roll taxes, as authorized; however, the Village is not levying to pay for the annual maintenance and repair of the water main facilities and sanitary sewer main facilities within SSA #16. The Village may impose a tax on all taxable property within SSA #16, provided that such tax does not exceed one percent (1%) of the assessed valuation of SSA #16 which is in addition to the \$7,436.69 annually through a special tax roll. The assessed valuation of SSA #16 as of 2017 is \$2,341,373. The maximum levy would be \$23,413.73 and the Village has not levied for this tax in FY2018-19 to cover any additional general maintenance of the water or sanitary sewer system. The special tax roll levy is to be collected for the tax years between and including years 2006 and 2020.

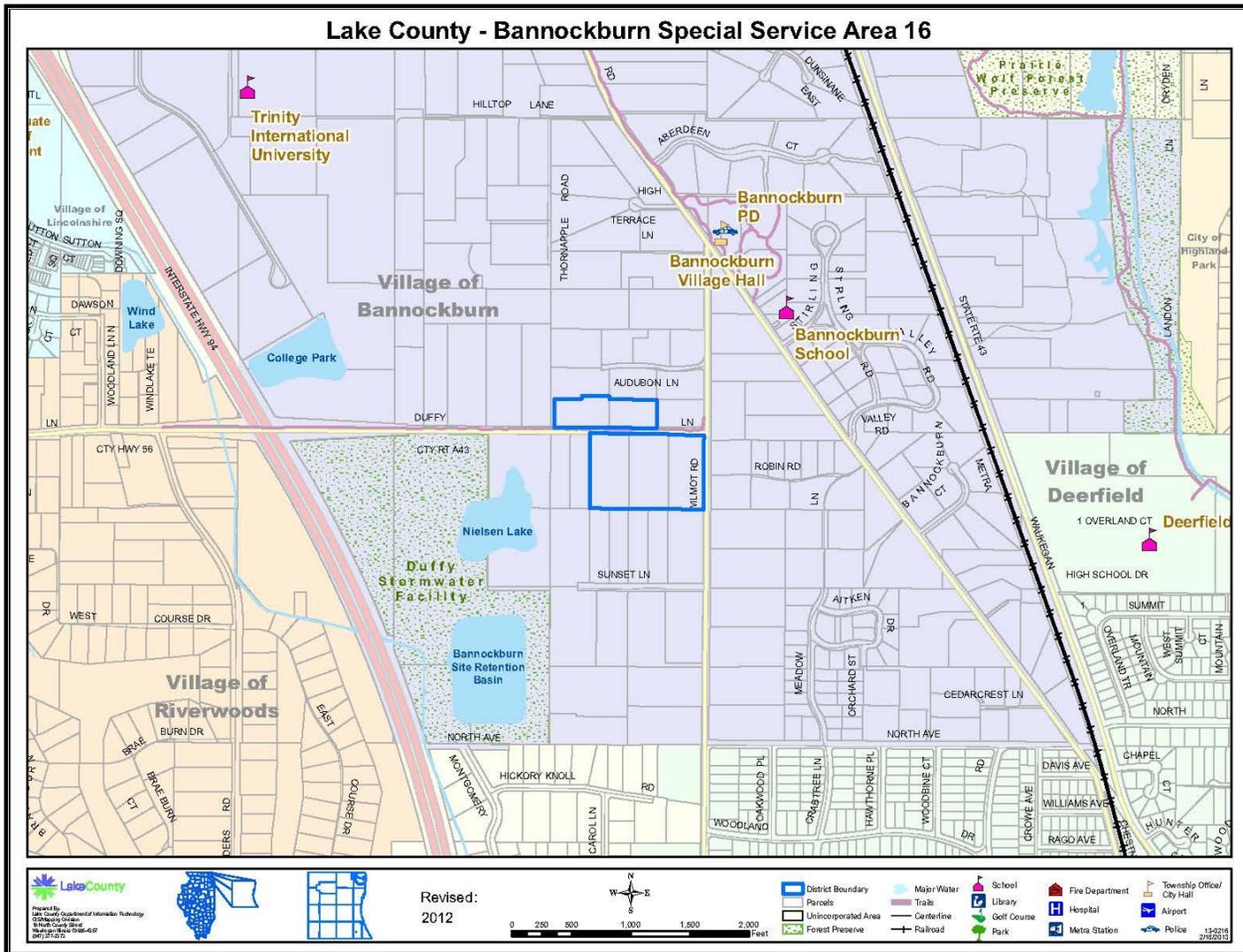
Every property owner that seeks to be added to the Special Service Area would be required to pay annexation, recapture, legal, interest, engineering, and other costs as needed, included, and detailed in the establishing Ordinance No. 2005-04.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
236-100-3000	REAL ESTATE TAX	\$37,180	\$37,200	\$37,200	Established per ordinance
	TOTAL REVENUES	\$37,180	\$37,200	\$37,200	
236-400-6000	PRINCIPAL PAYMENT	\$-	\$30,600	\$32,116	Based upon interest & principal schedule
236-400-6010	INTEREST EXPENSE	8,048	6,600	5,062	Based upon interest & principal schedule
	TOTAL EXPEDITURES	\$8,048	\$37,200	\$37,178	
	TOTAL SSA #16	\$29,132	\$-	\$22	

# VILLAGE OF BANNOCKBURN, ILLINOIS

SSA #16 Map

April 30, 2018



**Special Service Areas (SSA) (continued)**

**SSA #17**

Special Service Area #17 - The Corporate authorities of the Village, on February 14, 2011, felt it was in the best interest of the Village of Bannockburn to create a SSA for the construction and installation of new sanitary sewers main extensions and appurtenant facilities to provide sanitary sewer to the territory within the SSA area. The SSA was created so the Village could provide more adequate, efficient, and appropriate sanitary sewer services to the area and it could be developed according to the Master Plan and zoning policies of the Village. Taxes were levied on the properties to cover the costs and expenses of constructing and installing improvements including without limitation, connection fees, recapture fees, engineering, administrative, legal, publication, financing, and recording costs with in the SSA. The costs are financed through a special tax roll in lieu of an ad valorem tax. Three homes within SSA #17 are paying \$6,157 each for sewer improvements annually. The Village is currently levying the special tax roll taxes, as authorized; however, the Village is not levying to pay for the annual maintenance and repair of the water main facilities and sanitary sewer main facilities within SSA #17. The Village may impose a tax on all taxable property within SSA #17, provided that such tax does not exceed one percent (1%) of the assessed valuation of SSA #17 which is in addition to the \$6,157 annually through a special tax roll. The assessed valuation of SSA #17 as of 2017 is \$760,050. The maximum levy would be \$7,600.50 and the Village has not levied for this tax in FY2018-19 to cover any additional general maintenance of the water or sanitary sewer system. The special tax roll levy is to be collected for the tax years between and including years 2012 and 2031.

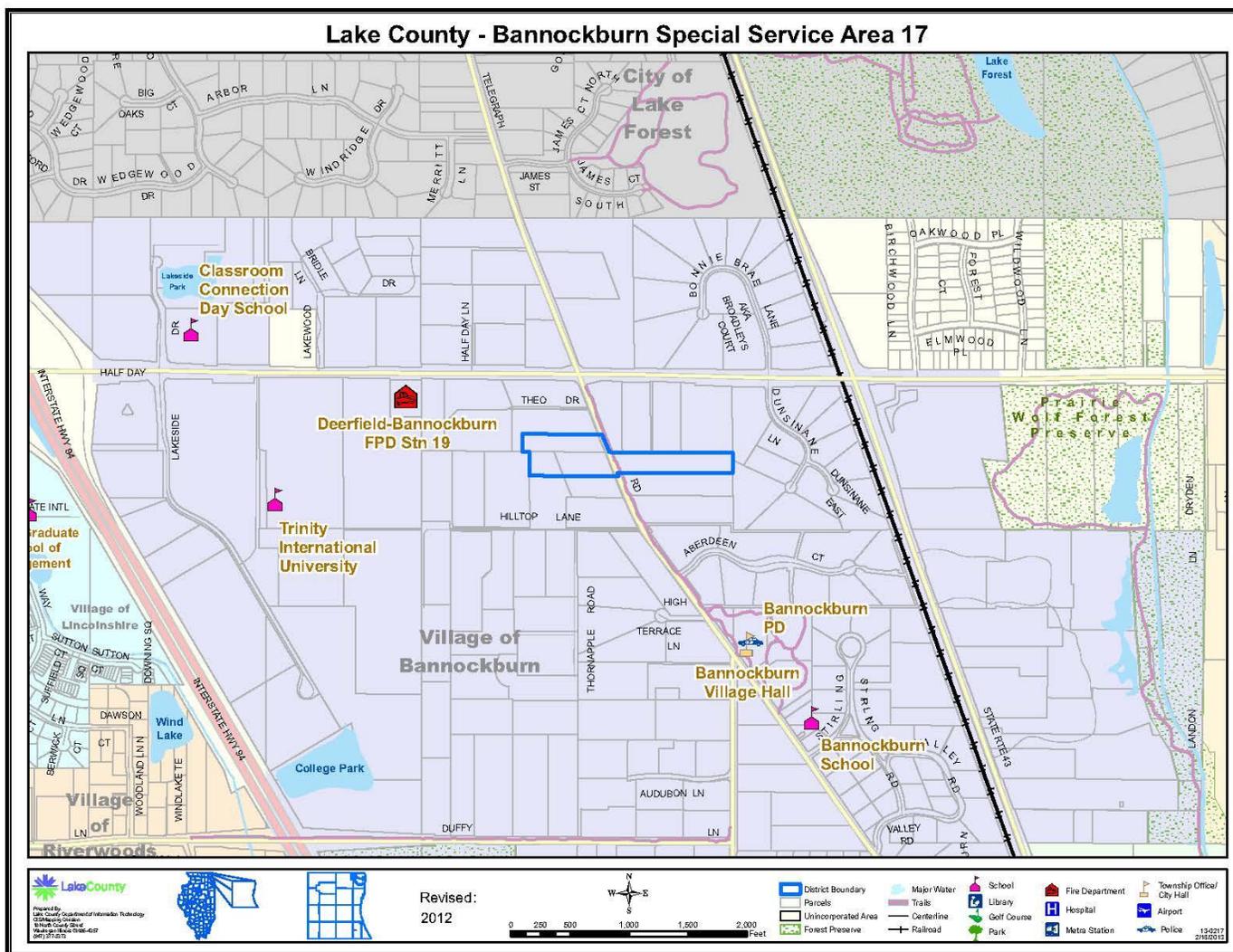
Every property owner that seeks to be added to the Special Service Area would be required to pay annexation, recapture, legal, interest, engineering, and other costs as needed, included, and detailed in the establishing Ordinance No. 2011-19.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
237-100-3000	REAL ESTATE TAX	\$18,469	\$18,500	\$18,469	Per Tax Levy
	TOTAL REVENUES	\$18,469	\$18,500	\$18,469	
237-300-5999	MISCELLANEOUS	\$-	\$-	\$-	
237-400-6000	PRINCIPAL PAYMENT	10,008	9,600	9,328	Based upon interest & principal schedule
237-400-6010	INTEREST EXPENSE	-	8,900	9,141	Based upon interest & principal schedule
	TOTAL EXPEDITURES	\$10,008	\$18,500	\$18,469	
	TOTAL SSA #17	\$8,461	\$-	\$-	

# VILLAGE OF BANNOCKBURN, ILLINOIS

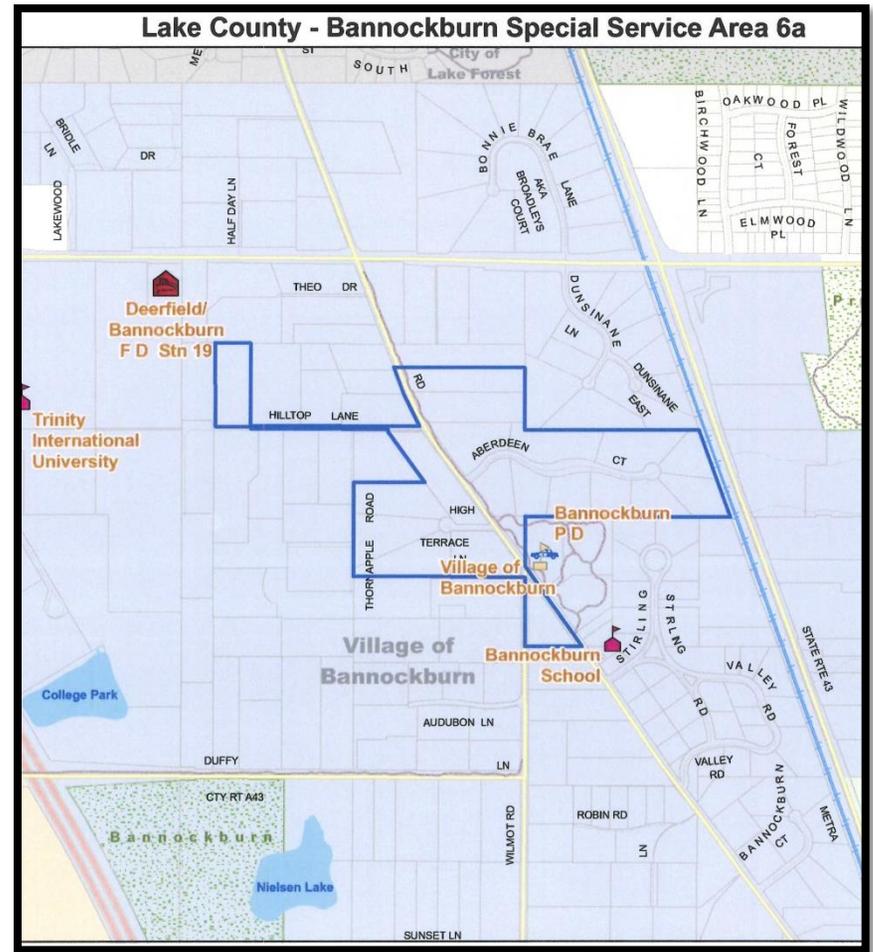
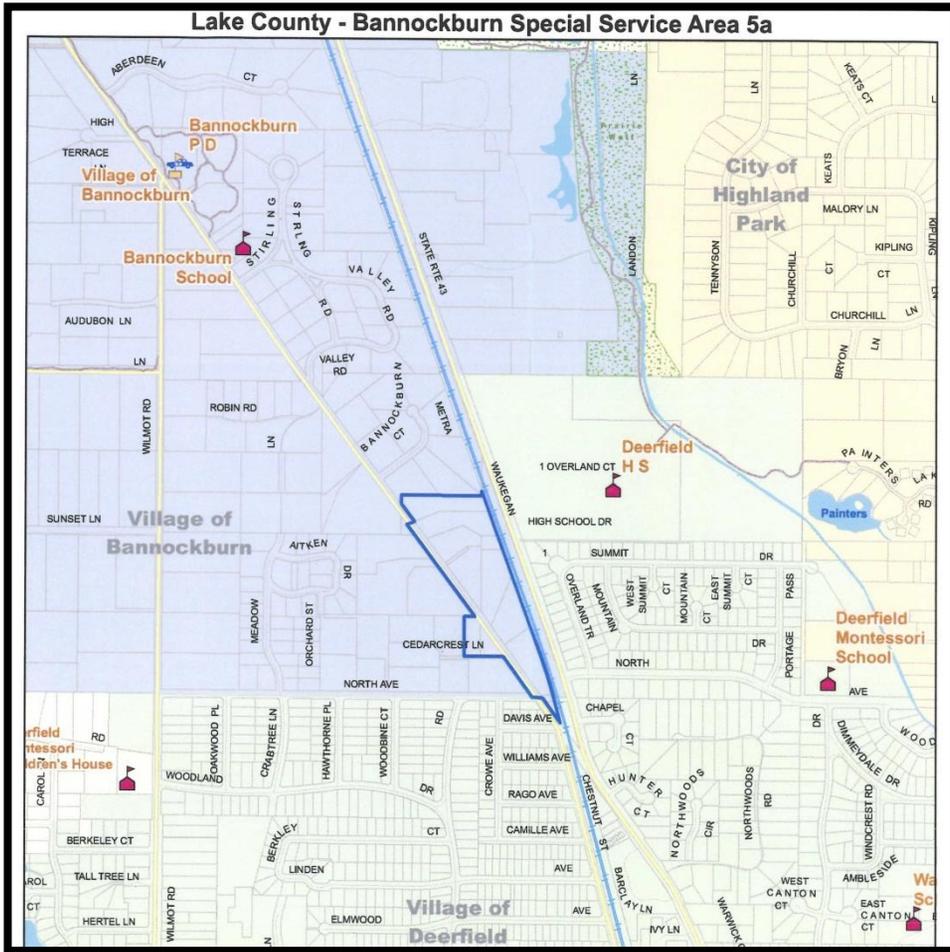
## SSA #17 Map

### April 30, 2018

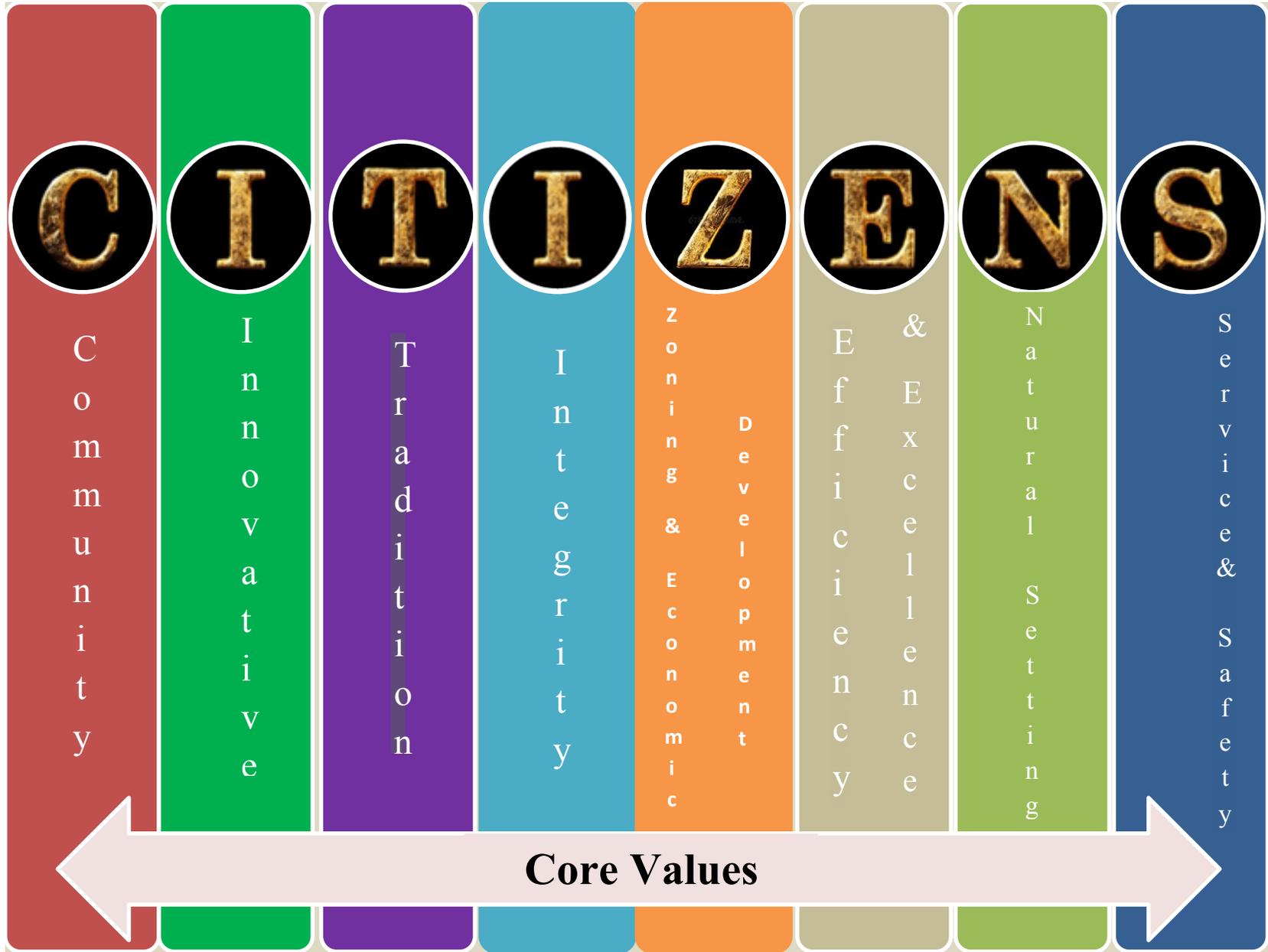




**VILLAGE OF BANNOCKBURN, ILLINOIS**  
**Active SSA's with No Current Tax Levy Imposed Map #3, #4, #5a, & #6a**  
**April 30, 2018**



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# SECTION 6



## Enterprise Funds

Water Fund  
Sewer Fund



## Enterprise Funds

### Water Fund

The Water Fund accounts for the provision of potable water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, depreciation expense, financing, and billing and collection.

Over the last 20 years, the Village of Bannockburn has extended its water system to serve additional residential areas west of Wilmot Road and to add to the current water system serving residential areas east of Wilmot Road, as well as many of the non-residential areas along Waukegan Road, Half Day Road, and at the Tollway interchange. In 2005, a major change occurred to the Village's water distribution system with the construction of a water storage facility on a site located just east of the Tollway and south of Half Day Road. An interconnection with a Village of Lincolnshire water transmission main, which passes near the site, allows the storage facility to be filled from the existing City of Highland Park supply. Timing of the improvement was linked to the development of property in the Village's TIF District. The water storage facility provides improved water pressure and help limits any existing or future restrictions on water usage.

In 2012, the Village added a watermain interconnection to supply water to the Del Mar Woods residents. In 2013, the Village further improved its water system by adding fire hydrants along Cedarcrest Lane and looping the watermain on Telegraph Road to Orchard Lane (see below). Primarily, the water supply is obtained from the City of Highland Park. A secondary and emergency water source is available from the City of Lake Forest, which is located on north Telegraph Road. A few houses along North Avenue and Cedarcrest Lane receive water service from the Village of Deerfield. All other areas of the Village are served by the Village of Bannockburn's water system.

The Water Department is managed by an outside contractor who provides 24-hour call service for all customers. The Village of Bannockburn is committed to providing safe, reliable and economical water services. Bannockburn residents are the Village's highest priority and staff takes pride in their commitment to customer service.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
510-100-3640	INTEREST INCOME	\$ -	\$ -	\$ 12,000	Water & Sewer established bank account & related interest income
510-100-3830	USER FEES WATER	966,481	925,000	947,012	A 1.0% increase proposed for FY2018-19 to cover the 5% increase by the Village of Highland Park. Current budget based upon projected FY2017-18 amounts
510-100-3831	UTILITY OVERPAYMENTS WATER	10,077	-	-	Amounts included in sales or as a liability
510-100-3845	PENALTIES	5,226	4,000	5,200	Based upon prior years
510-100-3840	RECAPTURE/CONNECTION FEES	13,924	24,850	7,500	Conservative and based upon prior years
	<b>Total Revenue</b>	<b>\$995,708</b>	<b>\$953,850</b>	<b>\$971,712</b>	

## Water Fund Budget (continued)

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
510-300-5011	METER INSTALLATION	\$8,511	\$12,500	\$6,000	Installation/maintenance of meters as needed \$6,000
510-300-5050	MAINTENANCE - UTILITY SYSTEM	29,937	38,500	40,000	Hydrant repairs - \$5,000, Valve repairs - \$15,000, water line repairs \$15,000, hydrant flushing \$5,000
510-300-5105	AUDIT	-	-	4,836	Allocation of audit based upon 25% # of funds & 75% expenditures
510-300-5110	ENGINEERING SERVICES	11,845	112,500	12,000	General engineering - estimated based upon historical needs
510-300-5120	LEGAL	651	1,000	2,000	Water easement and ordinance reviews
510-300-5140	UTILITY BILLING CLERK	5,223	7,200	6,600	Shared services with Lincolnshire - current trend plus 3%
510-300-5141	LAB ANALYSIS	679	350	750	Chloroform & IEPA testing
510-300-5142	WATER AUDIT	4,906	7,500	3,000	Required annual report prepared by engineer
510-300-5143	BILLING SYSTEM SERVICES	4,155	24,250	8,840	Software annual charge \$2,400, constant contact customer e-mails \$240, remote read maintenance \$1,200, hydrant flushing \$5,000
510-300-5401	SERVICE CHARGES	-	30,000	76,789	Based upon administrative time plus overhead expense
510-300-5413	WATER PURCHASE	308,151	317,678	333,562	City of Highland Park proposed increase of 5.0%
510-300-5414	ELECTRICITY	731	1,000	1,000	Based upon current cost trend
510-300-5430	BANK FEES	316	250	1,500	Credit card payment fees based upon amounts charged less fees paid by customers. New vendor to be considered.
510-300-5500	LIABILITY INSURANCE - PREMIUM	-	1,000	24,385	Based upon equipment and capital asset values
510-300-5640	WATER METERS	13,694	25,000	16,800	Commercial meters \$2,500-\$5,000 each depending on size, residential \$600/each three of each budgeted
510-300-5710	OPERATING SUPPLIES	829	1,250	1,500	Envelopes, stamps, mailings, newsletter
510-300-5780	SOFTWARE	-	-	12,000	New Beacon Water Reading Software 80% remaining in sewer fund
510-300-8070	DEPRECIATION - WATER MAINS	333,607	-	346,657	Based upon current depreciation schedule plus new capital assets
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$723,237</b>	<b>\$579,978</b>	<b>\$898,218</b>	

**Water Fund Budget (continued)**

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
510-310-5051	MAINTENANCE - RESERVOIR	\$10,254	\$-	\$7,800	Valve repairs \$5,000, annual alarm \$800, pump maintenance \$2,000
510-310-5110	ENGINEERING - RESERVOIR	7,887	9,000	8,000	General engineering - estimated based upon historical needs
510-310-5111	RESERVOIR OPERATOR	12,488	13,500	15,900	Swanson water \$1,000/mth plus \$75/hour estimated 1 hour per week
510-310-5411	TELEPHONE - RESERVOIR	15,120	17,600	15,840	Call one charges - connection to Highland Park - \$1,320/mth
510-310-5410	UTILITIES - RESERVOIR	11,083	12,500	12,100	Electric charges -\$925/mth plus snow plowing \$1,000
510-310-5999	MISCELLANEOUS – RESERVOIR	6,444	8,500	1,000	Uncategorized expense as needed
	<b>TOTAL RESERVOIR</b>	<b>\$63,275</b>	<b>\$61,100</b>	<b>\$60,640</b>	
510-400-6000	PRINCIPAL S-V-T WATER IEPA	\$-	\$49,200	\$49,200	IEPA loan to fund Sterling Valley & Telegraph Roads project-interest forgiven
510-400-6001	PRINCIPAL PAYMENT	-	43,250	44,233	IEPA loan to fund Waukegan & Cedar Crest Roads project
510-400-6011	INTEREST EXPENSE	21,584	20,850	19,850	IEPA loan to fund Waukegan & Cedar Crest Roads project
	<b>TOTAL DEBT</b>	<b>\$21,584</b>	<b>\$113,300</b>	<b>\$113,283</b>	
510-510-7030	EQUIPMENT	\$-	\$12,000	\$162,000	SCADA system \$70,000, utility billing software \$15,000 80% allocated based upon user fee revenue remaining in sewer fund, \$80,000 for new High Resolution Registers
510-510-7070	WATER SYSTEM INFRASTRUCTURE	-	-	20,000	Engineering Half Day road water main improvements
510-510-7075	RESERVOIR	4,153	-	100,000	Pump replacement if needed useful life 10 years - 3 pumps purchased in 2008 recommend budgeting for one
	<b>TOTAL CAPITAL OUTLAY</b>	<b>\$4,153</b>	<b>\$12,000</b>	<b>\$282,000</b>	
510-600-8000	CAPITAL EXP CLASSIFIED ASSET	-	-	(282,000)	Asset recorded in balance sheet
510-700-8000	DEBT PRINCIPAL CLASS LIABILITY	-	-	(93,433)	Principal recorded in balance sheet as an offset to loan balance
	<b>TOTAL EXPENDITURES</b>	<b>\$812,249</b>	<b>\$766,378</b>	<b>\$978,708</b>	
	<b>WATER FUND NET INCOME (LOSS)</b>	<b>\$183,459</b>	<b>\$187,472</b>	<b>\$(6,997)</b>	



## Sanitary Sewer Fund

The Village of Deerfield provides the Village of Bannockburn with wastewater treatment and operates and maintains the Village of Bannockburn's detention basin. The Village of Bannockburn owns and maintains the sanitary sewer lines. There are two sanitary sewer districts located in the Village of Bannockburn: North Shore Water Reclamation District (NSWRD) and Lake County Sewage System District (LCSSD). Residents in the NSWRD are invoiced by the Village of Bannockburn and a charge is included on their property tax bill from the NSWRD. As of 2014, residents in the LCSSD are billed by Lake County and do not receive an invoice for sewer from the Village of Bannockburn.

Most of the houses located in Bannockburn's "B" Residence zoning district and all of its non-residential areas are now served by sanitary sewers (see Map on page 116). The Village has extended sanitary sewer service along much of Telegraph Road for public health reasons, because septic systems in these areas have ceased to be effective. In 2011, the Village further extended sanitary sewer service along a northern portion of Telegraph Road. In 2003, the Village extended sanitary sewer service to residential areas located along Thornapple Lane, Hilltop Lane and Wilmot Road. The extension of water and sewer to these areas of the Village has typically been at the expense of the residents served.

The need for public water and sewer facilities is dependent on the capabilities of the natural environment as well as the characteristics of the man-made environment. The soils in Bannockburn are generally ill suited for septic, and new septic systems may not be permitted for public health reasons. Urbanization and changing technology produce additional demand for these facilities that should be provided in the most efficient and economical manner, while minimizing adverse environmental effects. The Village's Master Comprehensive Plan (Plan) is to provide such utilities as economically as possible and only as needed to protect and promote Village public health and safety and not to foster additional growth. According to the Plan, such utilities should be extended only to properties in approved special service areas, those properties should also be subject to development and zoning restrictions and controls similar to those in place where water or sanitary sewer service currently exist.

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
550-100-3650	INTEREST INCOME	\$-	\$-	\$-	Water & Sewer established bank account & related interest income. Due to minimal fund balance no interest income is budgeted
550-100-3770	MISCELLANEOUS INCOME	50	-	68	North shore water reclamation fees
550-100-3835	USER FEES SEWER	234,466	250,250	262,763	Increase of 5% to assist in covering current operating expenses
550-100-3836	UTILITY OVERPAYMENTS SEWER	100	-	-	Amounts included in sales or as a liability
550-100-3840	RECAPTURE/CONNECTION FEES	1,250	31,175	1,250	Do due the uncertainty of the connections for Wilmot/Duffy properties, to be conservative, a small amount is budgeted
550-100-3845	PENALTIES	1,830	-	1,800	Based upon prior year actuals
<b>TOTAL REVENUES</b>		<b>\$237,696</b>	<b>\$281,425</b>	<b>\$265,881</b>	

### Sanitary Sewer Budget (continued)

General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
550-300-5050	MAINTENANCE - UTILITY SYSTEM	\$16,139	\$41,500	\$43,500	Dye water flood sanitary sewers: Bannockburn has 4 times the normal sanitary flow during rainstorms and the Village pays Deerfield for treatment of wastewater on a per gallon basis. The Village performed smoke testing and televising of the sanitary sewer in the past, but couldn't find enough leaks to reduce the flow. The next step would be to install flow meters in various sanitary sewers in the Southeast area of Bannockburn. The flow monitoring would be done by an outside firm that rents flow meters and measures the flow in the sanitary sewers. Estimated cost is \$25,000 for the flow measurements. \$10,000 is reserved for fixing leaks on the public sanitary sewer system, lift station maintenance bi-monthly check \$2,500, maint \$2,500, manhole repairs \$2,000, water metal detection \$1,500
550-300-5105	AUDIT	-	-	2,435	Allocation of audit based upon 25% # of funds & 75% expenditures
550-300-5110	ENGINEERING SERVICES	15,009	10,000	10,000	General engineering cost as needed oversight of sanitary sewer inspections
550-300-5401	SERVICE CHARGES	-	-	17,390	Based upon administrative time plus overhead expense
550-300-5410	UTILITIES	3,293	3,600	4,000	Electric, gas charges, cell phone charges
550-300-5411	TELEPHONE & COMPUTER LINES	1,559	-	-	New communications through cell phone - costs will be included in utilities
550-300-5416	SEWER CHARGES – DEERFIELD	180,697	170,000	186,118	Last year's actuals plus 3% increase
550-300-5430	BANK FEES	120	150	200	Credit card fees
550-300-5500	LIABILITY INSURANCE – PREMIUM	-	500	6,879	Based upon equipment and capital asset values
550-300-5770	SOFTWARE	-	-	3,000	New Beacon water reading software 20% of cost shared with water
550-300-5999	MISCELLANEOUS	295	700	500	Other services as needed
550-300-8000	DEPRECIATION	69,551	-	69,551	Based upon current depreciation schedule plus new capital assets
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$286,662</b>	<b>\$226,450</b>	<b>\$343,572</b>	

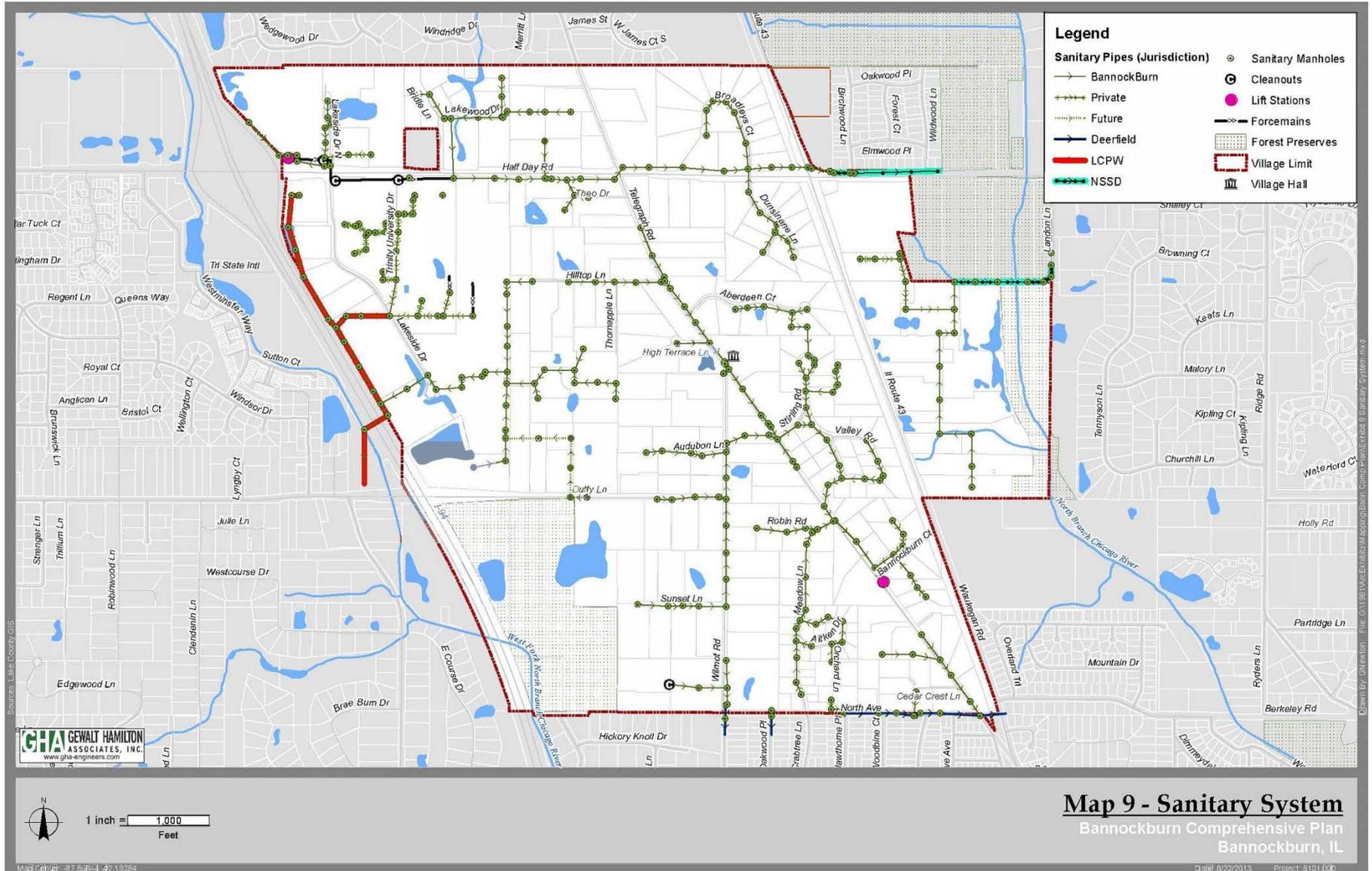
**Sanitary Sewer Budget (continued)**

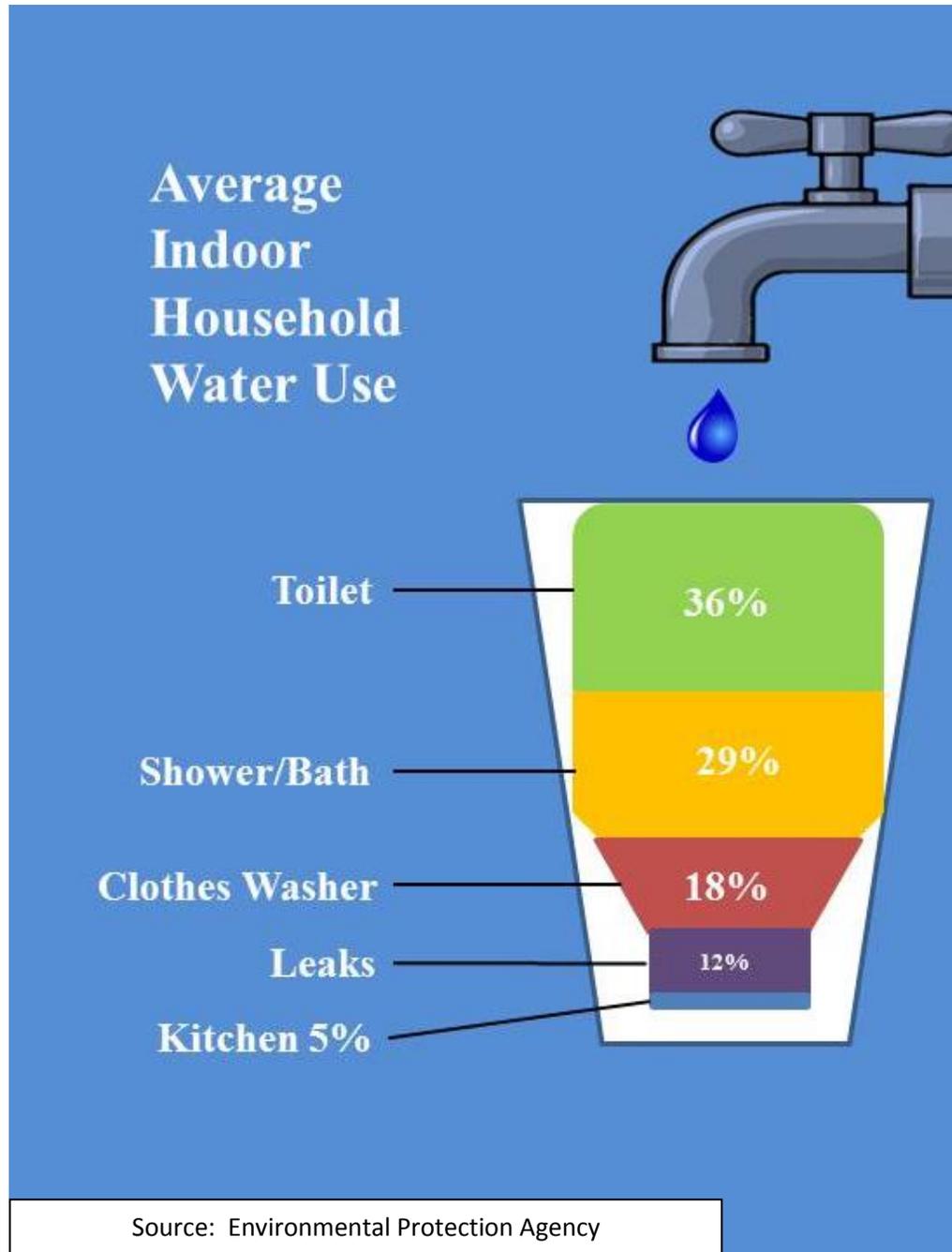
General Ledger #	General Ledger Account Description	Actuals 2016-2017	Budget 2017-2018	Budget 2018-2019	Description
550-400-6000	PRINICIPAL PAYMENT – IEPA	\$ -	\$3,900	\$3,902	IEPA loan #L173279 Water Pollution Control - Telegraph Road pump station
	<b>TOTAL DEBT SERVICE</b>	<b>\$ -</b>	<b>\$3,900</b>	<b>\$3,902</b>	
550-500-7070	WATER & SEWER SYSTEM	\$ -	\$135,000	\$ -	FY2017-18 televise, smoke test, major repair budgeted. None in FY2018-19
	CAPITAL IMPROVEMENTS	\$ -	\$135,000	\$ -	
550-600-8000	CAPITAL EXP CLASSIFIED ASSET	-	-	-	Asset recorded in balance sheet
550-700-8000	DEBT PRINCIPAL CLASS LIABILITY	-	-	(3,902)	Principal recorded in balance sheet as an offset to loan balance
	<b>TOTAL EXPENDITURES</b>	<b>\$286,662</b>	<b>\$365,350</b>	<b>\$343,572</b>	
	<b>SEWER FUND NET INCOME (LOSS)</b>	<b>\$(48,966)</b>	<b>\$(83,925)</b>	<b>\$(77,692)</b>	

# VILLAGE OF BANNOCKBURN, ILLINOIS

## Map Sanitary System

### April 30, 2018





## THE FACTS ON LEAKS

**10**  
percent of homes have leaks that waste 90 gallons or more per day

A leaky faucet dripping at the rate of one drip per second can waste more than  
**3,000 gallons** per year

**Did you know?**  
Minor water leaks account for more than  
**1**  
**trillion gallons** of wasted water each year and is equal to annual household water use in

**10 Drips** per minute wastes more than **500 gallons** per year

**11 million homes**

**REPAIR** leaks by checking faucet washers and gaskets for wear and replacing them if necessary

Replace old toilets with WaterSense models & save  
**13,000** gallons of water savings for the average family

Homeowners can save  
**10 percent** on their water bills

look for  
**WaterSense**  
Meets EPA Criteria

EPA [epa.gov/watersense](http://epa.gov/watersense)

# SECTION 7



## Capital Improvement Program

Introduction

Administration

Police

Community Development

Public Works

Water & Sewer



## Capital Improvement Program 2018/2019 – 2022/2023

### INTRODUCTION

The Village of Bannockburn’s Capital Improvement Program (CIP) includes capital expenditures and projects projected to be expensed or have funds assigned so improvements may be made in future periods.

Summary of items included in the 5 Year CIP 2018/2019 – 2022/2023:

General Fund	<u>FY2018-19</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	Description
Administration	\$ 54,000	\$ -	\$ -	\$ -	\$ -	Roof & Gutters
Police	42,500	42,500	42,500	42,500	42,500	1 New Squad Car
Community Development	-	-	-	-	-	None Anticipated
Public Works						
Roads	-	-	-	-	-	None in next 5 years
Pathways	15,000	-	712,175	-	-	Duffy Lane, Wilmot Road North/South
Sidewalk	-	-	-	-	-	None in next 5 years
Drainage	-	140,000	-	-	-	1715, 1727, 1745 Telegraph Road
<b>Total General Fund</b>	<b>\$ 111,500</b>	<b>\$ 182,500</b>	<b>\$ 754,675</b>	<b>\$ 42,500</b>	<b>\$ 42,500</b>	
Water/Sewer Funds	<u>FY2018-19</u>	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	Description
Expense Water Mains						
Hilltop Lane	\$ -	\$ -	\$ 315,000	\$ -	\$ -	In Conjunction with Road
Half Day Road	-	-	1,822,250	-	-	In Conjunction with Road & Pathway - IDOT schedule
Expense - Meter Heads	80,000	-	-	-	-	New High Resolution Registers
Expense - SCADA System	70,000	-	-	-	-	SCADA System
Expense – Water Pumps		50,000	50,000	50,000	-	Replace Component Parts for 3 pumps
<b>Total Water &amp; Sewer</b>	<b>\$ 150,000</b>	<b>\$ 50,000</b>	<b>\$ 2,187,250</b>	<b>\$ 50,000</b>	<b>\$ -</b>	

## Capital Improvement Program 2018/2019 – 2022/2023 (continued)

The current Capital Improvement Program (CIP) value is \$52,768,376 of which \$12,702,406 is for General Services and \$40,065,971 is for Public Utilities. The current 5 year plan calls for \$1,118,675 for general services in which reserves and general fund revenues and MFT funds are anticipated and projected to cover the cost of the projects while maintaining and complying with the Village’s current GASB 54 Fund Reserve Policy.

Like most communities, the Village of Bannockburn does not have sufficient funds to accomplish all of the infrastructure and public improvement projects required by a growing community. The Village of Bannockburn is faced with the universal dilemma of attempting to meet the needs of its residents for improved public services and facilities with limited revenues, coupled with the continued increase of costs for providing these same requested services and facilities.

In an effort to meet this challenge, the Village of Bannockburn has developed an objective and uniform method of establishing project priorities and identifying the amount and source of funds available to undertake these capital projects. The Village is also charged with the responsibility of insuring that the public funds are spent wisely and efficiently. A CIP is the process best suited to assist the Village President and Village Board in accomplishing this objective.

The CIP provides funding mechanisms in order to accomplish its goals. To accomplish its goals, the Village will seek grant funding to cover the cost of FAU routes at 80% grant funding to the Village’s 20% match along with a new bond issue, to replace a retired bond, for road improvements anticipated in FY2029/30.

Among the primary responsibilities of municipal officials is to preserve, maintain, and improve the Village’s inventory of buildings, streets, parks, and water and sewer facilities. CIP is recognized as a practical financial management tool and a necessary planning practice. Maintenance and upkeep of facilities today may prevent emergency and major replacement costs tomorrow.

Equally important, communities that are seeking to attract business investment to guarantee a balanced and stable economic base recognize that a carefully-planned infrastructure program is critical to this effort. In conjunction with the Bannockburn Comprehensive Master Plan, the CIP brings and promotes new investment in locations that can accommodate development with quality systems and services.

As presented, the FY2018/2019 – FY2022/2023 CIP attempts to balance the competing needs of maintaining existing facilities (i.e., what we have) with expanded and/or new facilities to meet present and future needs (i.e., what we need). This process also aids in distinguishing a “want” from a “need”.

### WHAT ARE CAPITAL IMPROVEMENTS?

Capital Improvements are, basically, public improvements that meet a set of pre-determined criteria. They represent projects involving the expenditure of public funds, over and above annual operating expenses, for the purchase, construction, or replacement of physical facilities of a community. Examples include:

- Streets/Roads/Sidewalks/Pathways
- Public Buildings and Facilities
- Parks
- Water & Sanitary Sewer Systems

## Capital Improvement Program 2018/2019 – 2022/2023 (continued)

### WHAT ARE THE GENERAL CHARACTERISTICS OF CAPITAL IMPROVEMENTS?

1. They are large in scope.
2. They have a substantial price tag.
3. They have long-term usefulness and permanence (10-30 years).
4. They involve expenditures of a non-recurring nature  
(The routine maintenance of a facility, once in place, becomes part of the annual operating budget).
5. They usually provide a governmental facility for public service.
6. They add substantially to the value of the Village's fixed assets.

Although some characteristics are common in communities, the actual types of projects included in the CIP vary from place to place. For example, the Village of Bannockburn has chosen to include major replacement projects. The Village has chosen to follow its Capital Asset Policy and include assets that follow the policy threshold.

1. Road	\$50,000
2. Land & Land Improvements	\$ 50,000
3. Buildings & Improvements	\$ 50,000
4. Water & Sewer Mains	\$ 50,000
5. Sidewalks/Paths	\$ 50,000
6. Machinery & Equipment	\$ 20,000
7. Vehicles	\$ 20,000

This is common practice in smaller municipalities with a limited budget. Any projects below this amount will be incorporated into the departmental budgets as part of our Annual Budget Review.

### WHAT IS CIP PLANNING?

CIP planning is the multi-year preparation, scheduling and updating of a list of proposed projects and related equipment to be built or purchased by the Village within a specified period. It covers the entire gamut of public facility and service requirements. The program lists all future projects, the project type and the amount requested to be appropriated and expended in that year. Also included is an explanation of why the project is needed and the proposed funding sources.

## **Capital Improvement Program 2018/2019 – 2022/2023 (continued)**

### THE CAPITAL BUDGET YEAR

The first year of scheduled projects is referred to as the “capital budget year” and includes those projects recommended to be funded in the upcoming fiscal year. The CIP does not in and of itself, raise money for capital projects. Instead, these projects will subsequently be included in the Fiscal Year 2019-2020 Budget submitted to the Board for their review and approval.

### PROGRAMMING PERIOD

The CIP is a multi-year short and long range plan for the physical development and links the Village’s Comprehensive Plan as well as other planning documents with the annual budget. It provides a mechanism for:

- Estimating capital requirements
- Proposing revenue sources for existing and needed projects
- Planning, scheduling and implementing projects
- Coordinating the activities for various department project schedules
- Monitoring and evaluating the progress of the capital projects

The CIP is a five year plan for project funding and is considered most suitable. Two or three years is too little time for effective planning, programing and funding as the processes take a large amount of time and coordination. In contrast, any time over five years is too long and may skew the numbers and accuracy of projections to the point of becoming obsolete or meaningless. The CIP is not static and should be reviewed and updated each year in conjunction with the budget process to reflect changing priorities, unexpected events, unforeseen opportunities, cost changes and alternate funding sources.

### CIP PROCESS

During the month of December, the Village Manager meets with the Department Heads to conduct a review of requests for projects. The projects are then prioritized according to their perceived economic and operational value. The months of December and January are dedicated to the development of the Capital Budget document. Goals and policy recommendations, detailed project descriptions and 5-year budget estimates are developed for each of the categories. The budget estimates are then allocated to the appropriate funding source-General Fund, Water/Sewer Fund or MFT Fund. The CIP document is then given to the Village Board for their review and consideration and discussed at greater length at Village Board meeting.

The entire CIP process ensures that the projects reflect community-wide goals and identified the resources available. It requires the collective overview of projects as opposed to singularly to determine their value to the community. This type of advanced programming can help avoid mistakes that can be costly and create duplications. The projects in the CIP are prioritized in part, on the basis of the greatest benefit to the greatest number of Village residents as opposed to usually narrower department objectives.

## **Capital Improvement Program 2018/2019 – 2022/2023 (continued)**

Coordination of capital projects can reduce scheduling problems and overlapping projects. For example, it can prevent paving a street one year just to tear it up two years later to install a sewer. The CIP grants the opportunity to plan the location, timing and financing of improvements and reduces the frequency of unplanned and unbudgeted expenditures that can endanger the financial well-being of the Village. Lastly, the CIP has a positive impact on the Village's credit rating and makes the community more attractive to business and industry. It also improves the Village's chances of obtaining grant funds through documentation of projects as officially identified community needs.

### CIP REVENUE

CIP revenues are dependent on and susceptible to unforeseen and external factors over which the Village has no control. In earlier years 2008-2010, the recession and economic factors presented themselves. The Village, having sound financial practices, was able to weather the recession due to the establishment of strong reserves and was able to benefit from the lower cost of goods and services to complete infrastructure improvements and to take advantage of the reduction in the federal funds rate reflected in lower interest rates on bonds making borrowing inexpensive. The Village also benefited from zero interest loans with 25% forgiveness for Clean Water and Drinking Water SRF Loans and stimulus funding available for road projects. The Village had the opportunity to use fiscal policy through additional government spending to assist in the stimulation of the economy during the recession.

CIP funds cash balances are typically invested until needed by applicable projects. The current interest rate environment is forecasting a continuing slow rise in interest rates in 2018, as the economy moves on from the Great Recession and the Federal Reserve implements more normal policies.

The CIP process will prove to be a vital planning tool for the Village generating substantial benefits by prioritization and completing projects using the Village's limited resources allowing the limitation of other financial bases such as bonds.

As with the Village's operating budget, CIP expenditures are delayed until the associated revenues are available or their receipt is imminent. It is in part for this reason (i.e. the failure to receive pledged or anticipated funds) that some projects will be unable to be completed in their entirety. However, there may be instances when delinquent funds will arrive and the project can be completed the following fiscal year when funds become available. There may be external factors, such as state and federal approval processes (i.e. grants), that may delay a project.

Existing fund balances consisting of revenues carried over from the previous year combined with current year revenues will provide the necessary funding for the Village's comprehensive FY 2018-19 CIP. It is important to remember that some of these funds are specifically earmarked by state statute (i.e. grant funds, MFT funds etc.), or other regulations that restrict their use to a defined purpose (i.e. bond proceeds).

## Capital Improvement Program 2018/2019 – 2022/2023 (continued)

The Village of Bannockburn detailed Capital Improvement Program by department are detailed below:

ADMINISTRATION	Anticipated Replacement 2018 Cost	Priority Ranking	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	Total	Description
Beginning Assigned Balance Public Safety			\$ -	\$ 27,056	\$ 112	\$ 27,168	\$ 54,224	\$ 81,280		
Building Improvements-Village Hall Built 1992 Expensed	\$ 1,352,800	A	\$ 27,056	\$ 27,056	\$ 27,056	\$ 27,056	\$ 27,056	\$ 27,056	\$ 162,336	No major improvements anticipated in next 5 years
			\$ -	\$ (54,000)	\$ -	\$ -	\$ -	\$ -	\$ (54,000)	New Roof FY2018-19
<b>TOTAL ADMINISTRATION</b>	<b>\$ 1,352,800</b>		<b>\$ 27,056</b>	<b>\$ (26,944)</b>	<b>\$ 27,056</b>	<b>\$ 27,056</b>	<b>\$ 27,056</b>	<b>\$ 27,056</b>		

POLICE DEPARTMENT	Anticipated Replacement 2018 Cost	Priority Ranking	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	Total	Description
Beginning Assigned Balance Public Safety			\$ -	\$ 42,500	\$ 42,500	\$ 42,500	\$ 42,500	\$ 42,500		
Vehicles	\$ 42,500	A	\$ 42,500	\$ 42,500	\$ 42,500	\$ 42,500	\$ 42,500	\$ 42,500	\$ 255,000	
Expensed			\$ -	\$ (42,500)	\$ (42,500)	\$ (42,500)	\$ (42,500)	\$ (42,500)	\$ (212,500)	1 new vehicles per year
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 42,500</b>		<b>\$ 42,500</b>	<b>\$ -</b>						

COMMUNITY DEVELOPMENT	Anticipated Replacement Cost	Priority Ranking	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	Total	Description
Beginning Assigned Balance Public Safety			\$ -	\$ 15,000	\$ 40,000	\$ 65,000	\$ 90,000	\$ 115,000		
Building Improvements-Shelter - Built 2003	\$ 750,000	C	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000	No major improvements anticipated in next 5 years
Playground Equipment	\$ 100,000	B	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000	Replacement 2028
Expensed			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>COMMUNITY DEVELOPMENT</b>	<b>\$ 850,000</b>		<b>\$ 15,000</b>	<b>\$ 25,000</b>	<b>\$ 140,000</b>					

### Capital Improvement Program 2018/2019 – 2022/2023 (continued)

PUBLIC WORKS	Anticipated Replacement 2018 Cost	Priority Ranking	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	Total	Description
<b>Beginning Assigned Public Works</b>			\$ -	\$ 3,360,397	\$ 3,788,235	\$ 4,091,072	\$ 3,821,734	\$ 4,264,571		
Audubon Lane	\$ -		-	-	-	-	-	-	-	Private Road
Cedarcrest Lane	\$ -		-	-	-	-	-	-	-	Private Road
Hilltop Lane	\$ -		-	-	-	-	-	-	-	Private Road
Theo Drive	\$ -		-	-	-	-	-	-	-	Private Road
Thornapple Lane	\$ -		-	-	-	-	-	-	-	Private Road
Duffy Lane - Pathway	\$ 165,573	A	142,995	7,526	7,526	7,526	7,526	7,526	180,625	2021 Replacement
Wilmot Road (North) - Pathway	\$ 212,273	A	176,894	11,793	11,793	11,793	11,793	11,793	235,859	2021 Installation
Wilmot Road (South) - Pathway	\$ 371,477	A	278,608	18,574	18,574	18,574	18,574	18,574	371,477	2021 Installation
Telegraph Road - South	\$ 573,136	B	260,517	38,209	38,209	38,209	38,209	38,209	451,562	2024 Overlay - FAU Route 80% Grant/20% Village Funding
Telegraph Road - Pathway	\$ 458,509	B	280,200	25,473	25,473	25,473	25,473	25,473	407,564	2025 Replacement
Bannockburn Court	\$ 334,330	B	227,344	13,373	13,373	13,373	13,373	13,373	294,210	2026 Overlay
Wilmot Road - Road	\$ 435,159	B	271,974	29,011	29,011	29,011	29,011	29,011	417,027	2027 Overlay - 80% Grant/20% Village Funding
Aiken Drive	\$ 137,977	B	34,494	6,899	6,899	6,899	6,899	6,899	68,989	2028 Overlay
Meadow Lane	\$ 351,842	B	175,921	17,592	17,592	17,592	17,592	17,592	263,882	2028 Overlay
Orchard Lane	\$ 33,964	B	16,982	1,698	1,698	1,698	1,698	1,698	25,473	2028 Overlay
Robin Road	\$ 103,483	B	51,741	5,174	5,174	5,174	5,174	5,174	77,612	2028 Overlay
Telegraph Road - North	\$ 413,932	B	170,442	27,595	27,595	27,595	27,595	27,595	308,420	2024 Overlay - FAU Route Confirmation
Duffy Lane - Road	\$ 281,261	B	178,132	18,751	18,751	18,751	18,751	18,751	271,886	2029 Overlay 80% Grant/20% Village Funding
South Lakeside Drive - Pathway	\$ 70,050	C	38,917	2,594	2,594	2,594	2,594	2,594	51,889	2030 Replacement
Stirling Road	\$ 291,875	C	116,750	14,594	14,594	14,594	14,594	14,594	189,719	2030 Overlay
Valley Road	\$ 222,886	C	89,155	11,144	11,144	11,144	11,144	11,144	144,876	2030 Overlay
Aberdeen Court	\$ 212,273	C	63,682	10,614	10,614	10,614	10,614	10,614	116,750	2032 Overlay
Half Day Road - Pathway	\$ 741,893	C	222,568	37,095	37,095	37,095	37,095	37,095	408,041	2032 Replacement - Road IDOT
North Lakeside Drive - Road	\$ 610,284	C	183,085	30,514	30,514	30,514	30,514	30,514	335,656	2032 Reconstruct/Concrete
South Lakeside Drive - Road	\$ 339,636	C	113,212	16,173	16,173	16,173	16,173	16,173	194,078	2032 Overlay
High Terrace	\$ 42,455	C	10,614	2,123	2,123	2,123	2,123	2,123	21,227	2033 Overlay
Sunset Lane	\$ 111,443	C	27,861	5,572	5,572	5,572	5,572	5,572	55,722	2033 Overlay
Waukegan Road - Sidewalk	\$ 267,464	C	133,732	8,915	8,915	8,915	8,915	8,915	178,309	2033 Replacement
Dunsinane Lane	\$ 137,977	C	27,595	6,899	6,899	6,899	6,899	6,899	62,090	2034 Overlay
Bridle Lane	\$ 106,136	C	15,920	5,307	5,307	5,307	5,307	5,307	42,455	2035 Overlay
Lakewood Drive	\$ 148,591	C	22,289	7,430	7,430	7,430	7,430	7,430	59,436	2035 Overlay
North Avenue - Road	\$ 323,716	C	25,897	21,581	21,581	21,581	21,581	21,581	133,803	2041 Overlay 80% Grant/20% Village Funding
North Lakeside Drive - Sidewalk	\$ 62,408	C	12,079	2,013	2,013	2,013	2,013	2,013	22,145	2043 Asphalt
Stormwater Drainage	\$ 2,895,103	C	22,797	38,601	38,601	38,601	38,601	38,601	215,804	75 Year Service Life
Expensed - Roads			(32,000)	-	-	-	-	-	(32,000)	None in next 5 years
Expensed - Pathways			-	(15,000)	-	(712,175)	-	-	(727,175)	Duffy Lane, Wilmot North & South Pathways
Expensed - Sidewalks			-	-	-	-	-	-	-	None in next 5 years
Expensed - Drainage					(140,000)				(140,000)	1715, 1727, 1745 Telegraph Road
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 10,457,106</b>		<b>\$3,360,397</b>	<b>\$ 427,837</b>	<b>\$ 302,837</b>	<b>\$ (269,338)</b>	<b>\$ 442,837</b>	<b>\$ 442,837</b>	<b>\$ 4,707,409</b>	

## Capital Improvement Program 2018/2019 – 2022/2023 (continued)

TOTAL GENERAL FUND	Anticipated Replacement 2018 Cost	Priority Ranking	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	Total	Description
Total Expended			\$ (32,000)	\$ (111,500)	\$ (182,500)	\$ (754,675)	\$ (42,500)	\$ (42,500)	\$ (1,025,675)	
<b>TOTAL GENERAL FUND CAPITAL COSTS</b>	<b>\$ 12,702,406</b>			<b>\$ 3,444,953</b>	<b>\$ 3,870,847</b>	<b>\$ 4,225,740</b>	<b>\$ 4,008,458</b>	<b>\$ 4,503,351</b>		<b>Total Capital Cost to Fund Projects</b>
<b>Funding Sources</b>										
MFT Funds					(43,000)	\$ (83,000)	\$ (123,000)	\$ (163,000)		MFT Funds Available for Capital Projects
Federal/State Grant Funding				(675,258)	(735,748)	(796,239)	(856,729)	(917,220)		80% Grant on North Ave, Duffy Lane, Telegraph Road
Taxable GO Bonds Series 2010 @2.65% retired on 1/1/2030 and \$3,000,000 reissued				(1,242,368)	(1,370,577)	(1,498,785)	(1,626,994)	(1,755,202)		New Bonds issued to replace 2010 bonds for projects later than 2030
<b>Net General Fund Reserves Required</b>				<b>\$ 1,527,327</b>	<b>\$ 1,721,522</b>	<b>\$ 1,847,716</b>	<b>\$ 1,401,735</b>	<b>\$ 1,667,929</b>		

WATER & SEWER	Anticipated Replacement 2018 Cost	Priority Ranking	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	Total	Description
Beginning Assigned Balance Water			\$ -	\$ 780,213	\$ 1,187,926	\$ 1,695,639	\$ 66,102	\$ 573,815		
Water Pumps	\$ 150,000	A	\$ 100,000	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 162,500	Replacement Components Three pumps - 12 year life
Water Main Infrastructure	\$ 31,536,953	A,B,C	\$ 420,493	\$ 420,493	\$ 420,493	\$ 420,493	\$ 420,493	\$ 420,493	\$ 2,522,956	40-75 Year Service Life - First Replacement FY2022
Sanitary Sewer Infrastructure	\$ 8,229,017	A,B,C	\$ 109,720	\$ 109,720	\$ 109,720	\$ 109,720	\$ 109,720	\$ 109,720	\$ 658,321	75 Year Service Life - First Replacement FY2034-35
SCADA System	\$ 80,000	A	\$ 80,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 120,000	10 year life
Meter Heads	\$ 70,000	A	\$ 70,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 105,000	10 year life
Expense Water Mains										
Hilltop Lane						\$ (315,000)			\$ (315,000)	In Conjunction with Road
Half Day Road						\$ (1,822,250)			\$ (1,822,250)	In Conjunction with Road & Pathway - IDOT schedule
Expense - Meter Heads				\$ (80,000)					\$ (80,000)	New High Resolution Registers
Expense - SCADA System				\$ (70,000)					\$ (70,000)	SCADA System
Expense - Water Pumps					\$ (50,000)	\$ (50,000)	\$ (50,000)		\$ (150,000)	Replace Component Parts for 3 pumps
<b>TOTAL WATER &amp; SEWER DEPARTMENT</b>	<b>\$ 40,065,971</b>		<b>\$ 780,213</b>	<b>\$ 407,713</b>	<b>\$ 507,713</b>	<b>\$ (1,629,537)</b>	<b>\$ 507,713</b>	<b>\$ 557,713</b>	<b>\$ 1,131,528</b>	
Capital Costs				\$ 780,213	\$ 1,187,926	\$ 1,695,639	\$ 66,102	\$ 573,815		
Funding by IEPA Loans						\$ (2,000,000)				
Net Water Fund Required	\$ 52,768,376		\$ 780,213	\$ 1,187,926	\$ (304,361)	\$ 66,102	\$ 573,815			
<b>Key:</b>										
Priority Ranking "A" to be expensed in next 5 years										
Priority Ranking "B" to be expensed in next 5- 10 years										
Priority Ranking "C" to be expensed in next 10-75 years										

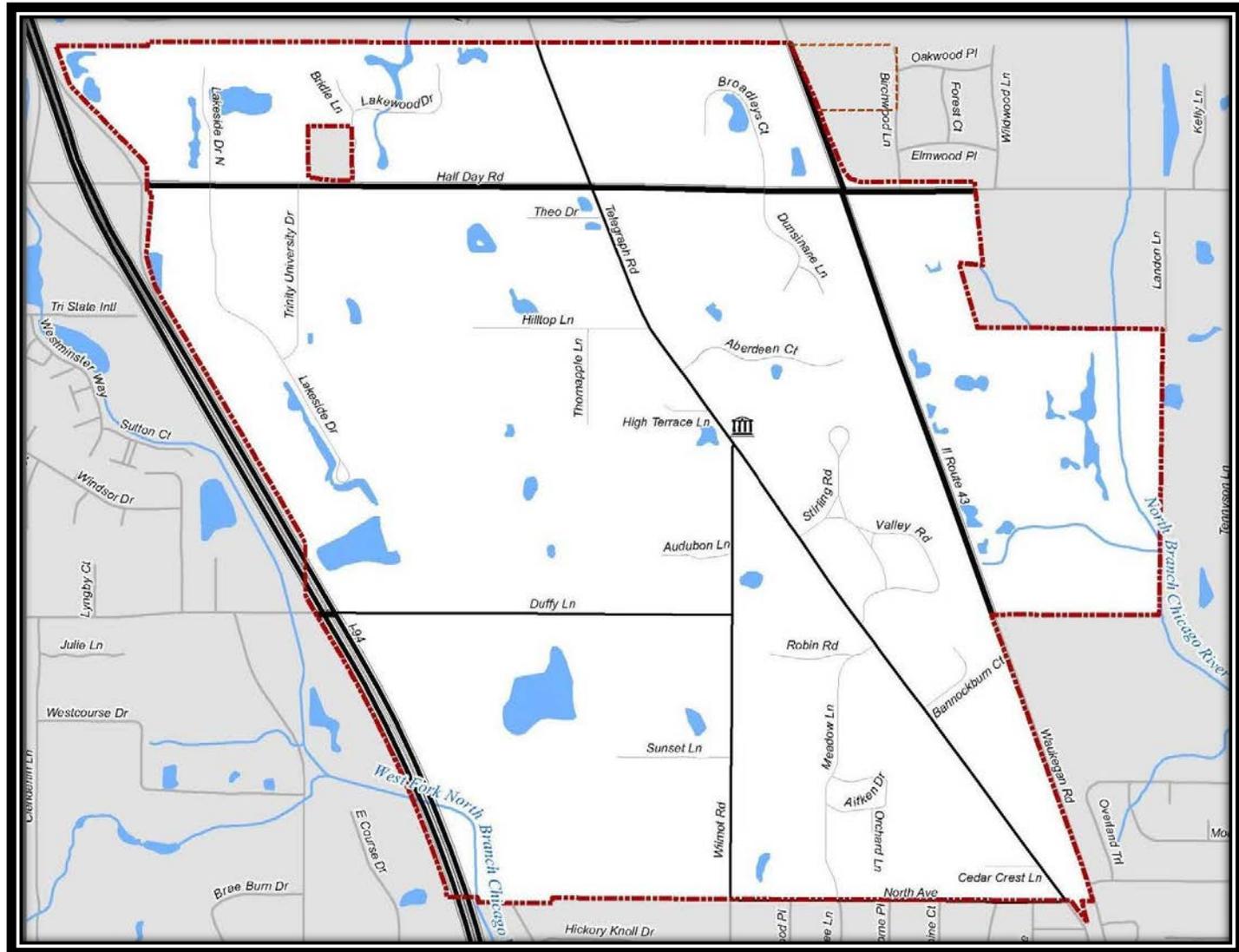
### VILLAGE OF BANNOCKBURN, ILLINOIS

#### Map Roadway System

April 30, 2018

**Legend**

- Expressways
- Arterial Streets
- Collector Streets
- Local Roads
- Village Limit
- Village Hall



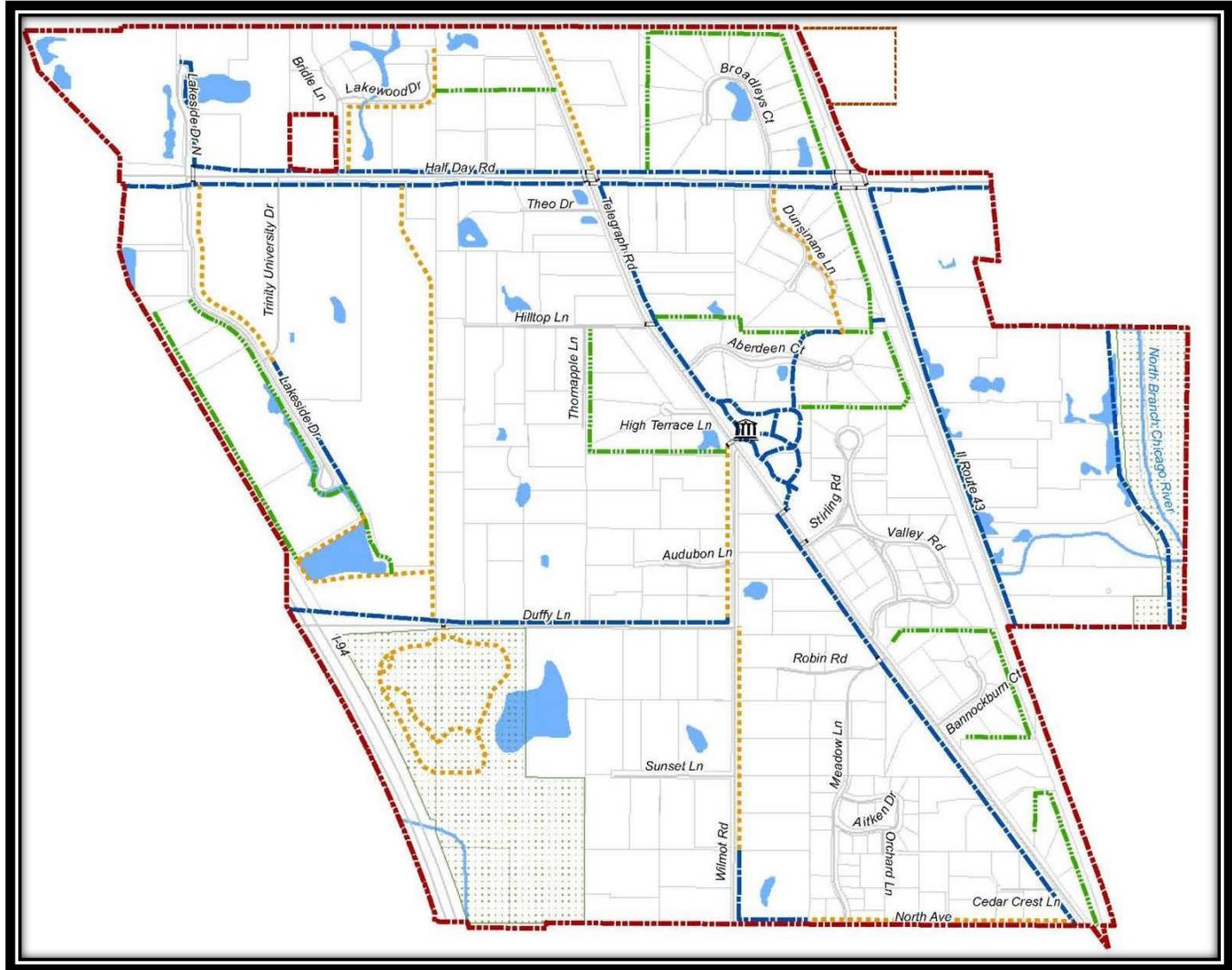
# VILLAGE OF BANNOCKBURN, ILLINOIS

## Map Pathway System

April 30, 2018

**Legend**

- Existing Pathways
- Pathways/Equestrian Easements
- Crossings
- Planned Pathways/Easements
- Forest Preserves
- Village Limit
- Village Hall



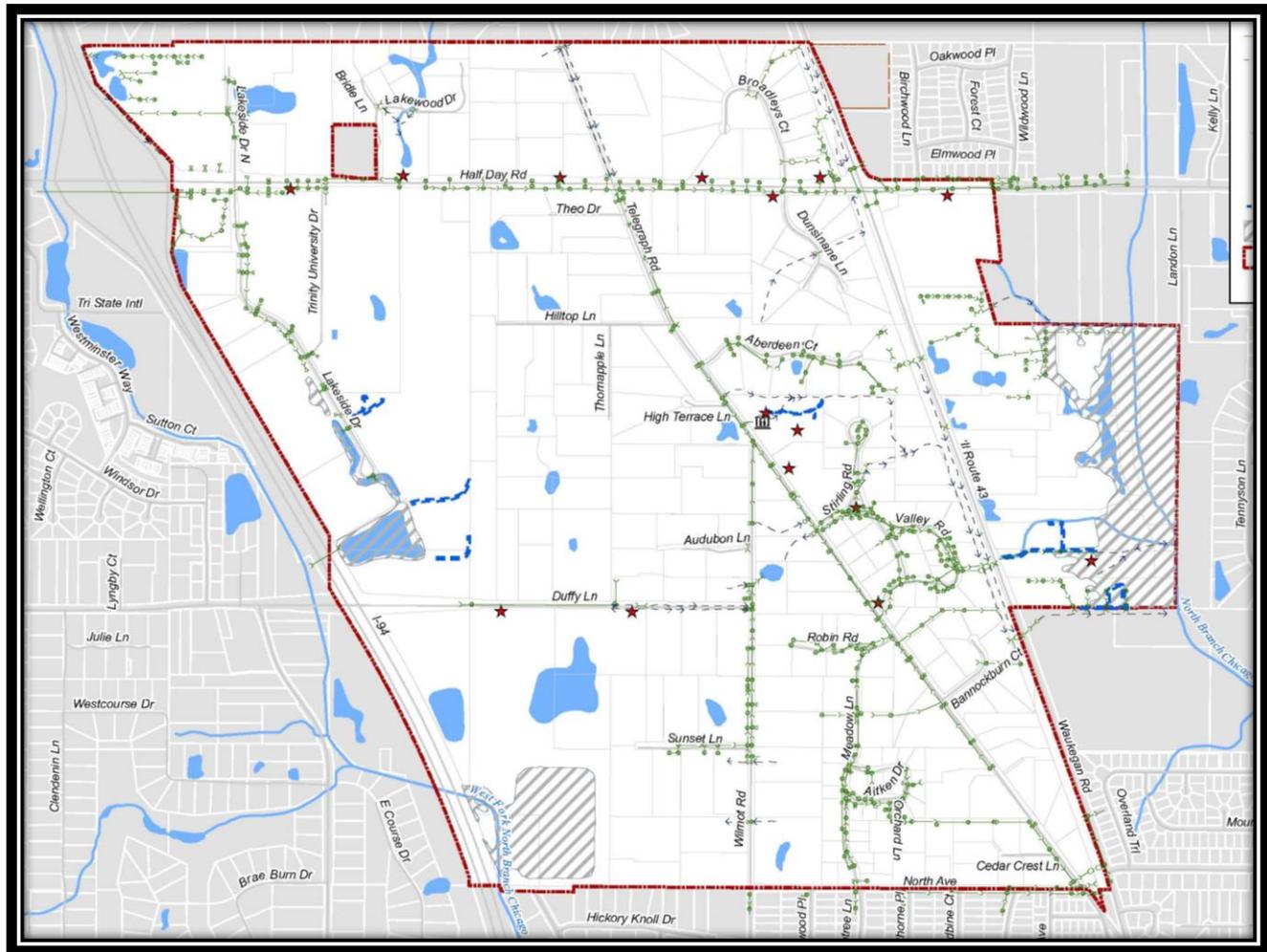
# VILLAGE OF BANNOCKBURN, ILLINOIS

## Storm Sewer System

April 30, 2018

**Legend**

- Storm Sewer
- Swale Line
- Manhole
- Inlet
- Headwall
- Flared End Section
- Public Rain Garden Locations
- Public Bioswales
- Flood Hazard Overlay
- Village Limit
- Village Hall



# SECTION 8



## Supplemental Information

Financial Policy

Capital Improvement Program and Budget Policy

Investment Policy

Purchasing Policy

General Fund Reserve Policy

Glossary



## **Financial Policy**

### **CASH MANAGEMENT**

In order to properly manage the funds of the Village and the commingled cash accounts that the Village maintains, it is necessary that from time to time interfund loans and transfers may be needed to cover negative cash balances. The Village Finance Director, Village Manager, Trustee/Finance Commissioner are authorized to make such interfund loans and transfers as necessary in order to eliminate negative cash balances. Such loans and transfers shall be recorded on the books and records of the Village and shall be audited as part of the annual Village audit.

### **COLLECTION**

The Village will take an aggressive approach in pursuing all revenues due for services provided, and ensure that fines and permits due the Village are collected in a reasonable fashion. This policy will hold true for revenues generated in operating, enterprise, and special revenue funds.

### **DEBT MANAGEMENT**

The Village will confine long-term borrowing to capital improvements and moral obligations, and the use of short-term debt for tax anticipation purposes only. The Village will follow a policy of full disclosure on every financial report and bond prospectus. The Village will take advantage of every opportunity to refinance current debt in order to save tax dollars needed to support debt payments.

### **ENTERPRISE FUNDS**

Water and Sewer Funds will be self-supporting from all operations and capital outlay. However, grant funding will be secured where appropriate. These funds will retain an adequate operating fund balance. All operating and capital improvement expenditures will be evaluated separately reflecting the condition of each individual enterprise fund. It is the policy of the Village to maintain the capital structure of these enterprise funds at the most efficient levels in order to reflect their best use.

### **FIXED ASSETS**

A fixed asset inventory is herein established to insure compliance with government financial reporting standards and to safeguard Village assets. Fixed assets shall include land, buildings, machinery, and equipment and be capitalized in accordance to the Village of Bannockburn Capital Improvement and Budget Policy.

### **FUND BALANCE**

The Village will establish an adequate fund balance to pay for expenses caused by unforeseen emergencies or for shortfalls caused by revenue declines based upon the Fund Reserve Policy (Revised March 12, 2018)

## **FINANCIAL POLICY (Continued)**

### **LEVEL OF SERVICE**

The operating budget will be compiled in a manner to maintain the existing level of service to the community. Increases or decreases in service levels will be prioritized by the Village Board at budget sessions or during the fiscal year as required. This will also reflect current staffing levels.

### **OPERATING BUDGET**

The Village will maintain a budgetary control system to ensure adherence to the budget and will prepare regular reports comparing actual revenues and expenditures to budget.

### **PROPERTY TAX**

In accordance with Chapter 24, Section 8-3-1 of the Illinois Revised Statutes, the Village is authorized to levy a property tax for corporate purposes. The Village levies property taxes for:

- Corporate
- Audit Tax
- Police Protection
- Liability Insurance

### **RISK MANAGEMENT AND LOSS CONTROL**

The Village is committed to provide a safe work environment, manage all risks in an appropriate manner and conduct loss control measures to insure that liability and workers compensation losses are kept at manageable level.

### **VEHICLE REPLACEMENTS**

Village vehicles and equipment will be replaced according to an established schedule. The schedule will be reviewed annually at budget sessions or as necessary during the fiscal year.

## **Capital Improvement Program and Budget Policy**

The Village of Bannockburn has a significant investment in its streets, facilities, parks, natural areas, infrastructure and other capital improvements. The Village Board has demonstrated a firm commitment to investing in Village capital projects. The guidelines set forth in this policy establish and maintain capital asset parameters that comply with governmental financial reporting standards, provide for adequate stewardship over Village resources and encourage planning for future growth and infrastructure repair. The Capital Improvement Program (CIP) is a multi-year financial plan for the construction or acquisition of capital assets. The CIP not only identifies future capital needs, but it estimates the capital costs to be incurred to complete each project and acquisition, the funding sources for each project and the impact that each project will have on the operating budgets.

### **I. DEFINITIONS**

For purposes of this policy, the Village of Bannockburn will use the following definitions:

**Buildings** - Permanent structures erected above ground, together with fixtures attached to and forming a permanent part of the building, for the purpose of sheltering persons or personal property. The cost of buildings includes all labor, materials, and professional services required to construct the building, and any other costs to put the building into its intended use.

**Building Improvements** - Major repairs, renovations, or additions made to a building that increase the future service potential of the building and benefit future periods. The buildings and the improvements become one and are inseparable. Examples of building improvements include major repairs, renovations, or additions such as an addition of a new wing or a new air conditioning system.

**Capital Asset** - Any expenditure that results in the acquisition of or addition to a capital asset, which is held or used for more than three (3) years and cost at least \$20,000. Capital assets include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles and infrastructure.

**Capital Budget** - A capital budget, which is often contained within a CIP, is the annual budget for capital projects and acquisitions, which are approved by the Village Board.

**Capital Improvement Program** - The Village Board's approved financial plan of capital projects for a period of five years. The CIP identifies capital project and acquisition needs; provides cost or expenditure estimates for those needs; identifies probable sources of financing; evaluates, prioritizes, and schedules projects and acquisitions; and forecasts the likely impact of projects and acquisitions on the operating budget.

## **Capital Improvement Program and Budget Policy (Continued)**

**Depreciable Land Improvements** - Improvements made to land that have determinable estimated useful lives and deteriorate with use or passage of time. These improvements are built or installed to enhance or facilitate the use of the land for a particular purpose. Depreciable land improvements may include walking paths and trails, fences and gates, landscaping, sprinkler systems, and fountains. These are unlike non-depreciable land improvements and land since the useful life of the improvement is determinable.

**Infrastructure Assets** - Long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and that are normally stationary in nature and cost at least \$50,000. These include roads, sidewalks, bike paths, bridges, buildings, drainage systems, water systems, sewer systems, etc. Although these assets are long-lived, useful lives are assigned to these assets and they are depreciated.

**Land** - An inexhaustible asset that has an unlimited life and therefore is not depreciated.

**Land improvements** - Betterments, improvements, and site preparations that ready land for its intended use. Like the land itself, these improvements are inexhaustible and therefore not depreciated. Some examples of land improvements would be excavation, filling, grading, demolition of existing buildings, and removal or relocation of other property (telephone or power lines).

**Useful Life** – the period over which a capital or infrastructure asset has utility to the Village in performing the function for which it was purchased.

### **II. CAPITALIZATION THRESHOLD**

The capitalization threshold, or minimum value of an asset at the time of acquisition, is established as follows:

	<u>Asset Class</u>	<u>Threshold</u>
1.	Roads	\$ 50,000
2.	Land & Land Improvements	\$ 50,000
3.	Buildings & Improvements	\$ 50,000
4.	Water & Sewer mains	\$ 50,000
5.	Sidewalks/Paths	\$ 50,000
6.	Machinery & Equipment	\$ 20,000
7.	Vehicles	\$ 20,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Village has chosen, as is allowable under GAAP, to only report infrastructure on a prospective basis. The capitalization threshold is established to clarify what capital expenditures belong in the capital budget.

## **Capital Improvement Program and Budget Policy (Continued)**

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

### **III. METHOD OF DEPRECIATION**

For simplicity and consistency, the straight-line depreciation method (cost divided by useful life) will be used for depreciation of all depreciable capital assets. In addition, it will be assumed that the capital assets will have no salvage value. A full year of depreciation will be taken in the year assets are placed in service or disposed of. Regardless of the actual date an asset is placed into service, the asset is treated as being placed into service at the beginning of the fiscal year, allowing a full year's depreciation in the year of acquisition. Regardless of the actual date an asset is disposed of, the asset is treated as being disposed of at the end of the fiscal year, allowing a full year's depreciation in the year of disposal.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
1) Buildings and Improvements	40
2) Sidewalks, Paths	20
3) Infrastructure - Roads	40
4) Storm & Sanitary Sewers	75
5) Machinery and Equipment	5-10
6) Vehicles	5
7) Infrastructure – Water Mains/Hydrants	40
8) Land Improvements	10-20

## **Capital Improvement Program and Budget Policy (Continued)**

### **IV. GENERAL POLICIES**

The Village shall maintain a Five-Year CIP and capital improvements will be made in accordance with that plan. The program shall be updated annually through the budget process.

The corresponding year of the CIP will be incorporated into the annual operating budget as the Capital Budget. Each year, the Village Board will develop a capital budget that lists and describes the capital expenditures to be undertaken by the Village during the coming fiscal year.

The CIP will be arranged to indicate order of priority of each capital project and to state for each project the following:

- a) A description of each proposed project and the estimated total cost of the project.
- b) The proposed method of financing, indicating the amount proposed to be financed by direct budgetary appropriation or duly established reserved funds, the amount estimated to be received from the federal or state government and the amount to be financed by the issuance of debt obligations showing the proposed type or types of obligations, together with the period of probable usefulness for which they are proposed to be issued.
- c) An estimate of the effect, if any, upon operating costs of the Village.

As part of the development of the CIP, the condition of Village infrastructure will be evaluated to appropriately prioritize and schedule maintenance and replacement.

### **V. PRIORITY CRITERIA**

Capital projects and/or assets will receive a higher priority if they meet some or most of the following criteria:

- The project or asset meets a policy goal or fulfills a strategic objective of the Village Board.
- The project or asset is required under a state or federal mandate, law or regulation.
- The project or asset will mitigate or eliminate a known safety hazard.
- The project or asset will maintain and improve the delivery of public services to the majority of the population.
- The project or asset will improve the quality of existing infrastructure.
- State or federal grant funds are available to assist in funding project or asset.

## **Capital Improvement Program and Budget Policy (Continued)**

### **VI. IMPROVEMENT, REPAIR AND MAINTENANCE EXPENSES**

Routine repair and maintenance costs will be expensed as incurred and will not be capitalized. Street resurfacing, patching, etc. is considered maintenance and will not be capitalized. Repairs of water and sewer assets will not be capitalized unless the repairs materially extend the life of the original asset.

### **VII. FUNDING SOURCES**

All Village capital improvements will be constructed and expenditures incurred for the purpose as approved by the Village Board, with funds rolled over from year to year until a project is deemed complete. The Village will use a variety of different sources to fund capital projects and assets, with an emphasis on the “pay-as-you-go” philosophy. Funding for operating and maintenance costs for approved capital projects and assets must be identified at the time capital improvements are approved.

## Investment Policy

### §28-1. Investment Policy

#### A. GLOSSARY OF TERMS

- (1) **Accrued Interest:** The accumulated interest due on a bond as of the last interest payment made by the issuer.
- (2) **Agency:** A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U. S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit Government guarantee. An example of a Federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).
- (3) **Amortization:** The process of paying the principal amount of an issue of bonds by periodic payments either directly to bondholders or to a sinking fund for the benefit of bondholders.
- (4) **Arbitrage:** Usually refers to the difference between the interest paid on the tax-exempt securities and the interest earned by investing the proceeds in higher yielding taxable securities. Internal Revenue Service (I.R.S.) regulations govern arbitrage (reference I.R.S. Reg. 1.103-13 through 1.103-15).
- (5) **Arbitrage Bonds:** Bonds which are deemed by the I.R.S. to violate federal arbitrage regulations. The interest on such bonds becomes taxable and the bondholders must include this interest as part of gross income for federal income tax purposes (I.R.S. Reg. 1.103-13 through 1.103-15).
- (6) **Asked:** The price at which securities are offered.
- (7) **Assessed Value:** An annual determination of the just or fair market value of property for purposes of ad valorem taxation.
- (8) **Average Life:** The average length of time that issues of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.
- (9) **Bankers' Acceptance (BA):** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issue.

## **Investment Policy (Continued)**

- (10) **Basis Point:** 1/100 of one percent.
- (11) **Bid:** The indicated price at which a buyer is willing to purchase a security or commodity. **Bond** - Written evidence of the issuer's obligation to repay a specified principal amount on a date certain, together with interest at a stated rate, or according to a formula for determining that rate.
- (12) **Bond Anticipation Notes (BANS):** Short-term interest bearing notes issued by a government in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue to which they are related.
- (13) **Broker:** A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position (take ownership of securities). In the money market, brokers are active in markets in which banks buy and sell money in interdealer markets.
- (14) **Callable Bond:** A bond which permits or requires the issuer to redeem the obligation before the stated maturity date at a specified price, the call price, usually at or above par value.
- (15) **Cash Sale/Purchase:** A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.
- (16) **Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate.
- (17) **Collateralization:** Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. Also, refers to securities pledged by a bank to secure deposits of public monies.
- (18) **Commercial Paper:** Very short-term, unsecured promissory notes issued in either registered or bearer form, and usually backed by a line of credit with a bank.
- (19) **Comprehensive Annual Financial Report (CAFR):** The official annual report for the Village of Bannockburn. In addition to a combined, combining (assembling of data for all funds within a type), and individual balance sheet, the following are also presented as appropriate on a combined, combining, and individual basis: (1) statement of revenues, expenditures, and changes in fund balance (all funds); (2) statement of revenues, expenditures, and changes in fund balances, budget and actual (for government fund types); (3) statement of revenues, expenses, and changes in retained earnings (for proprietary funds); and (4) statement of changes in financial position (for proprietary funds).
- (20) **Convexity:** A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

## **Investment Policy (Continued)**

**(21) Coupon:**

- a. The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.
- b. A certificate attached to a bond evidencing interest due on a payment date.

**(22) Coupon Rate:** The annual rate of interest payable on a coupon bond (a bearer bond or bond registered as to principal only, carrying coupons evidencing future interest payments), expressed as a percentage of the principal amount.

**(23) Credit Risk:** The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**(24) Current Yield (Current Return):** A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

**(25) Dealer:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling securities from an inventory on hand.

**(26) Debenture:** A bond secured only by the general credit of the issuer. When the Village issues bonds of this they are termed General Obligation (G.O.).

**(27) Delivery versus Payment:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of signed receipt for the securities.

**(28) Derivative Security:** Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

**(29) Discount:** The amount by which the par value of a security exceeds the price paid for the security.

**(30) Discount Securities:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value: e.g. U.S. Treasury Bills, Zero Coupon Bonds.

**(31) Diversification:** A process of investing assets among a range of security types by sector, maturity, and quality rating. The purpose of diversification is to minimize risk from default or market fluctuations.

**(32) Duration:** A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed income security. This calculation is based on three variables; term to maturity, coupon rate and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

## **Investment Policy (Continued)**

- (33) **Enterprise Funds:** Funds that are financed and operated in a manner similar to private business in that goods and services provided are financed primarily through user charges.
- (34) **Federal Credit Agencies:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals; e.g. S&L's, small business firms, students, farmers, farm cooperatives, and exporters.
- (35) **Federal Deposit Insurance Corporation:** A Federal Agency that insures deposits and retirement accounts in member accounts for up to \$250,000, protecting depositors in the event of bank failure.
- (36) **Federal Funds (Fed Funds):** Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend to Fed Funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.
- (37) **Federal Funds Rate:** Interest rate charged by one institution lending federal funds to the other.
- (38) **Federal Home Loan Bank (FHLB):** The FHLB system now primarily focuses on increasing the amount of loanable funds available for affordable housing and community development projects. It continues to have a material impact on housing and development financing, offering funds to member institutions at rates that are usually lower than commercially competitive prices.
- (39) **Federal National Mortgage Association (FNMA):** FNMA commonly known as Fannie Mae, is a government-sponsored enterprise that is the largest purchaser and guarantor of home mortgages in the country. Headquartered in Washington, D.C., Fannie Mae buys mortgages from such lenders as banks and savings and loans, packages them, and resells them on the open market, thus creating fluidity and lessening lenders' risk. Fannie Mae's creation of this secondary mortgage market enables low- and middle-income individuals and families to obtain mortgages and purchase homes. The corporation was founded (1938) by the federal government to buy and sell mortgages insured by the Federal Housing Administration or guaranteed by the Veterans Administration (now the Veterans Affairs Dept.).
- (40) **Federal Reserve System:** The seven-member Board of Governors of the Federal Reserve System determines the reserve requirements of the member banks within statutory limits, reviews and determines the discount rates established by the 12 Federal Reserve banks, with each one serving member banks in its own district. This system, supervised by the Federal Reserve Board, has broad regulatory powers over the money supply and the credit structure.

## **Investment Policy (Continued)**

- (41) **Government National Mortgage Association (GNMA):** GNMA or Ginnie Mae, which is administered by the Dept. of Housing and Urban Development and helps to finance public housing. Fannie Mae's corporate credibility was damaged by revelations (2004) that it manipulated its earnings from 1998 to 2004, in part to maximize bonus payments to its corporate executives. Problems in the housing and mortgage industry that began in 2007 led in 2008 to increasing losses at and concern about a possible bankruptcy of Fannie Mae and especially Freddie Mac (the Federal Home Loan Mortgage Corporation), and resulted in a federal takeover of the two mortgage guarantors.
- (42) **Government Securities:** An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market.
- (43) **Interest Rate:** See “Coupon Rate.”
- (44) **Interest Rate Risk:** The risk associated with declines or rises in interest rates which cause an investment in a fixed – income security to increase or in value.
- (45) **Liquidity:** An asset that can be converted easily and quickly into cash.
- (46) **Local Government Investment Pool (LGIP):** An investment by local governments in which their money is pooled as a method for managing local funds.
- (47) **Market-to-Market:** The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.
- (48) **Market Risk:** The risk that the value of a security will rise or decline as a result of changes in market conditions.
- (49) **Market Value:** Current market price of a security.
- (50) **Maturity:** The date upon which the principal of a municipal bond becomes due and payable to bondholders.
- (51) **Net Asset Value:** The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund’s assets which includes securities, cash, and any accrued earnings, subtracting this from the fund’s liabilities, and dividing this total by the number of shares outstanding.
- (52) **Net Interest Cost (NIC):** The traditional method of calculating bids for new issues of municipal securities. The total dollar amount of interest over the life of the bonds is adjusted by the amount of premium or discount bid, and then reduced to an average annual rate.

## **Investment Policy (Continued)**

- (53) **Par Value or Face Amount:** In the case of bonds, the amount of principal which must be paid at maturity.
- (54) **Principal:** The face amount or par value of a bond or issue of bonds payable on stated dates of maturity.
- (55) **Prudent Person Rule:** An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.
- (56) **Ratings:** Evaluations of the credit quality of notes and bonds, usually made by independent rating services, which generally measure the probability of the timely repayment of principal and interest on municipal bonds.
- (57) **Repurchase Agreement (RP or REPO):** An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and terms of the agreement are structured to compensate him. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money; this is, increasing bank reserves.
- (58) **Safekeeping:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.
- (59) **SEC RULE 15C3-1:** See definition of Uniform Net Capital Rule in this subsection.
- (60) **Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.
- (61) **Securities and Exchange Commission (SEC):** Federal agency created by the Securities Exchange Act of 1934 to administer that act and the Securities Act of 1933, formerly carried out by the Federal Trade Commission. The SEC supervises the exchange of securities so as to protect investors against malpractice.
- (62) **Short-Term Debt:** Short-term debt is defined as any debt incurred whose final maturity is three years or less.
- (63) **Swap:** Trading one asset for another.
- (64) **Term Bonds:** Bonds coming due in a single maturity.
- (65) **Total Return:** The sum of all investment income plus changes in the capital value of the portfolio.

## **Investment Policy (Continued)**

- (66) **Treasury Bills:** A short-term obligation of the U.S. Treasury having a maturity period of one year or less and sold at a discount from face value. The return to the investor who holds it to maturity is the difference between the price paid and the face value at maturity.
- (67) **Treasury Bond:** A long-term obligation of the U.S. Treasury having a maturity period of more than ten years and paying interest semiannually.
- (68) **Treasury Notes:** An intermediate-term obligation of the U.S. Treasury having a maturity period of one to ten years and paying interest semiannually.
- (69) **Uniform Net Capital Rule (Net Capital Rule and Net Capital Ratio):** Securities and Exchange Commission requirement that member firms as well as non-member broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.
- (70) **Volatility:** A degree of fluctuation in the price and valuation of securities.
- (71) **Weighted Average Maturity (WAM):** The average maturity of all the securities that comprise a portfolio.
- (72) **Yield:** The current rate of return on an investment security generally expressed as a percentage of the security's current price. (a) **Income Yield** is obtained by dividing the current dollar income by the current market price for the security, (b) **Net Yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.
- (73) **Yield to Maturity:** The rate of return to the investor earned from payments of principal and interest, with interest compounded semiannually and assuming that interest paid is reinvested at the same rate.
- (74) **Zero Coupon Bond:** A bond which pays no interest, but is issued at a deep discount from par, appreciating to its full value at maturity.

## **Investment Policy (Continued)**

### **B. POLICY**

The intent of the Investment Policy of the Village of Bannockburn is to define the policies for maximizing the efficiency of the Village's Cash Management System and for prudent investment of the Village's Funds, and to provide guidelines for suitable investments.

The ultimate goal is to enhance the economic status of the Village while protecting its funds.

The Village's Cash Management System is designed to monitor and forecast expenditures and revenues accurately, thus enabling the Village Board (through the Village Manager, Finance Commissioner, and Finance Director) to invest funds to the fullest extent possible. The Village Manager, Finance Commissioner, and Finance Director shall attempt to obtain the highest investment return using authorized instruments that meet the criteria established for safety and liquidity while meeting the Village's daily cash flow demands in conformance with the Municipal Code.

The investment policies and practices of the Village of Bannockburn are based upon Federal, State, and Local law and prudent money management. The Policy has been prepared in accordance with the Public Funds Investment Act (30 ILCS 235 / 2.5). The primary goals of these policies are:

1. To assure compliance with all Federal, State and Local laws governing the investment of monies under the control of the Village;
2. To protect the principal monies of the Village; and
3. To generate the maximum amount of investment income within the parameters of this Investment Policy and the guidelines for suitable investments.

All participants in the Village's investment process [including without limitation the Village Manager, Finance Commissioner, and Finance Director the "Investment Officials"] shall act responsibly as custodians of the public trust. Investment Officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

## **Investment Policy (Continued)**

### **C. SCOPE**

This investment policy applies to the investment of available assets of all Village funds under the direct management of the Village Board of Trustees and Investment Officials.

The policy for the Illinois Municipal Retirement Fund (IMRF) will be as determined by the appropriate Boards of Administration and not covered by this Policy.

Funds set aside to decrease Village debt in conjunction with an advance refunding agreement will be invested in accordance with appropriate bond documents.

Should bond covenants be more restrictive than this policy, funds will be invested in full compliance with those restrictions.

Funds held by the County Treasurer during tax collection periods shall be governed by the County's investment policies to the extent that they do not conflict with this policy and should be invested by the County Treasurer for the benefit of the Village of Bannockburn as stipulated by the Village in accordance with 55 ILCS 5/3-11006.

All investments of the Village of Bannockburn must be made in compliance with applicable Federal and State law and in accordance with applicable legal interpretations. Investment of any tax exempt borrowing proceeds and of any debt service funds must comply with the 1986 Tax Reform Act if the act applies to the debt issued.

### **D. PRUDENCE**

Investments shall be made with judgment and care under circumstances then prevailing-that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by Investment Officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## **Investment Policy (Continued)**

### **E. OBJECTIVE**

The primary objective in the investment of Village funds under control of the Village Board of Trustees and Investment Officials is to ensure the safety of principal, while managing liquidity requirements of debt service and other financial obligations of the Village and providing the highest investment return using authorized investment instruments.

The primary objectives of the Village of Bannockburn investment activities are as follows:

**Legality:** The Village's investments will be in compliance with all statutes governing the investment of public funds.

**Safety:** Investments of the Village will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that the Village Investment Officials prudently manages market interest rate and credit risk.

**Liquidity:** The Village's investments will remain sufficiently liquid to enable the Village to meet all operating requirements that might be reasonably anticipated.

**Return on Investments/Yield:** The Village's investment portfolio shall be designed to obtain the highest available return, taking into account the Village's investment risk constraints and cash flow needs. The Investment Officials shall seek to obtain the highest available return using authorized investments.

### **F. ETHICS AND CONFLICT OF INTEREST**

It is the policy of the Village that no person acting on behalf of the investment function shall, in any manner, have any interest, either directly or indirectly, in any investments in which the Village is authorized to invest, or receive in any manner, compensation of any kind, from any investments from the sellers, sponsors, or managers of such investments. All persons authorized to trade on behalf of the Village must refrain from personal business activity that could potentially conflict with proper execution of this Investment Policy or impair their ability to make impartial decisions.

Investment advisors and money managers must adhere to a minimum level of standards consistent with the Association for Investment Management and Research Code of Ethics. If a more stringent regulation applies under an advisor's or manager's certification standard, than this policy dictates as the ethical benchmark.

## **Investment Policy (Continued)**

### **G. DELEGATION OF AUTHORITY**

Management responsibility for the investment program is hereby delegated to the Investment Officials who shall establish written procedures for the operation of the investment program consistent with this investment policy and approved by the Village Board (the “Investment Procedures”). Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officials and approved by the Village Board. The Finance Commissioner shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate Investment Officials.

### **H. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

The Village’s Investment Officials will maintain a list of financial institutions authorized to provide investment services in the Village. The selection process for inclusion on this list will be detailed in the written administrative procedures for investments. No public deposits shall be made except in municipal depositories approved by the Village Board.

Depositories: The Village has allowed only regularly organized state or national banks insured by the Federal Deposit Insurance Corporation (“FDIC”) and federal and state savings and loan associations insured by Savings Association Insurance Fund of the FDIC to be designed as possible municipal depositories. Depository institutions should be economically viable and have practices that would not impair the safety of investments.

Broker/Dealer: The Village’s Investment Officials shall evaluate interested broker/dealers on the basis of criteria set by the Village’s Investment Officials, including the firm’s prior experience, financial stability, and other requirements deemed necessary. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following: audited financial statements, proof of National Association of Security Dealers certification, proof of State registration. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director.

Authorized Advisors/Money Managers: This policy requires that investment advisors possess the following qualifications:

1. Minimum five (5) years' continuous service for municipal clients.
2. Minimum three (3) years' municipal clients as current references.
3. Minimum licensing and certification as accepted in the industry for the service engaged.

## **Investment Policy (Continued)**

### **I. AUTHORIZED INVESTMENTS**

The Village of Bannockburn is empowered to invest in certain types of securities as detailed in the Public Funds Act 30 ILCS 235. Among the authorized investments are:

1. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. U.S. agency and instrumental obligations which are limited to the following issuers:
  - a. Federal Home Loan Bank (FHLB)
  - b. Federal Home Loan Mortgage Corporation (FHLMC)
  - c. Federal Farm Credit Bank (FFCB)
  - d. Government National Mortgage Association (GNMA)
  - e. Federal Agricultural Mortgage Corporation (FarmerMac)
  - f. Tennessee Valley Authority (TVA)
  - g. Federal National Mortgage Association (FNMA)
  - h. Any other agency created by an Act of Congress
3. Institutional size depository investments such as interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, including bankers' acceptance and bank notes.
  - a. The instruments or issuers shall have short-term ratings in one of the highest 2 classifications without regard to gradation by at least two rating agencies, one of which must be Standard and Poor's ("S&P") or Moody's, and long-term rating in one of the highest 3 classifications without regard to gradation by at least two rating agencies, one of which must be S&P or Moody's.
  - b. Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation. Any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 105% percent by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, Village, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; or (2) secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment.

## **Investment Policy (Continued)**

4. Short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase in either the AAA or AA rating categories by at least 2 standard rating services and which mature not later than 180 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than 5% of the public agency's funds may be invested in short term obligations of corporations.
5. Money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations and that such fund has a short-term rating of "AAAm" by S&P or Aaa by Moody's.
6. Interest bearing bonds of any county, township, Village, village, incorporated town, municipal corporation, or school district. The bonds shall be registered in the name of the Village or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by at least two accredited rating agencies of nationally recognized expertise in rating bonds of states and their political subdivisions.
7. Bond funds registered under the Investment Company Act of 1940, as amended from time to time, provided that the portfolio is limited to bonds, notes, treasury bills, or other securities which are guaranteed by the United States government or agreements to repurchase these same types of obligations, and qualified U.S. agencies under 30 ILCS 235 et. seq.
8. Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act with a short-term rating of "AAA" by S&P.
9. Repurchase agreements pursuant to the Investment Act. The securities, unless registered or inscribed in the name of the Village, shall be purchased through banks or trust companies authorized to do business in the State of Illinois. The term "repurchase agreements" as used herein shall include flexible repurchase agreements that permit the Village to withdraw funds as needed and master repurchase agreements that permit the deposit, withdrawal and redeposit of funds over time.
10. The securities described in clauses (1) and (2) above, or any other securities that the Village is authorized to acquire under law, may be acquired pursuant to agreements entered into between the Village and suppliers of such securities under which agreements suppliers agree to sell to the Village specified securities on specific dates at specific prices, all as established at the time of execution and delivery of any such agreements and as set forth in such agreements.

## **J. INVESTMENT RESTRICTIONS**

The Village's Investment Officials will not utilize investment of leveraged transactions, financial forwards, futures, hedged investments, index amortizing notes, dual index notes, de-leveraged bonds, range bonds, inverse floaters, interest only, principal only bonds and any other financial derivative. The Village Investment Officials are not authorized, without the approval of the Village Board, to (i) invest in financial agreements whose returns are linked to or derived from the performance of some underlying asset such as bonds, currencies or commodities products, or (ii) borrow against or otherwise obligate Village investments.

## **Investment Policy (Continued)**

### **K. COLLATERALIZATION**

In order to protect the Village's public funds deposits, collateralization shall be required on all deposits, certificates of deposits, investments and repurchase agreements. So as to anticipate market changes and provide an adequate level of security for all funds, the collateralization level will be at least 105% of market value of principal and accrued interest. Collateral is required as security for any amount in excess of the federal deposit insurance limit. Collateral is limited to government or approved securities or surety bonds issued by top-rated insurers.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The bank will provide the Village a copy of the Board minutes that approved the collateralization. Each time collateral is changed it must be approved by the Village. The change must be recorded in the next Bank Board Minutes and a copy of the minutes must be furnished to the Village.

### **L. SAFEKEEPING AND CUSTODY**

To protect against potential fraud, embezzlement, or losses caused by collapse of individual securities dealers, all investment securities purchased by the Village, including collateral on repurchase agreements, shall be held by the Village or in safekeeping by the Village's custodian bank or a third party bank trust department, acting as agent for the Village under the terms of a custody or trustee agreement executed by the bank and by the Village. The primary agent shall issue a safekeeping receipt to the Village listing the specific instrument, rate, maturity, and other pertinent information.

All securities transactions conducted by the custodian on behalf of the Village are to be on a delivery-versus payment (DVP) only basis.

Investment officials shall be bonded to protect the Village against loss due to possible embezzlement and malfeasance.

### **M. DIVERSIFICATION**

A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Village's total investment portfolio will be instead in a single security type or with a single financial institution.

## **Investment Policy (Continued)**

### **N. MATURITIES**

To the extent possible, the Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than three (3) years from the date of purchase. However, the Village may collateralize its repurchase agreements using longer-dated investment.

Reserve or Capital Improvement Project monies may be invested in securities not to exceed three (3) years. The maturity of such investments is made to coincide as nearly as possible with the expected use of the funds.

### **O. RISK MANAGEMENT**

Market Risk, Credit Risk, and Liquidity Risk, are typically associated with fixed income portfolio management. Their definition and the techniques used to control, evaluate and manage them are also discussed below:

- Market Risk - the risk that the value of a security will rise or decline as a result of changes in market conditions.  
Control Technique - the Village's Investment Officials shall provide for market to market valuations on a monthly basis.
- Credit Risk - the risk that an issuer will default in the payment of interest and/or principal on a security.  
Control Technique - the Village's Investment Officials will limit investments to the safest types of securities, pre-qualify the financial institutions, broker/dealers, intermediaries and advisers with which the Village will do business, and diversify the investment portfolio so that potential losses on individual securities will be minimized. The Finance Director shall provide ongoing evaluation and monitoring of creditworthiness of all counterparties.
- Liquidity Risk - the risk that an asset cannot be converted quickly and easily into cash.  
Control Technique - the Village's Investment Officials shall create and maintain cash flow forecasts and will select securities and maturities that meet cash flow needs and provide for diversification within the portfolio to ensure compliance with established policy limits.

In addition to the aforementioned control techniques, any investment manager who is retained to manage assets on behalf of the Village is also required to participate in the risk management process and adhere to the Village's Investment Policy.

## **Investment Policy (Continued)**

### **P. INTERNAL CONTROLS**

The Village's Investment Officials shall maintain a system of internal controls and written operational procedures that shall be documented. The Village is subject to annual independent review of its internal controls by an independent accounting firm. This review will provide assurance that policies and procedures are being complied with. Such review also may result in recommendations to change operating procedures to improve internal control. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees or officers of the Village.

In addition, the Village's Investment Officials have established a system of internal controls to ensure that staff positions and functional duties are adequately segregated for separation of duties between investment and accounting operations.

### **Q. PERFORMANCE STANDARDS**

The Village's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the Village's investment risk constraints and cash flow needs.

The Village's Finance Director will utilize the average three-month Treasury Bill return or other appropriate benchmarks to determine whether average yields are being achieved.

### **R. ACCOUNTING**

All investment transactions shall be recorded in the various Village Funds in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board.

### **S. REPORTING**

The Village's Finance Director shall submit quarterly an investment report to the Village Board that summarizes recent market conditions, economic developments and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent quarter, description of the portfolio in terms of investment securities, maturities, risk characteristics and other features. The report shall explain the quarter's total investment return and compare the return with target rate of return projections and budgetary expectations.

## **Investment Policy (Continued)**

### **T. CORRECTION OF NONCOMPLIANCE**

In the event of changes in market, the Investment Act or other applicable law, current holdings could fail to meet the guidelines of this policy. Whenever that occurs, the Village's Finance Director will immediately notify the Village Manager, and appropriate action will be taken.

### **U. INVESTMENT POLICY ADOPTION**

The Village's Investment Policy as adopted by ordinance of the Village Board shall be reviewed annually by the Village's Investment Officials and any recommended modifications thereto must be approved by the Village Board.

This policy supersedes all prior investment policies.

## **Purchasing Policy**

The following definitions shall apply throughout this policy document:

***"Bid"***: Written response to a request for bid from the Village.

***"Change Order"***: A change to a contract, made after it has been approved by the Village that alters the term of the contract, the contract price, or the obligations of the parties.

***"Construction"***: The building, altering, repairing, improving, or demolishing of any public improvement.

***"Contract"***: An agreement, either oral or written, regardless of what it may be called, to procure construction, repair and maintenance projects, supplies or services.

***"Contract Price"***: The approved price for any contract, and shall be gross of (including) the value of any trade-in of Village property.

***"Local Vendor"***: A vendor or supplier located within the corporate limits of the Village.

***"LPA"***: Local Public Agency

***"PO"***: Purchase Order.

***"Purchase Order"***: A written order signed and issued by the Village Manager or the Finance Director directing a business to provide goods, services, construction or professional services on behalf of the Village.

***"Procurement"***: The buying, purchasing, renting, leasing, or otherwise acquiring of any construction, repair and maintenance projects, supplies or services.

***"Professional Services"***: Services which due to their nature or complexity require a high degree of professional skill.

**"Public Improvement"**: Any public building or structure or other improvement of any kind on public property or easement or other rights of the Village in land, including without limitation water mains, sanitary sewers, storm sewers, bridges, roads, streets, street lighting, sidewalks, parkways, parking lots, parks and recreation areas.

**"Purchasing Agent"**: The Village Manager of the Village of Bannockburn or designee. In this Directive, the Purchasing Agent may also be referred to as the Village Manager who is authorized to approve all purchases.

**"Request for Bid"**: Village created list of specifications for the purchase of products or services.

**"Request for Proposal (RFP)"**: Village created document that requests proposal from qualified vendors to provide a service to the Village.

**"Request for Statement of Qualifications (RFQ)"**: Village created document that requests a submittal of qualifications from potential vendors to provide a service to the Village.

**"Services"**: The furnishing of labor, time, or effort by a contractor, not involving the delivery of a specific end product other than reports that are merely incidental to the required performance. Services shall not include services performed pursuant to employment agreements or collective bargaining agreements.

**"Supplies"**: All property, including but not limited to, equipment, materials, and printing, but excluding any interest in real estate.

**"User Department"**: Department purchasing material or service.

**"Village"**: Village of Bannockburn.

## **Purchasing Policy (Continued)**

Please note, throughout this policy, references to the Village Manager, Finance Director, and Department Directors shall also include their designated representatives except when quoting State Statutes or Public Acts.

### **A. Introduction and Objectives**

The Village of Bannockburn Purchasing Policy is intended to provide an effective and efficient means for purchasing materials, equipment, and services. The policy is also intended to ensure that Village purchases comply with established legal requirements as prescribed by Illinois State Statute and the Village of Bannockburn Code of Ordinances.

The objectives of the Village's Purchasing Policy include:

- To ensure that materials, equipment, and services are purchased for the lowest prices without sacrificing quality and performance;
- To provide adequate control and documentation of Village expenditures and financial commitments;
- To obtain high quality goods and equipment as required by Village departments and to ensure these items are available at the place and time needed;
- To provide a standardized system of purchasing for use by all Village departments.

### **B. Conflicting Provisions**

In the event of any conflict between any provisions of this policy and any applicable provisions in a State of Illinois Statute or Village Ordinance, the following shall apply: The provisions in any applicable State of Illinois Statute shall prevail in any conflict with any Village Ordinance that pertains to purchasing and the provisions of any Village Ordinance shall prevail in any conflict with any provision in this policy.

### **C. Authority to Purchase**

The Village Code designates the Village Manager as the purchasing agent for the Village (Village Code, Chapter 20, Article IX Section 38J). The Finance Director has been designated by the Village Manager with the responsibility for developing and administering Village purchasing policies and procedures.

## **Purchasing Policy (Continued)**

As the purchasing agent for the Village, the Village Manager is authorized to “make purchases of materials, supplies, and equipment without prior authorization of the Board, provided that 1) such funds are provided in the annual budget appropriation, and 2) no such purchase shall exceed the amount of \$25,000 in aggregate.

In addition, in connection with purchases over \$25,000, the Village Manager shall be required to receive competitive bids, bid waiver approved by the Village Board, or purchase through the State Purchasing, Joint or Other Cooperative Purchasing Arrangements. If competitive bids are required, the Village Manager shall present such bids to the Board for approval or rejection. The Village Manager shall make recommendations to the President and the Board with respect to all such bids. The Village Manager may issue rules and regulations governing requisitions and the transaction of the purchasing procedures between the Village Manager and the employees of the Village.

In accordance with Illinois State Statute (50 ILCS 510), when engaging the services of an engineering, surveying, or architectural firm that does not have an established satisfactory relationship with the Village, the Village will conduct a Request For Statement of Qualification (RFQ) process unless the fees for the service to be provided are less than \$25,000 or unless the Village Board determined by resolution that an emergency exists.

The Village Manager is also authorized to approve any change order to a Village contract which is less than \$25,000. A change order that exceeds these limits must have a written determination by the Corporate Authorities. Such communication shall include a statement that the circumstances necessitating the change in performance were not within the scope of the signed contract and the contract change is in the best interest of the Village and authorized by law. This written determination shall be preserved in the contract's permanent file which shall be open to the public for inspection in accordance with Illinois State Statute (720 ILCS 5/33E-9). All change orders at completion of the contract shall be ratified and approved by the Village Board.

### **D. Equal Opportunity/Non-Discrimination**

It is the policy of the Village of Bannockburn that all potential vendors have an equal opportunity to submit quotes, bids, or RFPs and to compete on an equal basis for Village business. The Village desires to provide equal opportunity for all potential contractors or sub-contractors without regard to race, religion, creed, color, sex, national origin, age, handicap unrelated to ability to perform the job, or protected veteran's status. The Village also seeks to utilize minority and women owned business enterprises (MBE/WBE) in its purchasing. MBE/WBE firms are encouraged to submit proposals to provide goods and services to the Village. The Village also encourages the use of sub-contractors who are minority or women owned business enterprises.

## **Purchasing Policy (Continued)**

The Village is an Equal Opportunity Employer. The Village encourages contractors and subcontractors to take affirmative action in providing for Equal Employment Opportunity without regard to race, religion, creed, color, sex, national origin, age, handicap unrelated to ability to perform the job or protected veteran's status.

### **E. Abuse of Purchasing Authority**

Employees of the Village who are given authority to purchase on behalf of the Village must exercise this responsibility with the utmost measure of fairness and integrity and solely to service the residents of Bannockburn. Purchases by employees should be in the best interest of the Village and not for the personal gain of the employee, either directly (e.g., purchase for the employee's personal use) or indirectly in a manner that creates a conflict of interest (e.g., a family member doing Village business).

If a more advantageous transaction or arrangement is not reasonably possible without resulting in a conflict of interest, the Village Board shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Village of Bannockburn's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Employees are required to only exercise the purchasing authority granted to them by the Village Manager and their Department Director. Employees must follow the procedures established in this policy document to ensure purchases are being made in a manner that complies with applicable Illinois State Statute and the Village of Bannockburn Municipal Code.

Employees who abuse their purchasing authority are subject to immediate disciplinary actions, up to and including termination of employment and prosecution by law enforcement.

### **F. Purchasing Policies**

Sections G through K describe the Village's purchasing policies which apply to all purchases of materials, equipment, and services. There are several types of purchases made by Village staff and the parameters regarding the authorization for making those purchase are defined in Sections G through K.

## **Purchasing Policy (Continued)**

### **G. Purchase Not Requiring a Purchase Order (Less Than \$5,000)**

Purchases of goods, equipment, or services that cost less than \$5,000 may be authorized by Village Department Director with prior approval of the Village Manager, but without the processing of a Purchase Order. Whenever feasible, it is recommended that contracts be presented to the Village Board for approval.

Department Directors are responsible for ensuring that proper purchasing procedures are followed, as detailed below:

- 1) *Obtain Prices* – Purchases of goods and services that cost less than \$5,000 should be made only after three telephone quotations have been obtained and documented. If three quotes cannot be obtained, the purchasing employee must be prepared to provide an explanation. Purchases are to be made from the supplier(s) offering the lowest price assuming equal quality, delivery and performance.

### **H. Contracts, Credit Accounts, and Blanket Purchase Orders**

A second type of purchase made by the Village is the result of a relationship that has been established with a vendor. A relationship can be established by contract, establishment of credit account, or the issuance of a blanket purchase order. Service contracts can be authorized in several different ways, including:

- 1) *Contracts Approved by the Corporate Authorities* – contracts are generally approved by the Corporate Authorities by resolution.
- 2) *Credit Accounts* – These accounts are often established by Village departments with vendors with whom the Village conducts regular business.

For these types of purchases, the user department will usually receive an invoice directly from the vendor. When this happens, the user department should stamp the invoice with a purchase stamp provided by the Finance Department and complete the information required by the purchase stamp.

## **Purchasing Policy (Continued)**

### **I. Purchases Requiring a Purchase Order (Greater than \$5,000, Less than \$25,000)**

Purchases in excess of five thousand dollars (\$5,000) but less than twenty five thousand dollars (\$25,000) need to be approved by the Village Manager and the Department Director prior to placing an order for the good or service. Whenever feasible, it is recommended that contracts be presented to the Village Board for approval.

The purchasing cycle for materials, equipment, and services requiring a purchase order includes:

- 1) *Preliminary Approval* – Preliminary approval for a purchase greater than \$5,000 but less than \$25,000 should be obtained from the Village Manager. The Village Manager will inform the Finance Director of his/her preliminary approval.
- 2) *Obtain Prices* – Once the preliminary approval has been obtained, three (3) written price quotations should be obtained. Purchases are to be made from the supplier(s) offering the lowest price assuming equal quality, delivery and performance. The record of the proposals obtained will be kept by the Village Manager. Whenever feasible, it is recommended that contracts be presented to the Village Board for approval.
- 3) *Requisition for Purchase Order* – Once a vendor has been selected, Department Directors or their designated representatives should complete a requisition for purchase order. All purchase order requisitions need to be approved by the Department Director and the Village Manager. Once approved, the Finance Department will produce the purchase order and forward a copy to the initiating department and vendor as appropriate. The Village Manager shall have the authority to waive the purchase order requirement for goods or services.
- 4) *Ordering* – Once the purchase order has been issued, the Department Director or his/her designated representative(s) are authorized to proceed with the purchase.
- 5) *Receiving* – User departments are responsible for receiving and inspecting items to ensure that the items are received in the proper quantities and in satisfactory condition (please see receiving on Page 176).
- 6) *Paying* – Once the good or service has been received, the user department should attach a copy of the purchase order, attach the invoice, and submit the documentation to the Finance Department for payment.

## **Purchasing Policy (Continued)**

### **J. Purchases Requiring a Competitive Bidding Process (Purchase of goods, services, and public works projects in excess of \$25,000)**

The competitive bid procedure for work or other public improvements over \$25,000 is required except as provided in Section L or waived by a two-thirds vote of the Village Board then holding office (65 ILCS 5/8-9-1):

- 1) The Department Director or designee initiates the formal bid process through a written memorandum to the Village Manager describing the project to be bid, cost estimates, amount budgeted and time schedule for both the bidding and completion of the project.
- 2) Detailed specifications are prepared. These specifications should be submitted to the Finance Department for review.
- 3) Once the specifications are prepared a "Notice of Call for Bids" will be published in at least one newspaper of general circulation in the Village, indicating the date, time and location of the bid opening. The notice shall be published at least ten (10) days prior to the time designated for the opening of bids. A "Qualified Bidders List" is prepared and bid packages or a notice indicating availability of bid specifications is mailed to qualified contractors.
- 4) Sealed bids and bid deposits (if required) are received. A public bid opening is held immediately following the time that bids are required to be received. Bids received after the published date and time, by which bids were to be submitted, unless extended through written addendum, shall be rejected and returned unopened to the contractor submitting said bid. A member of the initiating department and a recording secretary shall open the bids. Bids shall be read aloud and recorded on a recap sheet which is made available to the public.
- 5) Qualified bids are tabulated and analyzed by the department and a written recommendation is made to the Village Manager. The recommendation for award shall be based on the lowest, responsible bidder meeting all specifications.

The contract shall be awarded within the time specified in the bidding documents or, if no time is specified, within a reasonable time, by written notice to the lowest responsible bidder whose bid is judged to be the best bid and most favorable to the interests of the Village. In determining the lowest responsible bidder, the Village shall consider the following factors in addition to price, as applicable:

- i. The compliance of the bid, including required plans and specifications, with bidding and contract requirements;
- ii. The ability, capacity, and skill of the bidder to perform the contract;

### **Purchasing Policy (Continued)**

- iii. Whether the bidder has the requisite facilities, plant, capital, financial resources, organization, and staffing to enable the bidder to perform the contract successfully and promptly, within the time specified, without delay or interference;
- iv. The character, integrity, reputation, judgment, experience, and efficiency of the bidder;
- v. The quality of the bidder's performance of previous contracts or services;
- vi. The previous and existing compliance by the bidder with other contracts and the laws or ordinances relating to said contracts;
- vii. Where relevant, the ability of the bidder to provide future maintenance and service;
- viii. The conditions placed on the bid by the bidder; and
- ix. Any other factor that the Village may legally consider in determining the bid that is in the Village's best interest.

Accepting Single Bid Received. When only one bid is submitted, that fact alone shall not prevent the Village from accepting that bid.

- 6) Once the bid has been awarded, the user department should follow the purchase order process with the exception of obtaining prices, for ordering and payment.

### **K. Purchases Requiring an RFP and Qualification Based Selection Procedures**

Based upon a recommendation by the Village Manager or designated Village employee for purchases or services over \$25,000, an RFP (Request for Proposals) or RFQ (Request for Statement of Qualifications) process will be followed for products or services which requires a high degree of professional skill where the ability or fitness of the individual plays an important part in the selection process. The process is similar to a competitive bid with the difference being that the contract can be awarded according to criteria besides price. The procedures for an RFP/RFQ are generally described below:

- 1) Detailed specification, scope of work, and projected time frame are determined. These specifications should be submitted to the Finance Department for review and integration into the Village's RFP/RFQ document.
- 2) Once the specifications are prepared, a "Request for Proposals" ("RFP") or "Request for Statement of Qualifications" ("RFQ") will be solicited.
- 3) A public opening of the proposals is held immediately following the time that proposals are required to be received. Proposals received after the published date and time which proposals were to be submitted, unless extended through written addendum, shall be rejected and returned unopened to

## **Purchasing Policy (Continued)**

the vendor. A member of the initiating department and a recording secretary shall open the proposals. Proposals shall be read aloud and recorded on a recap sheet which is made available to the public.

- 4) Proposals are tabulated and analyzed by the department according to the criteria to be used to award the contract included in the RFP/RFQ.
- 5) A shortlist of firms is determined; and if required, interviews are conducted.
- 6) The short-listed firms shall be provisionally ranked by the reviewer or review committee.
- 7) The reviewer or review committee shall negotiate pricing with the top-ranked firm. Upon satisfactory negotiation, a recommendation shall be presented to the Village Manager. If negotiations with the top-ranked firm fail to result in a satisfactory pricing arrangement, negotiations with the top-ranked firm shall terminate upon notice, and negotiations with the next highest ranked firm shall commence.
- 8) Based on these analyses and upon satisfactory negotiations of price, a written recommendation is made to the Village Manager. The recommendation for award shall be made to the Village Board based on the proposal that most closely meets the Village's needs according to the criteria specified in the RFP/RFQ.
- 9) Once the RFP/RFQ has been approved by the Village Board, the contract shall be awarded and the user department should follow the purchase order process with the exception of obtaining prices, for ordering and payment.

### **L. Exceptions to Requirements**

Except when otherwise directed by the Village Manager, the Village Board, Federal Grant or State Grant, procedures outlined in sections J through K (Competitive Bid, RFP or RFQ Procedures) will not apply in the following circumstances, regardless of the amount of the expenditure:

- 1) Specially Authorized Waiver. Contracts for construction, repair and maintenance projects, supplies and services authorized by two-thirds of the members of the Village Board may be awarded without engaging in Competitive Bidding, RFP or RFQ Procedures.

## **Purchasing Policy (Continued)**

- 2) **Emergency Purchases.** Emergency purchases are unforeseen purchases that include an immediate threat to public health or safety, an emergency arising from unforeseen causes which necessitates the immediate delivery of items or services, and the prevention of delays in work or construction schedules. If the emergency purchase is over two thousand, five hundred dollars (\$2,500) but less than or equal to twenty five thousand dollars (\$25,000), the Department Director or designated representative may call and create an emergency purchase order number. If it is not possible to get the emergency purchase order number prior to the ordering of the purchase, the department in all cases should request the number and complete the requisition within two (2) working days from commencement of work or the ordering of the purchase. Documentation including an explanation of the emergency must also be submitted within two (2) working days from commencement of work or the ordering of the purchase. Emergency purchases over two thousand, five hundred (\$2,500) but less than or equal to twenty five thousand dollars (\$25,000) must be approved by the Village Manager or his/her designee prior to the purchase. In the event of an emergency, if the corporate authorities of the Village are unable to hold a meeting to authorize appropriate expenditures to respond to the emergency, the Village Manager or his/her designee is authorized to approve expenditures over \$25,000. Thereafter, all emergency procurements involving expenditures of \$25,000 or more and all contracts must be presented to the Village Board for ratification at the next schedule Village Board meeting. All emergency purchases must be thoroughly documented.
- 3) **Sole Source Purchases.** Contracts for construction, repair and maintenance projects, supplies and services that are produced or provided by only one supplier or vendor may be awarded without engaging in Competitive Bidding. Procurements of \$25,000 or more and whenever feasible, it is recommended that contracts be presented to the Village Board for approval.
  - i. For this exception to apply, the following steps must be followed:
    - a. The Department Head or Village Manager, depending on the level of expenditure, shall specify such supplier's or vendor's make or brand in an invitation to bid, and shall attempt to obtain competitive bids from authorized dealers or distributors of such supplier or vendor and, if possible, directly from such supplier or vendor and the contract for the construction, repair and maintenance projects, supplies and services shall be awarded to the lowest responsible bidder.
    - b. If the Department Head or Village Manager determines that there is only one supplier or vendor of the construction, repair and maintenance projects, supplies and services the Village requires, the Department Head or Village Manager is authorized to negotiate and to recommend to the Village Manager or Village Board, as applicable, a contract with such supplier to purchase the construction, repair and maintenance projects, supplies and services at prices or on terms most advantageous to the Village.
  - ii. In such a case, the Department Head or Village Manager shall make a written determination that such supplier is the sole source for such construction, repair and maintenance projects, supplies and services.

## **Purchasing Policy (Continued)**

- 4) Special Village Requirements Purchases. Contracts for construction, repair and maintenance projects, supplies and services that are produced or provided by only one supplier or vendor meeting special Village requirements may be awarded without engaging in Competitive Bidding, RFP or RFQ Procurements of \$25,000 or more and whenever feasible, it is recommended that contracts be presented to the Village Board for approval. For this exception to apply, the following steps must be followed:
  - i. If the Department Head or Village Manager determines that there is only one supplier or vendor that can provide the construction, repair and maintenance projects, supplies and services within the special parameters required by the Village or pursuant to an overall plan for procurement to achieve improved public service or long term operational efficiencies for the Village, the Department Head or Village Manager is authorized to negotiate and to recommend to the Village Manager or Village Board, as applicable, a contract with such supplier to purchase the construction, repair and maintenance projects, supplies and services at prices or on terms most advantageous to the Village.
  - ii. In such a case, the Department Head or Village Manager shall make a written determination of the basis for the special Village parameters or overall plan for procurement to achieve improved public service or long term operational efficiencies for the Village and that such supplier is the sole source for such construction, repair and maintenance projects, supplies and services.
  
- 5) Government Joint Purchases. Contracts for joint purchasing of construction, repair and maintenance projects, supplies and services with one or more governmental units shall conform to the requirements of applicable law, such as, without limitation, the Governmental Joint Purchasing Act, 30 ILCS 525/0.01 et seq., and the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., or be approved pursuant to the Village's home rule powers. Qualified joint purchasing contracts may include without limitation procurements made through the Northwest Municipal Conference, the Illinois Park and Recreation Association Cooperative Purchasing Program, the State of Illinois Department of Central Management Services, National Intergovernmental Purchasing Alliance (National IPA) National Joint Powers Alliance (NJPA) and the Federal General Services Administration.

It is the policy of the Village to enter into cooperative purchasing agreements when:

- i. Savings will result
- ii. Quality, availability, or service will not be sacrificed
- iii. The Village will be separately billed for its purchases
- iv. Ordered items will be delivered directly to the Village (unless otherwise agreed to)

## **Purchasing Policy (Continued)**

Nothing shall prevent the Village from seeking quotes and bids and making purchases from vendors who can provide lower prices than those available through joint purchasing programs for equivalent or better items. Department Directors shall have the authority to analyze the desirability of cooperative purchasing arrangements and to make recommendations to the Village Manager. Department Directors should research cooperative purchasing arrangements to ensure that competitive prices have been obtained. The Village Board encourages cooperative purchasing but maintains the right to reject any or all such agreements. Whenever feasible, it is recommended that contracts be presented to the Village Board for approval.

- 6) Matching Funds. Where a condition of a grant or loan of funds to the Village requires the Village to provide Village funds as matching funds or for other purposes related to the grant or loan, the full amount of the grant or loan contract must be approved by the Village Board.
- 7) Procurements for Resale. Contracts for procurements of supplies for the purpose of resale (t-shirts, golf balls, etc.) may be awarded without engaging in Competitive Bidding, RFP or RFQ Procedures.
- 8) Trade or Professional Organizations, Lobbying Groups and Governmental Services. Membership in trade or professional organizations, lobbying groups and governmental services (e.g., the Northern Illinois Regional Crime Lab) are not subject to the Competitive Bidding, RFP or RFQ Procedures. Whenever feasible, it is recommended that contracts be presented to the Village Board for approval and invoices explicitly noted on the Bill Submit List.
- 9) Private/Public/Educational. Membership in private, public or educational groups are not subject to the Competitive Bidding, RFP or RFQ Procedures.
- 10) Existing Relationship. If the Village already has a satisfactory existing relationship with a firm providing the services or the vendor has been approved by the Village Board during the annual approval of the vendor listing. New or amended contracts will require Village Board approval.

## **Purchasing Policy (Continued)**

### **M. Payments**

The payment process is the responsibility of the user department and the Finance Department. The user department is responsible for ensuring and verifying receipt of the goods or services, verifying the correct amounts were invoiced to the Village, providing the proper coding of the invoice for payment, and ensuring that all appropriate approvals were obtained prior to submitting the invoice to the Finance Department for payment. The Finance Department is responsible for ensuring appropriate approvals were obtained, the invoice is coded correctly, and sufficient budgeted funds are available. The Finance Director shall only disburse Village funds for vouchers, bills, or purchase orders that have been properly approved by the Village Board. All Warrants must be signed by the Village Manager (65 ILCS 5/8-1-8). User departments should realize the payment of invoices can only be completed through a Village Board meeting and submit invoices to the Finance Department in a timely manner to get the invoice on the Warrant for the next Village Board meeting. The Finance Director may issue funds prior to formal approval by the Village Board for authorized pre-issues including payroll and 125 plan employee reimbursements and for any other services authorized by the Village Board.

### **N. Payment by Check**

There are two ways to request a payment by check. The first method of paying by check is to use a payment stamp on an invoice received from a vendor. The information included in the payment stamp should be completed to the fullest extent possible.

The second method of paying by check is through a check request form. This form should be used to process a payment when the invoice or documentation is not self-explanatory and additional information would expedite processing. Examples of an appropriate use of a check requisition include:

- 1) Payment for approved contracts or purchase orders;
- 2) Advance payment for conference registration;
- 3) Mail-order items for which no invoice is available so the ad or brochure is attached to the check request;
- 4) Membership dues for professional organizations (clarify where the payment is to be sent);
- 5) Refunds - No invoice is available, but the background information can be attached to the check request and the name and address can be clarified; and
- 6) A very small receipt that could easily get lost if not attached to a check request.

The Check Request form shall include as much descriptive information as possible including dates, times, places and descriptions of products or services.

## **Purchasing Policy (Continued)**

### **O. Special Vendor Bill Checks**

There are certain situations where it may be necessary for the Village to process and issue a check to a vendor before it is approved by the Village Board through the regular Bill Submit List process. Resolution No. 2018-36, “Authorizing the Finance Director to Pay Certain Vendors Prior to Submitting the Bills to the Village Board of Trustees” provides a list of pre-approved vendors that provide services or goods to the Village on a regular basis have a billing cycle that will come due each year after the Village Board meetings in March, July, August and December, as well as those months where there is a fifth Monday. Also, only with the Village Finance Commissioner’s and Village Manager’s approval, other situations which would necessitate the issuance of a check are those instances where critical Village services may be interrupted, or unforeseen circumstances where a vendor will require payment before goods or services will be delivered or received. A check may also be issued when the Village Board has approved a contract, which as part of that contract, includes a provision requiring a down payment before commencing the production and/or procurement of such goods or services. In order to avoid late fees, to meet debt service payment requirements, to maintain good payment history, and to facilitate emergency services a check may be issued. In such instances, a check that is issued will be included on the next Bill Submit List for ratification of approval by the Village Board.

### **P. Payment by Village Credit Card**

The Credit Card may be used only for purchases in accordance with the purchasing procedures and limits established by the Village. Charges must not be split to avoid exceeding the individual transaction limit of the card. The Credit Card must NEVER be used for cash advances, standard merchant category exclusions (liquor stores, jewelry, etc.), or for personal use. The following procedures should be followed when using the Credit Card:

- 1) Administration of Program – The Finance Director will be responsible for administering the Credit Card program. The Finance Director will not be issued a Credit Card to avoid any conflict of interest in the administration of the program. The Finance Director is responsible for reviewing all charges for appropriateness and recommending the revocation of cards and/or disciplinary actions for the abuse of the Credit Card. The Finance Director will refer cases of abuse to the Village Manager or the Village Board as appropriate.
- 2) Positions Authorized to Use a Village Credit Card – Credit Cards will not be issued to or be used by elected officials. The following Village employees are authorized to use a Village Credit Card:
  - i. Police Chief
    - a. Lieutenants and Sergeants
  - ii. Village Manager
  - iii. Assistant to the Village Manager

## **Purchasing Policy (Continued)**

- 3) Approved Cardholder – The Police Chief is the only approved cardholder whose name is embossed on the card; however, others as listed in item #2 above are authorized to use the card.
- 4) Safekeeping – The approved cardholder is responsible for keeping the Credit Card issued to them safe. Cardholders are encouraged to keep their cards in a locked drawer or cabinet in a Village facility
- 5) Types of Purchases – The Credit Card allows the Village to prohibit purchases from certain types of vendors. If a cardholder attempts to purchase something from a vendor that has been prohibited by the Credit Card, the attempted charge will be denied. The cardholder should contact the Finance Department to unblock the vendor if purchasing from that vendor is necessary for Village operations.
- 6) Documentation and Billing – the Cardholder is responsible for providing all sales invoices/register receipts and collecting them from the user. The amount charged must match the sales invoice/register receipt exactly. The cardholder is responsible for completing an expense report or check request form provided by the Finance Department. The following documentation must be submitted to the Police Chief immediately after purchase who will provide the information to the Finance Department:
  - i. Original copy of each receipt for each transaction (keep a copy for your records); and
  - ii. Printed expense report signed by the Department Director or Village Manager.
- 7) Sales Tax Exemption – Purchases made with the Credit Card are sales tax exempt. The cardholder and/or its user are responsible for ensuring tax has not been charged. In the event a vendor charges unallowable sales tax, the cardholder must immediately contact the vendor and request a credit to the card in the amount of the tax. A copy of the credit invoice is also required and must be attached to the statement showing the credited amount. The cardholder or user will have one month to resolve the issue. At the discretion of the Finance Director exceptions may be made; however, if an exemption is not granted, the card will be revoked or the user not allowed to use the card in the future if the issue is not resolved within the next month, or if there are reoccurrences of sales tax being charged.
- 8) Late Statements and Missing Receipts – If a statement is received by the Finance Department and receipts are missing, the cardholder or user will have one month to resolve the issue. At the discretion of the Finance Director, the card will be revoked or the user will not be allowed to use the card in the future if the issue is not resolved within the next month, or if there are reoccurrences of late statements or missing receipts. The Finance Director may also refer the matter to the Village Manager or Village Board for disciplinary action if late statements or missing receipts reoccur on a regular basis.

### **Purchasing Policy (Continued)**

- 9) Credit for Returns or Errors – If an item is returned, a credit must be received and documentation must be submitted with the monthly statement.
- 10) Disputed Charges – If a dispute is discovered with a charge on the card, the cardholder is responsible for contacting the vendor and having them issue a credit to the card. If the disputed charge is not resolved by the vendor, the cardholder is responsible for contacting the bank to dispute the charge and receive further instructions.
- 11) Lost or Stolen Card – It is the cardholder's, users, and the Finance Director's responsibility to document the phone number to call in the case of a lost or stolen card. If a Credit Card is lost or stolen the cardholder must immediately notify the bank that issued the Credit Card (open 24 hours a day). Also, immediately notify the Finance Department.
- 12) Changes in Employment – If a cardholder ends his/her employment with the Village, the Credit Card must be returned to the Finance Department. The cardholder is responsible for providing all outstanding receipts and related documents to their supervisor prior to ending employment.
- 13) Questions – If you have any questions about how to make purchases with the credit card or regarding payment of charges, please contact the Finance Director.
- 14) Education – New cards shall be approved by the Village Manager and distributed by the Finance Department. New cardholders are required to meet with the Finance Director to discuss proper use of the card and billing procedures. Cards will be distributed when the educational session has been completed.

#### **Q. Payment by Petty Cash**

Small dollar purchases, under \$25.00, may be made from established petty cash funds. The Finance Director shall establish procedures for purchases that may be reimbursed from the petty cash fund.

## **Purchasing Policy (Continued)**

### **R. Governmental Prompt Payment Act**

Payments shall be made in accordance with the Illinois Local Government Prompt Payment Act (50 ILCS 505). Public Act #84-731, (50 ILCS 505/1-6) "Prompt Payment Act" states that the appropriate local government official or agency receiving goods or services must approve or disapprove a bill from a vendor, within thirty days after receipt of the bill or receipt of goods or services, whichever is later. If quality assurance testing of goods by the Village is necessary before the approval or disapproval of a bill and such testing cannot be completed within thirty days after receipt of the goods, approval or disapproval of the bill must be made immediately upon completion of the testing or within sixty days after receipt of the goods, whichever occurs first. A written notice shall be mailed to the vendor immediately if a bill is disapproved. Any bill approved for payment shall be paid within 30 days after the date of approval to avoid incurrence of interest. If the local government official or agency whose approval is required for any bill fails to approve or disapprove that bill within the period provided for approval the penalty for late payment of that bill shall be computed from the date 60 days after the receipt of that bill or the date 60 days after the goods or services are received, whichever is later. The time periods specified as they pertain to goods or services, are superseded by any greater time periods agreed to by the local government agency and the vendor or contractor.

### **S. Sales Tax Exemption**

The Village of Bannockburn is exempt from paying all local and State Sales taxes. When reviewing and approving invoices, Department Directors and/or their designees shall verify that the vendor has excluded any sales taxes from the amount due from the Village. The Finance Department will provide the necessary information regarding the Village's State Sales Exemption Certificate to any vendor upon request.

### **T. Employee Reimbursements**

The Finance Department will process a reimbursement to an employee for goods and services, purchased by the employee with the employee's money on behalf of the Village, when the Department Director submits the paid receipt and appropriate expense reimbursement form with his or her approval.

## **Purchasing Policy (Continued)**

### **U. Other Purchasing Guidelines**

#### 1) Fiscal Year End Requirements

The Village's fiscal year begins on May 1 and ends April 30. To charge an expense to the current fiscal year, goods and services must be incurred no later than April 30. Therefore, requisitions for purchase orders should be initiated at least three (3) weeks prior to April 30<sup>th</sup> to allow ample time for the purchase order to be approved and issued, and for the goods or services to be ordered by the Village before April 30. Requisitions for purchase orders for goods which are made-to-order or which take a long time to procure may need to be initiated several weeks or even months prior to April 30<sup>th</sup>. Department Directors should be aware of the amount of time necessary to receive Village Board approval to procure goods and services so they may be ordered before the end of the fiscal year. Goods and services ordered by the Village after April 30<sup>th</sup> will be charged to the budget for the new fiscal year and the user department available budget in the new fiscal year will be reduced.

If a budgeted item is not ordered during the fiscal year, the amount budgeted for that item will not carry forward to the next fiscal year. If it is anticipated that certain budgeted items will not be ordered during the fiscal year, the Department Director will need to request funding as part of the budget process for the upcoming fiscal year for that item or service. It is the responsibility of each department to request that the budget for certain items be carried over to the next fiscal year, subject to approval as part of the budget process. It is also incumbent on the department to notify any vendor who may not deliver or invoice a product or service before the end of the fiscal year that the funds will have to be re-appropriated in the following fiscal year. The vendor should also be notified that there is always a chance that the Village Board will choose not to appropriate monies for a good or service that was ordered in the prior fiscal year. If this occurs, the Village does not have an obligation to accept those goods or services.

#### 2) Purchasing from Bannockburn Vendors

The Village encourages purchasing from vendors within the Village of Bannockburn to support local businesses. If equal quality, service and delivery are provided, and the pricing is competitive, additional consideration shall be given to the purchase of such goods or services from local businesses. This section is not applicable to projects which are subject to the public bidding requirement.

## **Purchasing Policy (Continued)**

### 3) Shipping & Freight

All bid prices and price quotations shall be Freight on Board (F.O.B.) Village of Bannockburn with delivery to a point or points within the Village. It is the policy of the Village to avoid paying shipping charges whenever possible. If the Village is to pay shipping charges, they must be included at the time the invoice is received by the Village. Department Director or their designees, when obtaining price quotations, should inquire into applicable shipping charges. Any shipping charges to be paid by the Village will be regarded as part of the price quotation when selecting the successful vendor. Unless otherwise stated, all formal bid proposals shall include freight and delivery charges, if any.

### 4) Receiving & Inspection

Department Directors (or their designated representatives) are responsible for receiving and inspecting all deliveries to their departments to ensure that items received conform to the specifications and quantities that were ordered. All deliveries should be thoroughly inspected to ensure that materials are received in satisfactory condition. If an unsatisfactory item is accepted by a department, the department is responsible for that item. If the item cannot be used for its intended purpose then the department will have to request budgetary authority to purchase a new item. The department may attempt to negotiate with the vendor to obtain a replacement that will fulfill the originally intended purpose. However, the replacement cannot obligate the Village to spend further monies without the pre-authorization of the Finance Director. Inspecting the quantity and quality of items ordered before they are accepted is a critical component of the purchasing process. The Village has the right to reject any substandard item before it is accepted by a Village staff member; after acceptance the Village may be obligated for payment even if the item is not satisfactory. Each department should check the items received against the receiving slip, and forward the receiving slip along with the invoice to the Finance Department once the invoice has been properly approved.

## **V. Travel Policy**

Travel can play an important role in accomplishing the Village's mission to provide superior and responsive governmental services to the residents of Bannockburn. It is the policy of the Village of Bannockburn to reimburse officials and employees for authorized expenses incurred by them in the performance of their duties. Rates may be revised by the Village Manager from time to time to reflect current pricing.

The Village's elected officials shall follow the approved reimbursement policy Resolution No. 2013-R-29 "Resolution Acknowledging Procedures for Reimbursement of Village Related Expenses Incurred by Village Officials".

## **Purchasing Policy (Continued)**

Employees, when conducting business on behalf of the Village, are expected to use good quality services and accommodations appropriate for the business to be conducted. Good judgment and ethical practices on the part of each traveler remain the most important factors in controlling travel expenses.

Control of travel authorization is the responsibility of each Department Director. Travel authorization is a two-part process including: 1) approval of all travel in advance; and 2) expense reporting following completion of the trip. All travel for Village-related business must be approved in advance by the employee's Department Director; the Village Manager in the case of Department Directors; or the Village President in the case of the Village Manager, within the constraints of the annual budget.

All claims for the reimbursement of travel expenses shall be submitted on authorized reimbursement forms within ten (10) business days after travel has been completed. Abuse of the travel regulations, including falsifying expense reports to reflect costs not incurred by the employee, may be subject to disciplinary action, up to and including termination of employment. Travel authorization and travel reimbursement forms may be obtained from the Finance Department and shall be itemized in accordance with the following regulations. Approval of travel expense reports is more than a formality. It indicates that expenses submitted have been reviewed and have been found to comply with Village regulations and union contracts regarding travel and authorized business expenses. The policies detailed here apply to all funds under Village control and are superseded only in those instances where funding agencies apply specific and more restrictive rules and rates.

- 1) *Travel Authorization* - It is Village policy that all travel requiring an overnight stay must be approved in advance by the employee's Department Director and the Village Manager. This applies to all travel of this nature even in instances where the travel has been budgeted or a travel advance is not requested. Requests for travel authorization shall be submitted using the Village's travel authorization form.
- 2) *Travel Arrangements* - Village employees should arrange travel using the least expensive means possible. Employees should use good judgment when determining logical routes for arriving at the intended destination. Travel outside the State requires the approval of the Village Manager prior to such travel. Requests shall be made in writing with approval or disapproval based on necessity.
- 3) *Air Travel* - Employees are required to request flights according to approximate arrival and departure time, rather than by specific carrier or flight number, in order to obtain the lowest available fare with logical routing for all trips. In general, lowest available fare is defined as the least costly fare available at the time of ticketing, and may include one stopover or connecting flight. (This is not intended to limit travelers who may wish to arrange air fare using more than one stopover or connecting flight as savings and time permits.) In order to take advantage of available discounted fares, travelers are requested to make reasonable adjustments in their travel plans. Employees should make air travel arrangements as far in advance as possible to take advantage of special fare savings. Travelers should be aware that some discounts have travel restrictions and cancellation penalties, and therefore good business judgment should be exercised. All air travel at Village expense must be by coach. First Class travel is not permitted.

## **Purchasing Policy (Continued)**

- 4) *Ground Transportation* - It is expected that employees use the most effective ground transportation available, considering cost, time, availability and scheduling. Ground transportation, which includes bus, train, taxi or airport shuttle services, is limited to travel between airport, hotel, and conference center or between the Village and the destination at which the official Village business will be conducted. Ground transportation could include the cost of a rental vehicle.
- i. Taxi and Airport Transportation – Whenever practical, airport or hotel ground transportation should be the preferred method of transportation to hotels or meeting sites. Taxis may be used as necessary taking into consideration the cost of other means of transportation. A receipt is required for reimbursement of these expenses.
  - ii. Rental Passenger Automobiles – Rental automobiles may be used as necessary but must be approved in advance by the Department Director. Rental vehicle costs shall be identified as part of the documentation submitted prior to the travel, as well as the reason for retaining such transportation. Receipts are required for reimbursement of all expenses related to rental automobile use.
  - iii. Personal Vehicles – Direct travel by personal vehicle at the rate authorized year-to-year by the Internal Revenue Service or at an amount equivalent to round trip airfare, whichever is less. Visit [www.irs.gov](http://www.irs.gov) to obtain the current rate. If the employee departs from their home to the official destination, the Village will not reimburse the employee for the equivalent miles between the employee’s home and where they normally report to work. The mileage reimbursement allowance covers all automobile related costs; gasoline, insurance, maintenance etc. Employees using personal vehicles on Village business must have adequate automobile coverages in effect in compliance with Village policy.
  - iv. Other - Toll charges and parking fees, when supported by receipts, are reimbursable in addition to mileage allowance.
- 5) *Meals* - The per diem allowance for meals including taxes and tips while on Village business shall not exceed the Internal Revenue Service (IRS) standard allowance for the locality, as found in Publication 1542 of the IRS. If the location traveled to, is not included in the IRS list, the standard meal allowance for the nearest Village shall apply. Meal expenses exceeding the standard allowance are the responsibility of the employee. The Village Manager may approve greater amounts on a case-by-case basis in situations where these amounts do not adequately cover the actual cost of meals. Tips and gratuities are not to exceed 15% of expenses actually incurred.

## **Purchasing Policy (Continued)**

When traveling on Village business, employees should select restaurants which are reasonably priced for the locality. In addition, employees shall be aware that the Village will not pay for alcoholic beverages consumed with meals and that receipts are required for meals purchased during the course of the business trip. Per diem allowances for partial days traveled shall be based on the per meal allowances outlined below. These allowances shall also apply to employees attending in-state seminars and conferences not requiring an overnight stay. In either event, employees will not receive a per diem allowance but will be reimbursed for meals not included in the registration costs. The following limits shall apply to meals purchased while conducting Village business:

- i. Breakfast – Breakfast will be allowed whenever the incurred travel begins earlier than a normal breakfast (or concludes following breakfast) and no meal is served at the seminar or conference. The per diem meal allowance for breakfast shall be \$10.
  - ii. Lunch – Lunch will be reimbursed provided that the trip begins before the lunch hour (or concludes following the normal lunch hour) and lunch is not included as part of the conference or seminar. The per diem meal allowance for lunch shall be \$20.
  - iii. Dinner – Dinner will be reimbursed when the employee is away from the Village for the evening meal or does not return until after the normal dinner hour and no meal was provided as part of the conference or seminar. The per diem meal allowance for dinner shall be the balance of the IRS per diem allowance for the locality. For example, if the per diem allowance for the locality is \$63, the allowance for dinner shall be \$33.00 (calculated as \$63 minus \$10 for breakfast and \$20 for lunch).
- 6) *Hotels* – Employees are expected to use reasonably priced lodging. When making reservations or registering, the employee shall ask for and use the single room rate, or government/conference rate, whichever is less. Lodging expenses are reimbursable only when it is impractical to commute as determined by the Department Director or Village Manager. Otherwise, good judgment should be used in selecting hotels which provide comfortable lodging at reasonable prices. Accompaniment by an Immediate Family Member - The Village will not reimburse employees for travel costs of immediate family members traveling with employees on official Village business. Should a family member accompany the employee for personal reasons, only those costs related to the employee's travel may be reimbursed.
- 7) *Combined Business/Personal Travel* – Whenever an employee, for his/her convenience, travels by an indirect route or interrupts Village travel for personal travel, the additional expenses related to the personal travel are the responsibility of the employee.
- 8) *Special Events* - Fees for special events are reimbursable only when the event is directly related to the conference or for public or professional relations and otherwise approved in advance by the Department Director or Village Manager.

## **Purchasing Policy (Continued)**

9) *Non-Allowable Expenses* – The Village's policy is to reimburse its employees for all reasonable and necessary expenses incurred while transacting the affairs of the Village. However, there are specific types of expenses which are considered personal, and are therefore not reimbursable. These include but are not limited to:

- i. Cleaning, pressing, and laundry;
- ii. Personal entertainment including movies, videos or pay per view services in a hotel room;
- iii. Airline and other trip insurance;
- iv. Beautician, barber, manicurist and shoe shine;
- v. Personal telephone calls except to report changes in schedule, or to talk with family members once per day (15 minute per day maximum);
- vi. Repairs on personal automobiles damaged while on company business;
- vii. Traffic violations and court costs; and
- viii. Membership fees in airline clubs.

10) *Approved Forms of Payment* - Payments will not be made unless a travel expense report has been approved by the Finance Department. Employees that have Village issued credit cards may use them to pay for travel related expenses. However, employees shall still be responsible for obtaining receipts and submitting a complete expense reimbursement form to the Finance Department when the travel has been completed.

- i. *Advances* - Travel advances may be issued to employees to cover travel expenses that cannot be paid in advance by the Village. The advance will be established at an amount that is reasonable. All travel advances are issued and maintained subject to timely reporting of all travel expenses. A travel advance will be issued upon receipt of a completed travel expense report containing the following information:
  - a. Name, title and department of employee receiving the travel advance;
  - b. Account number the expenses will be charged;
  - c. Purpose of the trip;
  - d. Destination;
  - e. Beginning and ending dates of the trip; and
  - f. Estimate of all expenses including transportation, lodging, meals, registration and miscellaneous expenses including items paid directly.

## **Purchasing Policy (Continued)**

Advance requests require the signature of the applicable Department Director and the Finance Director. Travel advance forms must be completed and submitted to the Finance Department at least thirty (30) days before the date needed. Employees are responsible for ensuring that the completed travel advance form is received by the Finance Department prior to the accounts payable deadline for the date the funds will be needed. Travel advances must be settled within five (5) days after completion of the travel. A travel advance will not be issued if any prior advance is outstanding. Completed travel advance forms are to be forwarded to the Finance Department with all receipts attached. Any unused travel advance money must accompany this form.

- ii. Expense Reporting - The expense form should be filled out in accordance with the instructions noted on the form. Travelers should provide as much detailed information of all expenses on the statement as possible including the cost of registration, books, meals, hotel, airfare, etc. regardless of whether it was paid directly to a vendor (e.g. registration fees) or by credit card (e.g. hotel bill). Original receipts must be included except when it is impractical to do so or when specifically exempted by this policy (e.g. cost of public transportation, tips, parking meters, etc.). For payment involving the use of personal vehicles, the expense reimbursement form shall show in the space provided, the dates and times of travel, the points of departure and destination, the mode of transportation and the cost of transportation secured.

The expense report shall be submitted to the Finance Department within two (2) weeks following completion of the trip. Questions regarding any aspect of this policy shall be directed to the Finance Director or their designee.

## **W. Surplus Property Policy**

Village "personal property" is declared surplus when it is no longer necessary, practical, or economical to be retained by the Village. Department Directors are responsible for identifying surplus furniture and equipment in their departments. Before the surplus property can be sold or otherwise disposed of, a list of items with descriptions must be submitted to the Village Board for their approval to declare the items surplus. The corporate authorities shall declare personal property surplus by ordinance, which ordinance shall also direct the manner of disposing such property.

## **Purchasing Policy (Continued)**

### **X. Qualifications-Based Selection (QBS) Written Policy and Procedure**

The Village of Bannockburn receives federal funds, which may be used to fund the engineering and design related consultant services. Our written policies and procedures as describe herein for QBS will meet the requirements of 23 CFR 172 and the Brooks Act.

- 1) Initial Administration - The Village of Bannockburn's QBS policy and procedures assigns responsibilities to the Village Manager, Village President and Board of Trustees within the Village of Bannockburn's organization for the procurement, management, and administration for consultant services.
- 2) Written Policies and Procedures - The Village of Bannockburn intends that these adopted QBS written policies and procedures substantially follow Section 5-5 of the *BLRS Manual* and specifically Section 5-5.06(e), therefore; approval from IDOT is not required.
- 3) Project Description - The Village of Bannockburn will use the following five items when developing the project description and may include additional items when unique circumstances exist:
  - i. Describe in general terms the need, purpose, and objective of the project;
  - ii. Identify the various project components;
  - iii. Establish the desired timetable for the effort;
  - iv. Identify any expected problems; and
  - v. Determine the total project budget.
- 4) Public Notice - The Village of Bannockburn will post an announcement on our website, <http://www.bannockburn.org/> and/or publish an ad in a newspaper with appropriate circulation. The item will be advertised for at least 14 days prior to the acceptance of proposals, and at least twice in the newspaper and/or on continuous display on our website.
- 5) Conflict of Interest - The Village of Bannockburn requires consultants to submit a disclosure statement with their procedures. The Village of Bannockburn requires the use of the IDOT BDE DISC 2 Template as their conflict of interest form.
- 6) Suspension and Debarment - The Village of Bannockburn will use SAM Exclusions, IDOT's CPO's website and the three other state CPO's websites to verify suspensions and debarments actions to ensure the eligibility of firms short listed and selected for projects.

## **Purchasing Policy (Continued)**

7) Evaluation Factors - The Village of Bannockburn allows the Village Manager to set the evaluation factors for each project, but must include a minimum of five criterion and stay within the established weighting range. The maximum of DBE and local presence combined will not be more than 10% on projects where federal funds are used. Project specific evaluation factors will be included at a minimum in the Request for Proposals.

i. Criteria and weighting per the Village of Bannockburn's QBS Procedures:

- a. Technical Approach (10- 30%)
- b. Firm Experience (10- 30%)
- c. Specialized Expertise (10 - 30%)
- d. Staff Capabilities (Prime/Sub) (10 - 30%)
- e. Work Load Capacity (10- 30%)
- f. Past Performance (10- 30%)
- g. Local Presence\*
- h. Participation of Qualified and Certified DBE Sub-consultants\*

Note: \* The combined total of these two items cannot exceed 10%

ii. Price and cost related items, including cost proposals; direct salaries/wage rates; indirect costs (overhead), and other direct costs shall not be used as a factor in the evaluation, ranking and selection. Any sealed cost proposals submitted in response to the announcement will be returned to sender unopened.

**Purchasing Policy (Continued)**

- 8) Selection - The Village of Bannockburn requires a three-person selection committee. Typically, the selection committee members include the Village Manager, a Village Board member and one other appointed member. The selection committee members must certify that they do not have a conflict of interest. Selection committee members are chosen by the Village Manager for each project. The Village of Bannockburn requires each member of the selection committee to provide an independent score for each proposal using the form below prior to the selection committee meeting.

<b>Criteria</b>	<b>Weighting</b>	<b>Points</b>	<b>Firm 1</b>	<b>Firm 2</b>	<b>FirmX</b>
Criterion 1					
Criterion 2...					
Criterion X					
Total	100%				

The selection committee members' scores are averaged for a committee score which is used to establish a short list of three firms. The committee score is adjusted by the committee based on group discussion and information gained from presentations and interviews to develop a final ranking. If there are other firms within 10% of the minimum score, the Village Manager or the selection committee may choose to expand the short list to include more than three firms.

- 9) Independent Estimate - The Village of Bannockburn will prepare an independent in-house estimate for the project prior to contract negotiation. The estimate is used in the negotiation.
- 10) Contract Negotiation - The Village of Bannockburn’s Village Manager shall negotiate with firms, keep the Village Board apprised of all contract negotiations and seek their approval of all negotiated contracts. The Village Manager may delegate this responsibility to staff members. If a contract cannot be negotiated with the selected consultant, the Village Manager shall attempt to negotiate a contract with the second-ranked consultant. If this negotiation also fails, the LPA shall recommence the QBS process.
- 11) Acceptable Costs - The Village of Bannockburn requires the Village Manager, Appointed Elected Official or Finance Director to review the contract costs and the indirect cost rates to assure they are compliant with Federal cost principles prior to submission to IDOT.
- 12) Invoice Processing - The Village of Bannockburn requires the Village Manager and Appointed Elected Official assigned to any project using federal funds to review and approve all invoices prior to payment and submission to IDOT for reimbursement.

**Purchasing Policy (Continued)**

- 13) Project Administration - The Village of Bannockburn requires the assigned Project Manager to monitor work on the project in accordance with the contract and to file reports with the Village Manager and Appointed Elected Official. The Village of Bannockburn procedures require an evaluation of the consultant's work at the end of each project. These reports are maintained in The Village of Bannockburn's consultant information database. The Village of Bannockburn follows IDOT's requirements and the required submission of BLRS Form 05613 to the IDOT district at contract close-out along with the final invoice.
- Y. “Notwithstanding the terms of this policy, under appropriate circumstances, purchasing activities that vary from the strict terms of this policy may be approved or ratified (i) by the Village Manager for purchases under \$25,000, or (ii) by the Village Board for purchases of \$25,000 or more.”

## **Fund Reserve Policy**

### **PURPOSE**

The Board of Trustees (the “Village Board”) of the Village of Bannockburn (the “Village”) believes that sound financial management requires sufficient funds be maintained by the Village for unanticipated expenditures and revenue shortfalls during the course of the fiscal year. Generally, fund balances should be maintained at levels that provide adequate cushioning in the event of economic downturns, emergencies or unanticipated revenue shortfalls. Low fund balances will permanently reduce investment income and have a negative impact on the Village’s credit rating. Excessive fund balances may reflect stockpiling by management or a lack of financial planning.

The Fund Balance Policy is created to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Village has created this fund balance policy to provide a reserve for the following funds: General Fund, Water Fund and Sewer Fund. The Fund Balance Policy follows generally accepted accounting principles (GAAP) and has been developed to:

- Ensure stable service delivery
- Provide reserves to meet unanticipated nonemergency expenditures
- Smooth the effects of annual changes in tax rates and/or structure
- Provide sufficient cash flow for financial needs
- Demonstrate financial stability and to preserve the Village’s bond rating.

### **RATIONALE**

The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. It also is intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget.

The Fund Balance Policy should be established based upon a long-term perspective recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a Fund Balance Policy is for the Village to be in a strong fiscal position that will allow for better position to weather negative economic trends.

## **Fund Reserve Policy (Continued)**

### **POLICY STATEMENT**

The fund balance is the difference between assets and liabilities reported in a governmental fund. Fund balance measures the net current financial resources available to finance expenditures of future periods. A sufficient fund balance allows the Village to meet its contractual obligations, mitigate negative revenue implications of federal or state budget actions, mitigate the effects of economic downturns, fund disaster or emergency costs, provide funds for cash flow timing discrepancies and fund non-recurring expenses identified as necessary by the Village Board of Trustees.

The Governmental Accounting Standards Board (GASB) issued Statement Number 54 (“Statement”), “Fund Balance Reporting and Governmental Fund Type Definitions”, effective for periods after June 15, 2010. The objective of this Statement was to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes limitations on the purpose for which the Fund balance can be used. Fund balance reporting will be in accordance with the authoritative pronouncements and may include the following categories:

- I. ***Non-spendable Fund Balance.*** The portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. An example of these funds include assets that cannot be spent due to their form (inventory, prepaid items, and long term receivables) or funds that legally or contractually must be maintained intact (endowment principal).
- II. ***Restricted Fund Balance.*** A Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Special revenue funds are by definition restricted or committed for those specified purposes. Additionally, this would include, but not limited to, bond capital project funds and debt service funds. These limitations are typically imposed by parties altogether outside of the Village, such as creditors, grantors, contributors or through laws and regulations. Limitations can also be imposed when revenue being raised for a particular purpose (i.e., a gas tax imposed for road repair and construction) pursuant to enabling legislation.
- III. ***Committed Fund Balance.*** The Committed Fund Balance consists of funds that are set aside for a specific purpose by the Village Board as the Village’s ultimate decision-making authority. The Village Board commits fund balances by passing an ordinance or resolution. The same formal action must be taken to remove or change the limitations placed on the funds. Committed fund balances are often used with “stabilization funds” or rainy day funds. In addition, the limitations imposed by the Village Board can only be removed by the Village Board.

## **Fund Reserve Policy (Continued)**

- IV. ***Assigned Fund Balance.*** Assigned Fund Balances are used to describe the portion of the fund balance that is intended for a particular use. Assigned fund balances can be imposed by the Village Board, a finance committee or an official designated for that purpose. As a practical matter, existing resources that are expected to be used in connection with open contracts and purchase orders would be classified in this category. Assigned fund balances may be used to offset a gap in the budget stemming from a decline in revenue. Assigned funds cannot cause a deficit in the unassigned fund balance.
- V. ***Unassigned Fund Balance.*** The final component of a fund balance is its Unassigned Fund Balance. This is the net balance after consideration of the other four above referenced categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The last three categories (committed, assigned and unassigned), noted above, together comprise the *Unrestricted Fund Balance*. The Unrestricted Fund Balance is typically the Village's "reserves."

### **RESPONSIBILITY**

It is the responsibility of the Finance Director to report all non-spendable and restricted funds appropriately on the Village's Financial Statements.

### **CLASSIFYING FUND BALANCE AMOUNTS**

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last; unless the Village Board has provided otherwise in its commitment or assignment actions.

### **AUTHORITY TO COMMIT FUNDS**

The Village Board has the authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of an ordinance or resolution. The passage of an ordinance or resolution must take place prior to April 30th of the applicable fiscal year. If the actual amount of the commitment is not available by April 30th, the ordinance or resolution must state the process or formula necessary to calculate the actual amount as soon as information is available.

## **Fund Reserve Policy (Continued)**

### **AUTHORITY TO ASSIGN FUNDS**

Upon passage of the Fund Balance Policy, direction is given to the Village's Manager or Finance Director to assign funds for specific purposes. Any funds set aside as Assigned Fund Balance must be reported to the Village Board at their next regular meeting. The governing board has the authority to remove or change the assignment of the funds with a simple majority vote.

The Village Board has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as Assigned Fund Balance requires a simple majority vote and must be recorded in the minutes. The same action is required to change or remove the assignment.

Unassigned Fund Balance dropping below the minimum level will require the approval of 2/3 vote of the Village Board.

### **TARGET FUND BALANCE POLICIES**

#### **UNASSIGNED FUND BALANCE**

Unassigned Fund Balance is the residual amount of Fund Balance in the General Fund. It represents the resources available for future spending. An appropriate level of Unassigned Fund Balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

Unassigned Fund Balance may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget revision by the Village Board.

In the event of projected revenue shortfalls, it is the responsibility of the Finance Director to report the projections to the Village Board on a quarterly basis and shall be recorded in the minutes.

Any budget revision that will result in the Unassigned Fund Balance dropping below the minimum level will require the approval of 2/3 vote of the Village Board.

## **Fund Reserve Policy (Continued)**

### **EMERGENCY RESERVE**

Maintaining an Emergency Reserve is a necessity for sound financial management and fiscal accountability. The Village Board has the authority to establish an Emergency Reserve that will be a Committed Fund Balance. An Emergency Reserve is established for the purpose of providing funds for an urgent event that affects the health and safety residents (e.g. floods, fires, storm damage, etc.). The minimum level for the Emergency Reserve is 25% of General Fund operating budget which includes the annual debt service and excludes capital expenditures. The recognition of an urgent event must be established by the Village Board or their designee (e.g. Village Manager). If established by the governing board's designee, the specific urgent event must be reported to the Village Board at their next meeting. A budget revision must be approved by the Village Board. In the event that the balance drops below the established minimum level, the Village Board will develop a plan to replenish the Emergency Reserve balance to the established minimum level within two years.

### **OPERATING RESERVE**

The Village will maintain an additional General Fund "Operating Reserve" with an upper goal of an additional 75% of the annual General Fund Operating Budget which includes the annual debt service and excludes capital expenditures. This amount approximates 9 months of working capital. The Operating Reserve is intended to be a reserve for unexpected events whose impact exceeds \$500,000 such as failure of the State to remit revenues to the Village, unexpected mandates, unexpected loss of State Shared revenues, continuance of critical Village services due to unanticipated events, or to offset the unexpected loss of a significant funding source for the remainder of the fiscal year.

Any use of the Operating Reserve funds must be approved by the Village Board and include a repayment plan that projects to restore the Operating Reserve to the 75% level within two fiscal years following the fiscal year in which the event occurred.

### **ENTERPRISE WATER OPERATING RESERVE**

The Village of Bannockburn's Enterprise Operating Reserve working capital will be maintained to provide the Village with a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The cash reserve balance (working capital) goal for the water enterprise operating funds will be at least 75% of the actual operating expenditures for the fiscal year.

## **Fund Reserve Policy (Continued)**

### **ENTERPRISE WATER OPERATING RESERVE**

The Village will maintain a “Debt Stabilization Reserve” with an upper goal of approximately one hundred 100% of the maximum annual average debt service payment, principal and interest, for the current year. The Debt Stabilization Reserve is intended to provide additional security to insure the Village’s ability to meet debt service obligations. In the event the Debt Stabilization Reserve is used, the Village shall strive to restore the fund to the defined level within the next three fiscal years following the fiscal year in which the fund was used.

### **WATER ASSET MAINTENANCE RESERVE**

The Village will maintain an additional “Asset Maintenance Reserve” with an upper goal equal to two percent 2.5% of the enterprise fund infrastructure assets. The Asset Maintenance Reserve may be used to provide funding for the repair and maintenance of critical infrastructure. In the event the Asset Maintenance Reserve is used, the Village shall strive to restore the fund to the defined level within the next three fiscal years following the fiscal year in which the fund was used.

### **SEWER FUND RESERVE**

The Village’s goal for the sewer fund is to remain self-sufficient. A reserve cash balance policy is recommended to ensure positive cash flow for operations. The minimum goal is to maintain a positive fund reserve balance and work towards 30 days of operating expenditures, excluding capital and debt service.

## GLOSSARY

The Annual Budget contains terminology unique to public finance and budgeting. This glossary was prepared to assist the reader of this document in the understanding of some of these terms.

- **Accountability** – The condition, quality, fact or instance of being obliged to reckon or report for actions or outcomes.
- **Accrual Basis of Accounting** – A method of accounting that recognizes financial transactions when they occur regardless of the time the intake of cash.
- **Activity** – A specific service performed by a component unit of a governmental organization that is responsible for a function such as police is an activity of the public safety function.
- **Agency Fund** – A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.
- **Annexation** – The incorporation of land into an existing village with a resulting change in the boundaries of that village.
- **Appropriation** – A specific amount of money authorized by Village Board to make expenditures and incur obligations for specific purposes, frequently used interchangeably with “expenditures.”
- **Assessed Value** – A valuation set upon real estate or other property by the Township Property Appraiser as a basis for levying taxes.
- **Asset Allocation** – The process to determine which types of investments are to be included in the composition of an overall investment portfolio.
- **Audit** – A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of the presentation of the Village’s financial statements. The audit tests the Village’s accounting system to determine whether the internal accounting controls are both available and being used.
- **Available Fund Balance** – The portion of fund balance collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- **Balance Sheet** – That portion of the Village’s financial statement that discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.
- **Basis of Accounting** – A term used when revenues, expenditures, expenses, transfers, assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, modified accrual or the accrual method.
- **Basis of Budgeting** – A method used to determine the recognition of Revenues and Expenditures for the budgetary process.
- **Bond** – A written promise to pay a specified sum of money, called face value or principal, at a specified date in the future, called maturity date, together with periodic interest at a specified rate.
- **Bond Refinancing** – The payoff and re-issuance of bonds, to obtain better interest rates and or bond conditions.
- **Budget** – A comprehensive financial plan of operations which attempts to allocate limited revenues among competing expenditure requirements for a given time period.
- **Budgetary Control** – The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.
- **Budget Revision** – A change to the adopted budget as authorized by the Village Board.

## **Glossary (continued)**

- **Business-type Activities** – One of two classes of activities reported on government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.
- **Capital Budget** – The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.
- **Capital Equipment** – Equipment with a value in excess of \$20,000 and an expected life of more than five years such as automobiles, data processing equipment and furniture.
- **Capital Improvements** – Charges for the acquisition at the delivered price including transportation costs of equipment, land, buildings, or improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$25,000 and a useful life expectancy of at least two years.
- **Capital Improvement Projects** – An undertaking that has a specific objective, can be easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually, and has a total cost in excess of \$50,000.
- **Capital Outlay** – Expenditures that result in the acquisition of or addition to fixed assets.
- **Capital Projects Fund** – Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- **Cash Basis of Accounting** – Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.
- **Cash Management** – The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the balance of the highest interest and return, liquidity and minimal risk with these temporary cash balances.
- **Charges for Service** – User charges for services provided by the Village to those specifically benefiting from those services.
- **Commodities** – Items which, after use, are consumed or show material change in, or an appreciable impairment, of their physical condition, and which generally have limited value and characterized by rapid depreciation.
- **Comprehensive Plan** – An official public document adopted by a local government as a policy guide to decisions about the physical development of the community. It is general long-range physical plan.
- **Constituent** – One represented politically or in business; a voter; client.
- **Debt** – A financial obligation resulting from the borrowing of money. Debts of government include bonds, notes, and land contracts.
- **Debt Ratio** – Ratios that provide a measure of assessing debt load and ability to repay debt, which play a part in the determination of credit ratings. They are used to evaluate the Village's debt position over time and against its own standards and policies.
- **Debt Service** – The payment of principal and interest on borrowed funds.
- **Debt Service Funds** – Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- **Deficit** – The excess of expenditures or expenses over revenues or income during a single accounting period.

## Glossary (continued)

- **Department** – An organizational unit responsible for carrying out a major governmental function, such as Finance or Public Works.
- **Depreciation** – The decrease in value of physical assets due to use and the passage of time.
- **Encumbrance** – The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.
- **Enterprise Fund** – Used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the costs of providing goods or services are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- **Equalized Assessed Value** – The value of property resulting from the multiplication of the assessed value by an equalization factor to make all property in Illinois equal one-third of its market value.
- **Equalization Factor** – A factor determined by the State which when applied to the counties' assessed value will cause all property to equal one-third of its market value.
- **Expenditures** – Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental transfers.
- **Expenses** – Charges incurred, whether paid or unpaid, resulting from the delivery of goods or services.
- **Façade** – The front, visible part, or most conspicuous component of a building.
- **Fiduciary Funds** – Funds that are used when a government holds or manages financial resources in an agent or fiduciary capacity.
- **Fiscal Policies** – The Village's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.
- **Fiscal Year (FY)** – Any consecutive twelve-month period designated as the budget year. The Village's budget year begins May 1, and ends April 30 of the following calendar year.
- **Fixed Assets** – Assets of long-term character which are intended to continue to be held or used. Examples of fixed assets include items such as land, buildings, machinery, furniture, and other equipment.
- **Franchise Fee** – A fee paid by public service businesses for use of Village streets, alleys and property in providing their services to the citizens of a community. Services requiring franchises include telephone, natural gas and cable television.
- **Full Time Equivalent (FTE)** – A standardized unit of measure used to determine the equivalent number of full-time employees. It is calculated by dividing the total hours actually worked or planned for a job class (regular and overtime) by a standard number of hours a full-time employee would work for the job class.

## **Glossary (continued)**

- **Fund** – Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, residual equities, revenues, and expenditures, or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations.
- **Fund Balance** – The fund equity of governmental funds. Changes in fund balances are the result of the difference of revenues to expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues.
- **Generally Accepted Accounting Principles** – Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).
- **General Fund** – The general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
- **General Obligation Bonds** – Those bonds that are backed by the “full faith and credit” of a municipality. The taxing power of local government is pledged in the covenant of one of these bond issues.
- **Goal** – A long-range desirable development attained by objectives designed to implement a strategy.
- **Governmental Fund Types** – Funds that account for a government’s “governmental-type” activities. These funds are the general fund, special revenue funds, debt services funds and capital project funds.
- **Grant** – Contributions of gifts of cash or other assets from another government to be used for a specified purpose, activity, or facility. Grants may be classified as either categorical or block, depending on the amount of discretion allowed the grantee.
- **Improvements** – The necessary changes to a parcel(s) of land that is required for its future development. These often include modifications of the roadways, water and sewer mains, and the parcels capacity for electricity.
- **IMRF** – Illinois Municipal Retirement Fund. Retirement system established for municipal employees of the state.
- **Income** – A term used in proprietary fund type accounting to represent: (1) revenues; or (2) the excess of revenues over expenses.
- **Infrastructure** – The permanent foundation or essential elements of a municipality. Roadways are a component of a local government’s infrastructure.
- **Interfund Transfer** – Payment from one fund to another fund primarily for work or services provided.
- **Intergovernmental Revenues** – Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.
- **Investment** – The placing of money, capital, or other resources to gain in a profit, as in interest.
- **LEADS** – Law Enforcement Agency Data System in a system used as a nationwide tool to track criminal activity, such as warrants for arrest and missing persons.

## **Glossary (continued)**

- **Levy** – (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments or service charges imposed by the Village.
- **Liability** – Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date.
- **Line Item** – A specific item or group of similar items defined by detail in a unique account in the financial records. Revenue and expenditure justifications are reviewed, anticipated and appropriated at this level.
- **Liquidity** – The amount of cash and easily sold securities a local government has at one time.
- **Millage** – The tax rate on real property based on \$1.00 per \$1,000 of assessed property value.
- **Modified Accrual Accounting** – A basis of accounting in which revenues are recorded when collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, and expenditures are recognized when the related liability is incurred. Governmental fund types utilize this basis of accounting.
- **MFT** – Motor Fuel Tax is a tax on fuel consumption. Distribution of the tax collected is based on population. There are also state-funded programs for street resurfacing, curb and gutter work and storm sewer work.
- **Net Income** – Proprietary fund excess of operating revenues, non-operating revenues, and operating transfers-in over operating expenses, non-operating expenses, and operating transfers-out.
- **Non-Operating Expenditures** – The costs of government services which are not directly attributable to a specific Village program or operation. Examples include debt obligations and contributions to Human Service organizations.
- **Objective** – Something to be accomplished in specific, well-defined, and measurable terms and is achievable within a specific time frame.
- **Operating Budget** – A financial plan that presents proposed expenditures for the fiscal year and estimates of revenue to finance them.
- **Portfolio** – A compilation of investments held by an entity.
- **Privatization** – The transfer of services from the public sector to the private sector in an attempt to save tax dollars. This has been done to varying degrees and levels of success across the country.
- **Private Sector** – Business owned and operated by private individuals, as opposed to government-owned operations.
- **Public Sector** – The policies and procedures as conducted by local governments, states and the federal government. The majority of these activities are financed through tax levies.
- **Program** – An organized set of related work activities within a Bureau of a department, which are directed toward a common purpose or goal and represent a well-defined use of Village resources. Each Village department usually is responsible for a number of related service programs.
- **Property Tax** – A tax levied on the assessed value of real property (also known as “ad valorem taxes”).

## **Glossary (continued)**

- **Proprietary Fund Types** – The classification used to account for the Village’s ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds.) All assets, liabilities, equities, revenues, expenses and transfers relating to the government’s business and quasi-business activities are accounted for through proprietary funds. The Generally Accepted Accounting Principles used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the Governmental Accounting Standards Board has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.
- **Referendum** – The submission of a proposed public measure or law, which has been passed upon by legislature or convention, to a vote of the people for ratification or rejection.
- **Revenue Bonds** – Bonds whose principal and interest are payable exclusively from earnings of a specific, defined activity or facility which can be public, quasi-public, or private.
- **Retained Earnings** – An equity account reflecting the accumulated earnings of the Village’s proprietary funds.
- **Revenues** – Funds that the government receives as income. It includes such items as tax receipts, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.
- **SCADA** – Supervisory Control and Data Acquisition. Computer controlled system operation and information in regards to the Village’s electrical and water system.
- **Special Revenue Funds** – Funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- **Tax Levy** – The total amount to be raised by general property taxes for operating and debt service purposes.
- **Tax Rate** – The amount of tax levied for each \$100 of assessed valuation.
- **Tax Increment Finance District (TIF)** – A special district established to revitalize a degenerating parcel of land/building funded through incremental property taxes.
- **Trust and Agency Funds** – Funds used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.
- **User Fees** – A fee charged for receipt of public service to the party who benefits from the service.
- **Yield** – The yield on a fixed-income security is its current rate until maturity, based on its face value, its current market price and any interest coupons.