

**VILLAGE OF KILDEER
APPROVED BUDGET
FY 2016-2017**



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ELECTED OFFICIALS



Nandia Black, President



William Johnson, Trustee



Keith Kovanda, Trustee



Ralph Liberatore, Trustee



Les Sokolowski, Trustee

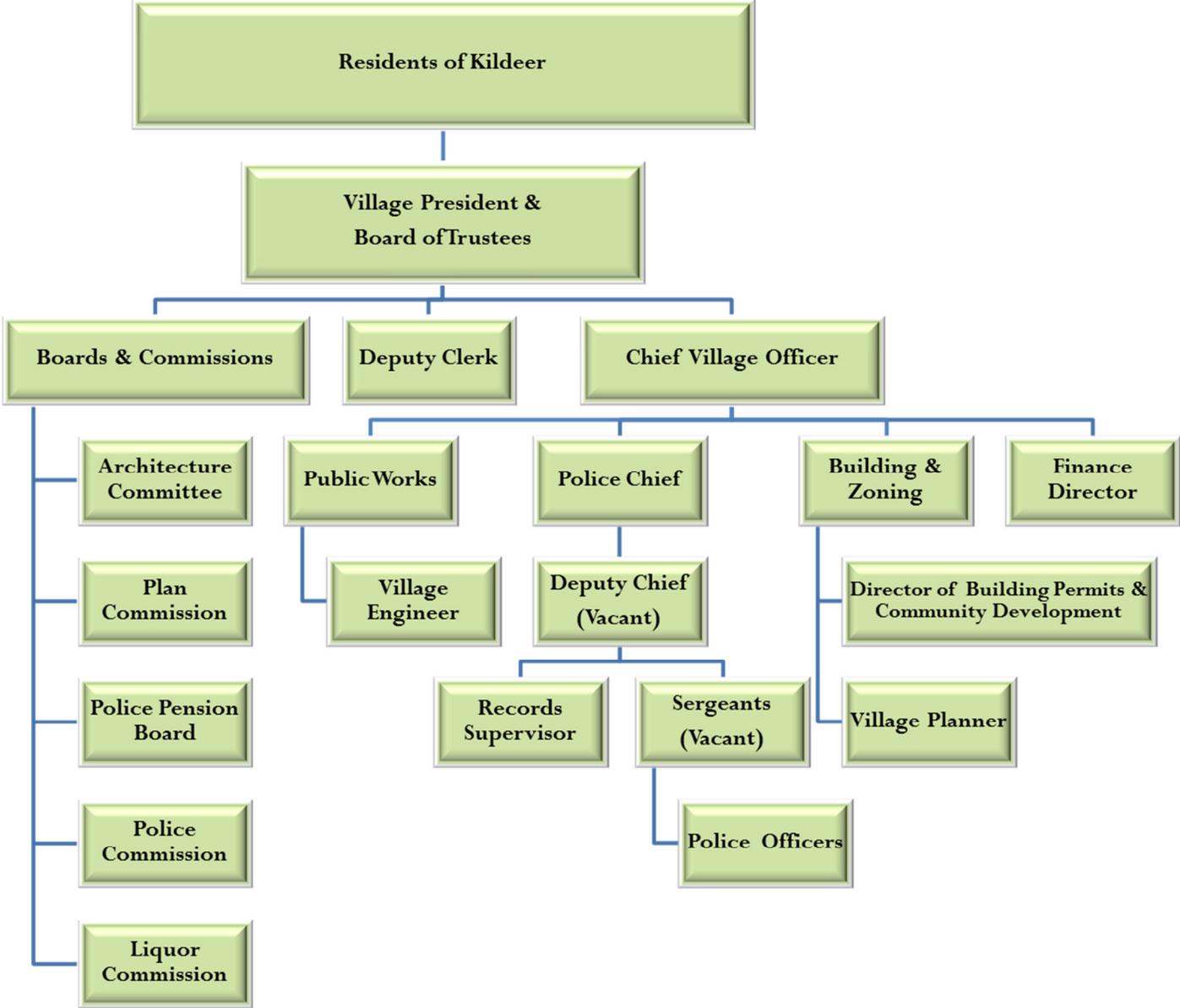


Barb Stavropoulos, Trustee



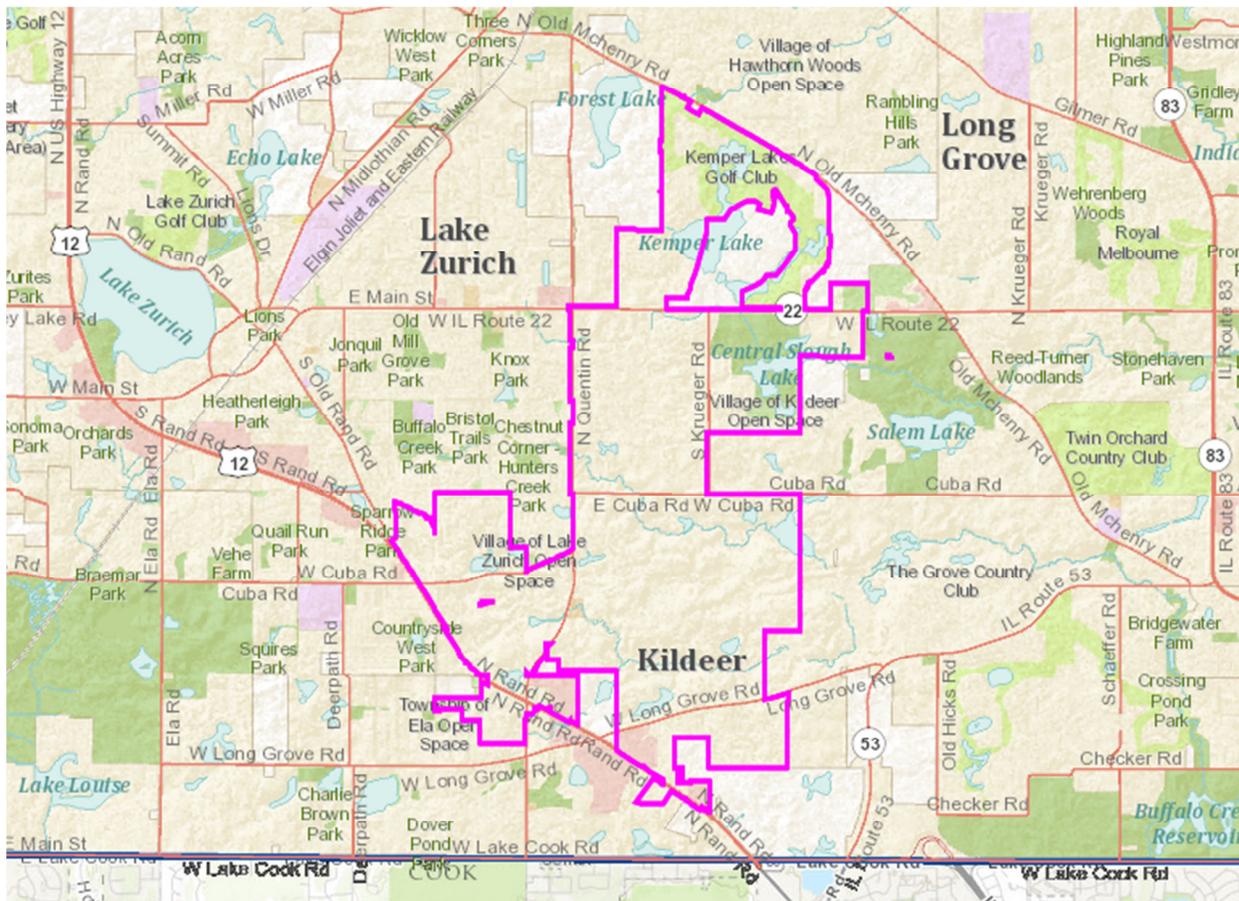
Basil Tarabein, Trustee

ORGANIZATIONAL CHART



VILLAGE PROFILE

When the Village of Kildeer became an Illinois municipal corporation in March 1958 there were only 193 residents living in 2 subdivisions (Long Grove Valley, and Boschome Farms). Kildeer now has over 4,000 residents living in over 30 subdivisions. The jurisdictional boundary of the Village has grown to about 4.6 square miles in which there over over 32 miles of paved roads.



As described by Moody's Investment Service in its February 2016 update:

The Village of Kildeer is located in Lake County in northeastern Illinois, approximately 16 miles southwest of Waukegan and 30 miles northwest of Chicago. Lake County has a population of 705,186 and a population density of 1,589 people per square mile. The County's per capita personal income is \$65,329 (1st quartile) and the October 2015 unemployment rate was 5.1% (3rd quartile). Wholesale trade, manufacturing, management and professional/technical services are key drivers of the local economy.

Some 70 companies have their corporate or division headquarters in the County, the largest of which include Abbott Laboratories, Baxter International, Coleman Cable, Hospira, Inc., Medline Industries, W.W. Grainger, Walgreen Company, and Takeda Pharmaceuticals Technologies. Great Lakes Naval Training Center, county and local government, and education are also major employers in the County.

Kildeer has an excellent credit position, and its Moody's Aa1 rating exceeds the median rating of Aa3 for cities nationwide. The key credit factors include a very healthy financial position, and a superior socioeconomic profile with a sizable tax base. The rating also reflects the Village's negligible debt burden with a mid-ranged pension liability.

The Village has a robust financial position, which is roughly consistent with the assigned rating of Aa1. Kildeer's fund balance as a percent of operating revenues (96.3%) far surpasses the US median and saw an impressive increase between 2012 and 2015. In addition, the cash balance as a percent of revenues (94.2%) is far stronger than other Moody's-rated cities nationwide.

Overall, the Village has a very healthy economy and tax base, which are consistent with its Aa1 rating. Kildeer's full value per capita (\$594,575) is well above the US median. In addition, the median family income equals a robust 249% of the US level. The Village's total full value (\$2.4 billion) is slightly stronger than the US median. Yet, this metric suffered a significant decrease between 2012 and 2015.

The debt and pension liabilities of the Village are extremely small and are roughly consistent with its Aa1 rating. The net direct debt to full value (0.1%) is materially lower than the US median. Moreover, Kildeer's Moody's-adjusted net pension liability to operating revenues (1.6x) slightly exceeds the US median and unfavorably rose from 2012 to 2015.

The financial position of the Village is strong and the budget reflects the commitment by the Village President and the Board of Trustees to maintain the Village's infrastructure, fund its Police Pension, and ensure that Kildeer is a desired place to live.

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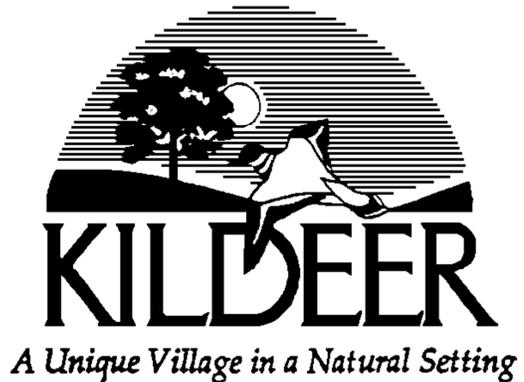
TRANSMITTAL LETTER

TO: President Nandia Black
Trustee William Johnson
Trustee Keith Kovanda
Trustee Ralph Liberatore
Trustee Les Sokolowski
Trustee Barbara Stavropoulos
Trustee Basel Tarabein

From: Chief Village Officer Michael Talbett

Date: April 19, 2016

Re: Budget Transmittal Memo
Fiscal Year 2016-17



I am pleased to present the budget for the fiscal year May 1, 2016 through April 30, 2017 (FY 17).

The budget is crafted in the spirit of past budgets that were approved by this Village Board since 2010. Each fund within the budget was evaluated to project whether programmed expenditures can be met with reasonably anticipated revenues. Fiscally conservative assumptions were incorporated into the revenue projections to comply with the Board's philosophy of not spending money the Village does not have. The General Fund Budget is balanced so that revenues equal expenses.

The budget reflects a continuing commitment to the following:

- maintaining predictable levels of service;
- maintaining sufficient reserves to meet the Village's operating needs;
- planning for the development of the Village; and
- meeting long-term financial goals.

Budget Summary

The Budget serves as a planning and policy device. It identifies the sources of revenue that the Village will receive during FY 17 and the projected amount from each revenue source. The budget also sets out the expenses that the Village expects to incur during that same period.

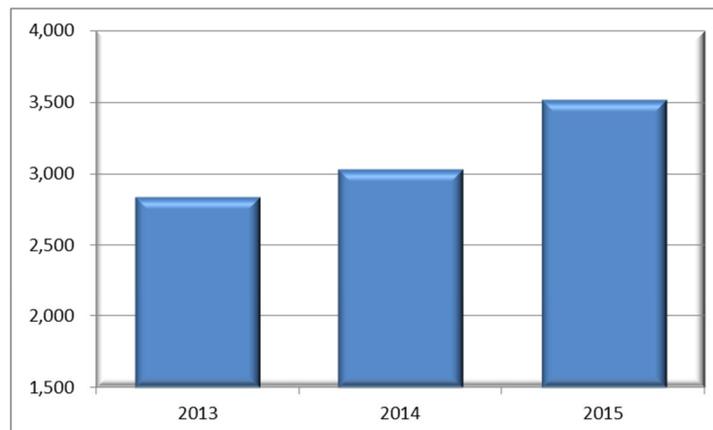
The proposed expense budget for FY 17 is \$4,350,000, a modest 5% increase from FY 16. The changes in FY 17 are primarily within the General Fund. Expenses in the General Fund are offset by projected increases in building permits, property tax levy, intergovernmental revenue sharing, and grants. The Village Board's recent approval of a new commercial development along Rand Road and a new single family home subdivision provides additional support for the assumption that funding will be available to meet projected FY 17 expenses.

A summary of expense budget totals is provided in the table below.

Fund Type	FY 2016	FY 2017	Difference	
	Budget	Budget	\$	%
General Fund	3,900,000	4,100,000	200,000	5%
MFT Fund	250,000	250,000	-	0%
Capital Projects	-	-	-	0%
Totals	4,150,000	4,350,000	200,000	5%

Expense Budget Summary

The increase in FY 17 expenses takes place mainly in the Police Department. The additional spending will cover the increase in the general costs for providing public safety which includes the hiring of one full time police officer and one part time officer in FY 17, a step taken in response to an increase in calls from residents for police services that started in FY 13.



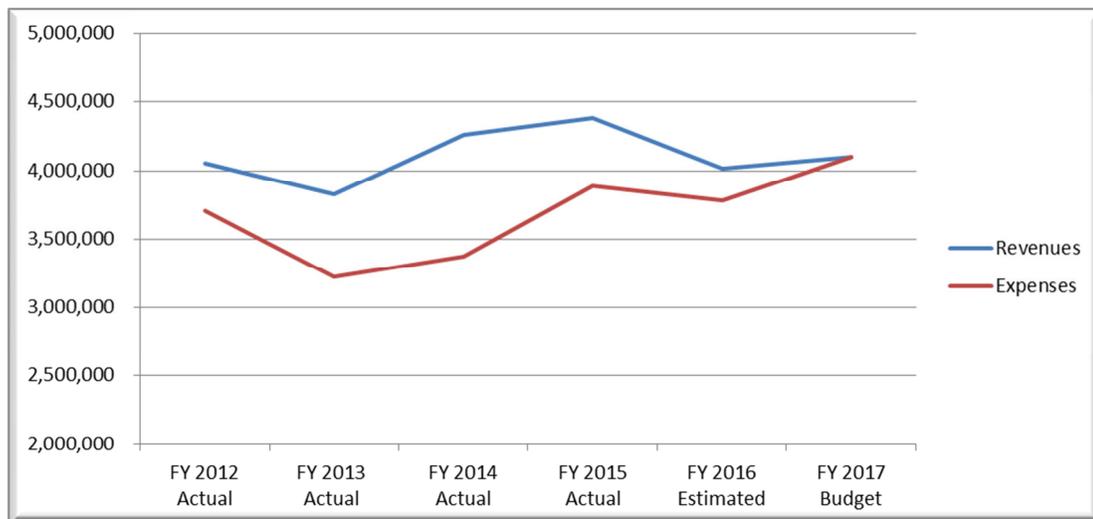
Average Calls for Service Per Full-Time Officer

Calls for law enforcement services increased by 2,819 from FY 14 to FY 15 and the number of calls are expected to increase in FY 17, too. The law enforcement staffing changes are to be financed from the projected 5% increase in revenues.

	Actual 2015	Actual 2016	Budgeted 2017	Change 2017
General Government				
Full Time	3	3	3	-
Police Department				
Full Time	8	8	9	1
Part Time	6	6	7	1
Total position count	17	17	19	2

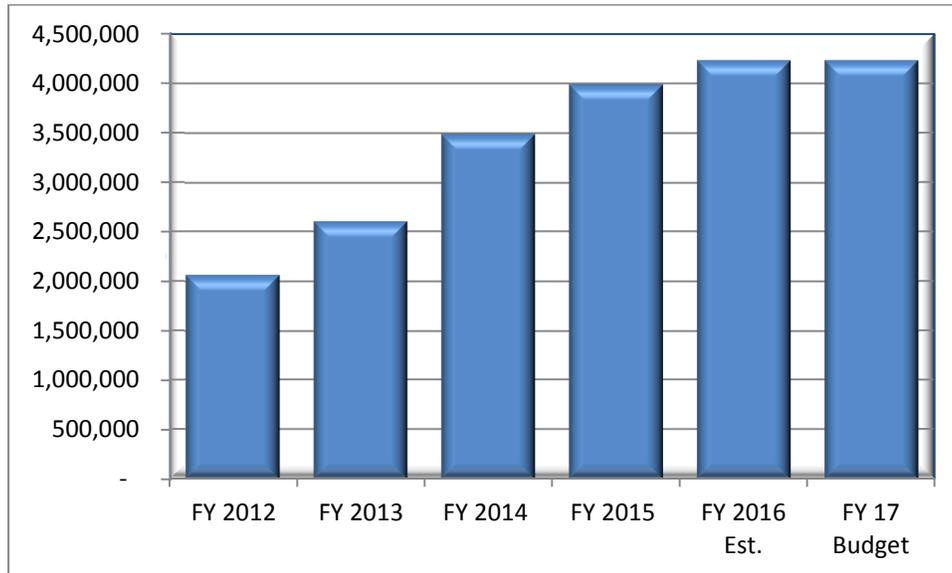
Staffing Level Changes

Revenues are closely monitored during the fiscal year so that adjustments can be made regarding expenses. As shown below, adjustments were made during FY 11 - FY 16 that kept actual expenses below revenues. The result has been steady growth in the Village's reserves. The General Fund Budget for FY 17 is balanced as indicated by the convergence of the curves for revenues and expenses.



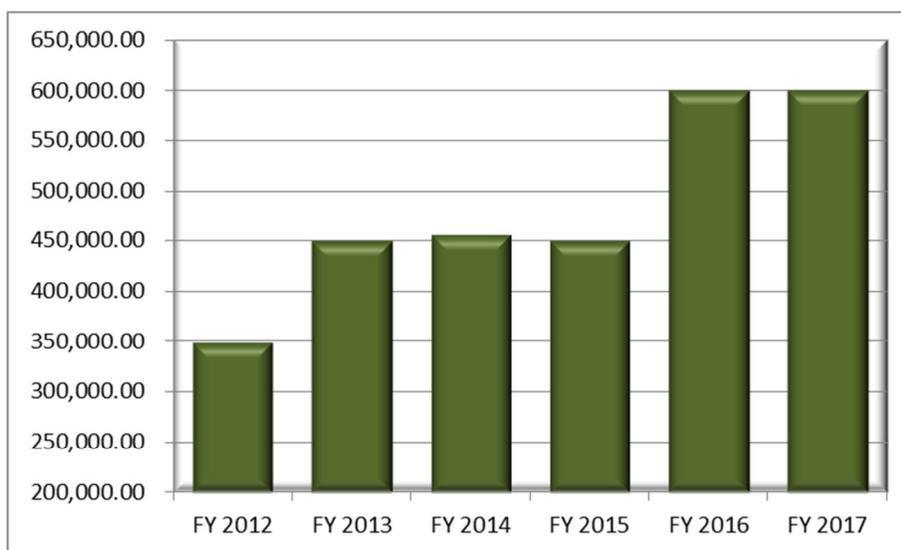
General Fund Revenue and Expense Curves

Revenues exceeded expenses between FY 12 and FY 16 and during this period the Village was able to grow its reserves. In FY 17 growth of the Village's General Fund reserve is expected to level off in response to pressure from increased expenses.



General Fund Reserves

In addition to adding law enforcement staff, pressure to increase expenditures continues to build due to road maintenance needs, the imposition of unfunded mandates by state government and an escalating obligation to fund the police pension. Having achieved the Village Board's initial goal of increasing the General Fund reserves, attention is being shifted toward the new goal of fully funding the Police Pension Fund. The shift in fiscal policy is shown in the increase in contributions to the Police Pension Fund in FY 16 and 17.



Annual Contributions to the Police Pension Fund

Opportunities for FY 17 (Short Term)

Continued careful management of the Village's finances is needed to keep revenues equal to or greater than expenses so that the Village Board's goals in the areas of police pension funding and road maintenance can be achieved. To improve the fiscal condition of the Village the following opportunities will be pursued:

- Expand efforts to retain retail businesses and attract new ones;
- Continue to control overtime expenses by the use of 12 hour shifts for Police Officers;
- Continue preventative maintenance program for roads to minimize unanticipated repairs;
- Expand the use of shared services with other governmental bodies;
- Continue participation in cooperative road salt purchasing opportunities;
- Increase contributions to the police pension fund; and
- Follow Government Financing Officers Association criteria for budgeting.

Concerns (Long Term)

The following long term concerns will impact future budgets and will require attention:

Lake County is preparing to widen Quentin Road north of White Pine Road to Rt. 22 starting in 2018. A bike path on the east side of the project will be in Kildeer and the Village's portion of the cost of this improvement is estimated to be between \$12,000 and \$56,000 depending on the availability and amount of federal grant funding for the total project. This one-time expense will be met with funds from a one-time revenue source namely the permit fees received in FY 17 from the construction of a new shopping center. The permit fees from the shopping center under construction will be earmarked for the Quentin Road project.

Within the next five to ten years it is anticipated that improvements to Route 22 east of Quentin Road will be started by the Illinois Dept. of Transportation. Part of that project includes a traffic light upgrade and a sidewalk/bike path that will be connected with Egret's Marsh and Herron's Creek Forest Preserves. The Village's cost of its portion of the sidewalk/bike path project, including the partial cost of a traffic light replacement for the realigned Rt. 22 and S. Krueger Road intersection, is estimated to be \$140,000. The Rt. 22 project will complete the regional network of paths that connect Kildeer with Citizen's Park in Barrington and Cuba Marsh in the Lake Zurich/Deer Park area to the southwest and the Egret Marsh and Herron's Creek Forest Preserves in Long Grove on the northeast. Funds for the Rt. 22

improvement project are expected to come from a portion of the sales tax revenue that will be generated from the new shopping center that is now under construction.

In addition to the large one time capital needs in connection with the Quentin Road and Rt. 22 road projects, funding for the replacement of police squad cars comes from a dedicated revenue stream that is derived from a portion of the court fines received by the Village and General Fund various revenues.

Project Cost	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Squad Car #99	-	35,000	-	-	-	-	36,970	-	-
Squad Car #93	-	-	35,350	-	-	-	-	37,340	-
Squad Car #94	-	-	-	35,883	-	-	-	-	37,713
Squad Car #91	-	-	-	-	36,242	-	-	-	-
Squad Car #92	-	-	-	-	-	36,604	-	-	-
Utility Car #90	-	-	-	-	-	36,604	-	-	-
Total Cost Projected	-	35,000	35,350	35,883	36,242	73,208	36,970	37,340	37,713
Funding Source									
General Fund	-	35,000	35,350	-	36,242	36,604	36,970	37,340	37,713
Capital Projects	-	-	-	35,883	-	36,604	-	-	-

Squad Car Replacement Schedule

The Village’s pension contribution is currently being met with money from the General Fund which is also the source of money for infrastructure maintenance and other improvements. As competition for Village resources grows, it will be more difficult to find sufficient revenue to maintain existing operations and meet future police pension obligations.

A stated strategic goal of the Village Board is to make larger than required contributions to the police pension fund every year to achieve 90% funding by the year 2040. In the short term, larger than required contributions to the police pension fund will come from the General Fund. In order to relieve pressure on the General Fund in the long term, it would be preferable to have a dedicated revenue stream for the pension based on property taxes such as a police pension levy. Under present economic conditions the probability of passing a referendum to establish a police pension levy seems low. The police pension issue should be revisited when economic conditions improve.

In all, the FY 17 budget is a reflection of sound fiscal planning that enabled the Village to take advantage of opportunities in the past and to position the Village to achieve its future goals.

I would like to express my appreciation to the Village President and all of the Board Members for their input during the preparation of the Budget. Finance Director Annette Zborowski deserves special recognition for her expertise and for devoting so much time and effort to this

project so that the final product is accurate and relatively easy to understand. Chief Steve Balinski's insightful input insured that Kildeer residents will receive the best possible police protection.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michael A. Albett". The signature is written in a cursive style with a large, circular initial "M" and a distinct "A" and "Albett" following.

STRATEGIC PLAN

Core Values

The Village of Kildeer aligns its financial plan with the following core values that are the foundation on which Village staff performs work and interact with others:

Strategy: Ongoing operations and future services are defined by strategies that reflect the high-level service requirements, expectations, and demographics of the community. The core strategy is to focus on fiscally-prudent and high-quality service to residents and businesses.

Efficiency: The Village strives to deliver products and services in the most cost effective manner, seeking to minimize time and resources obligated to core services and to lower the cost of service delivery through competition, collaboration and innovation.

Technology: The Village uses technology as a means to provide better and more efficient services to our internal and external customers.

Culture: Village staff continuously monitors numerous conditions and evaluates performance as part of an ongoing effort to improve efficiency, react to changes and make adjustments as needed to keep within budgetary targets.

Strategic Priorities

The following strategic priorities drive how resources are expended within the Village and provide a framework for decision making:

Core Services: Core services consist of infrastructure maintenance, law enforcement and Village administration. Core services receive priority over other funding requests and prioritization of needs within the core services is necessary to maintain a balanced budget.

Economic Development: Sales tax is the largest source of Village revenue and the importance of maintaining an inviting environment for commercial activity in the Village is a critical factor for the welfare of residents and businesses.

Revenue Growth: A positive financial position is one where revenues adequately fund services and infrastructure needs. The Village strives to maintain its positive financial position by diversifying revenue sources, aligning fee structures to adequately reflect service demands, reducing the Village's reliance on property and state shared taxes, as well as having a long term perspective.

Infrastructure Sustainability: It is necessary to have a reliable and high quality infrastructure (which includes streets, utilities, drainage systems and Village owned property) in order to maintain the quality of life for residents and to have an inviting business environment. Planning for the financial resources necessary to maintain existing and future Village infrastructure needs is incorporated into the budget process.

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ACCOMPLISHMENTS AND GOALS

Accomplishments for FY 16

- Awarded the FY 15 Certificate of Achievement for Financial Reporting by the Government Finance Officers Association (GFOA)
- Upgraded the Village's financial software to the latest version
- Reduced total liability insurance claim amounts, including workers compensation and property damage claims
- Arranged for offsite storage and backup for the Village's digital files
- Digitized all Village Board Minutes, Resolutions and Ordinances
- Digitized all building files
- Initiated new processes to digitize new building files
- Approved a new shopping center known as Kildeer Village Square
- Approved a new residential subdivision known as The Preserves
- Approved Special Use Permits for MOD Pizza and Lumen Optical in Shops at Kildeer
- Paid-off Series B 1998 Sewer Bonds
- Refinanced bonds for Special Service Area-1
- Increased general fund reserve from 3 months in 2009 to nearly 12 months in 2016
- Increased FY 15-16 contribution to Kildeer Police Pension by \$100,000
- Restructured health insurance plans for employees that reduced premiums
- Added insurance coverage for CERT volunteers
- Added fraud protection insurance coverage
- Secured \$50,000 grant from Lake County Stormwater Management Commission for Andover Road drainage project
- Applied for \$10,000 grant from ComEd under the Safe Cities program
- Concluded negotiations for a new three year collective bargaining agreement
- Purchased two new squad cars with in-car cameras
- Purchased new police radio system
- Purchased new live-scan fingerprint system
- Renewed dispatch and vehicle maintenance intergovernmental agreements with Lake Zurich
- Completed jurisdictional transfer of sewer system
- Completed FY 16 road program
- Completed several Village Hall improvements (painting, parking lot seal/stripe, attic insulation, tuck pointing)
- Completed emergency generator repair
- Completed vegetation trim back project along right-of-way
- Continued project to refurbish Village street signs
- Arranged for landscape maintenance of Lot 102 (Village owned lot on W. Cuba Road)

Objectives for FY 17	Target Date	Status
Apply for the GFOA Certificate of Achievement for Excellence in Financial Reporting FY 16	4/30/2016	Not started
Work towards obtaining the GFOA Distinguished Budget Presentation Award	4/30/2017	In progress
Review health insurance options and select the most cost effective plans	10/30/2016	Not started
Incorporate health care reform mandates into the Village benefit programs	Ongoing	Ongoing
Increase contributions to Kildeer Police Pension fund	4/30/2017	In progress
Consider acceptance of credit card payments at Village Hall	4/30/2017	In progress
Complete Comprehensive Plan Update	4/17/2017	In progress
Work with Kemper Lakes Golf Course to prepare for 2018 LPGA major event	6/30/2018	In progress
Continue to promote growth of retail sales in commercial areas	Ongoing	Ongoing
Replace the preliminary and final approval process with single step process for new land use developments	4/30/2017	In progress
Facilitate construction of Kildeer Village Square	4/30/2017	In progress
Monitor land use and zoning changes along Rand Road	Ongoing	Ongoing
Continue to develop a realistic and achievable plan to fund the road and drainage projects	Ongoing	Ongoing
Continue to minimize legal expenses	Ongoing	Ongoing
Hire one new full time police patrolman	1/30/2017	Not started
Promote public awareness of the need for a dedicated levy for the Police Pension Fund	Ongoing	Ongoing
Initiate new row vegetation project	4/30/2017	Not started
FY 17 Road Program	4/30/2017	In progress
Vegetation control for Lot 102 (Bishop`s Ridge)	Ongoing	Ongoing

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BUDGET PROCESS

The Budget for the Village of Kildeer (Budget) is the vehicle for implementing the financial and operational plans of the Village. The Budget is created through a collaborative process that involves Village staff, elected officials, residents and the public. The Budget is a reflection of the goals and policies that the Village wants to accomplish. Once established, the Budget serves as the guide to facilitate decisions made throughout the fiscal year regarding financial and operational plans.

The Budget process begins in October when the Finance Director meets with other Village staff to project fund balances for the remainder of the fiscal year. Budget requests for the next fiscal year are submitted for consideration at this time.

In November the Chief Village Officer and the Finance Director estimate the funds needed for the next fiscal year. This estimate is determined by comparing the projected fund balances to the budget requests and the anticipated revenues from sales and property taxes which are the major sources of Village revenue. It is necessary to estimate the funding needed for the next fiscal year by December because that is the deadline for the Village Board to approve the property tax levy and file it with the Lake County Clerk.

The property tax levy represents the amount of money the Village seeks to receive from the property taxes on real estate within the Village. State law requires that the Village publish a notice in the newspaper, at Village Hall and on the Village website that there will be a Truth and Taxation Hearing where the public is afforded an opportunity to comment on the proposed levy. Following the Truth in Taxation Hearing the Village Board can approve the proposed levy.

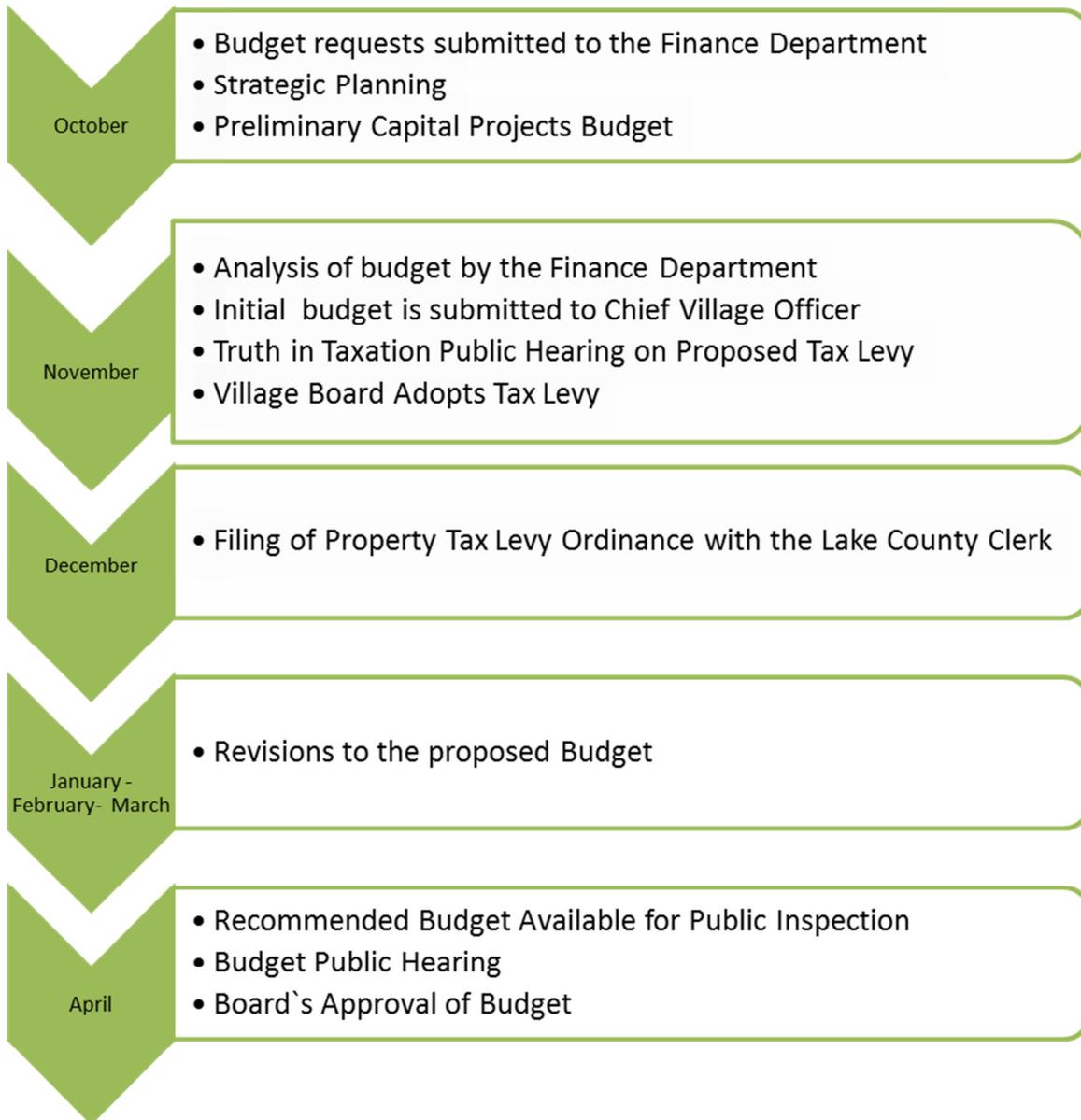
The next step in the Budget process occurs in the period January through March when Village staff reviews and refines the budget requests with the latest information about expected revenues in the next fiscal year. From these meetings a proposed Budget is prepared by the Chief Village Officer for presentation to the Village Board.

Following discussion with the Village Board the tentative Budget is further refined and a recommended budget is prepared for possible adoption at the Village Board meeting in April. A final budget must be approved by May 1st.

The legal level of budgetary control is at the fund level. Transfers of money between accounts within an accounting fund can be approved by the Chief Village Officer as long as those transfers do not change the total expenditure amount for the respective accounting fund. Changes to the total authorized expenditures in an accounting fund require an amendment to the budget in the form of an ordinance which must be approved by a two-thirds vote of the members of the Village Board.

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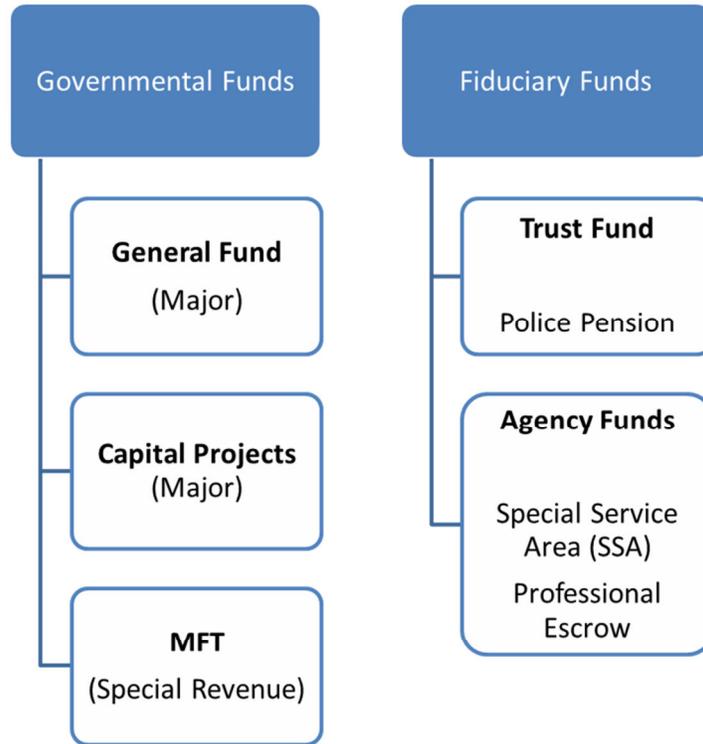
CALENDAR



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FUND STRUCTURE

Village funds are organized into two broad categories, Governmental Funds and Fiduciary Funds.



Governmental Funds include revenues and expenses for the operation of the Village. Revenues from such sources as retail sales and real estate taxes are in this category along with expenses for plowing snow, paving roads, and paying other bills. The individual funds included in this category are the General Fund, the Capital Projects Fund, and the Motor Fuel Tax (“MFT”) Fund.

The General Fund is considered to be a Major Fund and it is the largest of the funds. The General Fund accounts for the revenues and expenses needed to support the Police Department, Public Works Department and the overall administration of Village affairs.

The Capital Projects Fund is also a Major Fund and consists of money to be used for the purchase of large pieces of equipment or to complete public projects such as road extensions or other major infrastructure improvements.

The MFT Fund is a Special Revenue Fund which consists of revenue collected by the State from a tax collected on the sale of gasoline. The Village receives a portion of the tax which is distributed to the Village on a per capita basis. The funds can only be spent for specified purposes that are identified in state law.

Fiduciary Funds include money held by the Village for non-operational purposes such as the Police Pension (“Trust Fund”), the repayment of loans (“Special Service Area” or “SSA”), and completion bond holdings (“Professional Escrow”). Fiduciary Fund revenues are merely retained by the Village until they can be expensed out for an intended purpose.

Technically, the Village of Kildeer does not prepare a budget for its Fiduciary Funds. Revenues and expenses in those funds are managed by other independent boards and the Village merely serves as a conduit through which funds flow. The Village of Kildeer does, however, contribute to the Police Pension Fund and the money for that contribution is included in the FY 17 budget as expenses under the Police Department.

Fund Structure

In accordance with the practices of the Government Finance Officers Association (“GFOA”) the Village of Kildeer accounts for all funds based on generally accepted accounting principles. The modified accrual basis of accounting is applied to the Governmental Funds which means revenues are recognized when they are “measurable and available” and expenses are recorded when the liability is incurred. A full accrual basis of accounting is applied to the Village’s Fiduciary Funds which means that the revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Descriptions of the funds within the Governmental and Fiduciary categories are as follows:

Type	Fund Name	Description
Governmental	General Fund	The Village’s chief operating fund. Accounts for all financial resources except those required to be accounted for in another fund.
Governmental Special Revenue	Motor Fuel Tax	Accounts for the State shared gasoline taxes. State law requires the MFT to be used only for the Village street programs.
Governmental	Capital Projects	Accounts for the acquisition or construction of major capital facilities.
Fiduciary	Escrow	Accounts for completion bonds posted by developers.
Fiduciary	SSA Fund	Accounts for the collection of real estate taxes and payments of long term debt in a special service area.
Fiduciary	Police Pension	Accounts for the accumulation of resources to be used for the retirement annuity payments to sworn Police Officers.

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FINANCIAL POLICIES

These recommended financial policies have been formulated to insure the continued financial health of the Village. The objectives of these policies are to assist the Village Board and Village Management Staff (Chief Village Officer, Finance Director and Police Chief) in making budgetary decisions based upon sound financial principals. These policies are not intended to be comprehensive or exhaustive. They are intended to establish a solid foundation for the financial management of the Village. Village Management Staff shall work within the context of these policies while continuing to explore lawful, creative and insightful financial recommendations to present to the Corporate Authorities of the Village for their consideration and possible implementation. The cornerstone of these policies and future financial recommendations shall be maintaining comprehensive and sound fiscal management of all Village economic resources.

Budget Policy

The Chief Village Officer shall submit an annual budget to the Village Board which is within the Village's ability to pay. The annual budget shall provide for the following:

1. Management shall prepare a draft of the annual budget for review by the public not less than 10 days prior to the day of the public hearing. The recommended budget shall be submitted to the Village Board prior to the end of each fiscal year.
2. The annual budget shall effectively communicate meaningful and understandable information to the Village residents, Village Board, Village employees, and other readers.
3. The annual budget shall be monitored on a monthly basis. A list of disbursements and a budget summary report (Treasurer's Report) shall be prepared and presented to the Village Board each month.
4. The annual budget shall allow for the implementation of as many of the Village Board's goals and objectives as financially possible.
5. The annual budget shall provide for the adequate funding of the Illinois Municipal Retirement Fund and the Police Pension Fund. An independent actuary shall be used to determine the annual Village contributions to the Police Pension Fund and determine if this pension fund will meet the State mandate to achieve 90% funding by the year 2040.

6. The annual budget shall provide funding for the adequate maintenance of Village Hall, municipal equipment and infrastructure.
7. The annual budget shall set aside adequate funding (pay-as-you-go funding) for the replacement of major equipment and major infrastructure projects that are not financed under the public works budget in the General Fund (routine maintenance). Annual funding (depreciation funding) for these replacements will eliminate major expenditure jumps in the annual budget when these acquisitions are made.
8. During the budget process, the Village will assess the need for contingency funds to be included in the budget to fund unanticipated expenditures that might arise.
9. The annual budget shall finance current operating expenditures, excluding major capital expenditures, with current revenues. The use of reserve funds to finance current operating expenditures shall be carefully considered and avoided if possible.
10. Use of the General Fund unassigned fund balance reserve shall be limited to nonrecurring operating or capital expenditures. This unassigned fund balance reserve will be calculated by comparing the difference between unassigned fund balance and current annual budget operating expenses.

The annual Budget submitted to the Village Board shall, whenever possible, include a balanced budget in which estimated current revenues equal estimated current expenditures. In the event that a submitted budget is not balanced, a detailed explanation for the reason why expenditures are higher than revenues must be provided.

Reserve and Fund Balance Policy

The purpose of this policy is to enhance long-term financial planning and to mitigate the risks associated with changes in revenues due to economic and local market conditions. These policies also aim to assist in the allocation of sufficient monies for the purchase of capital equipment and construction of capital improvements, and unanticipated expenditures that may occur.

1. Definitions:
 - a. Fund Balance - The difference between assets and liabilities in a Governmental Fund.
 - b. Nonspendable Fund Balance - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

- c. Restricted Fund Balance - Amounts that can be spent only for specific purposes because of Village, State, or Federal laws, or externally imposed conditions by grantors or creditors.
 - d. Committed Fund Balance - Amounts that can be used only for specific purposes determined by a formal action by Village Board Ordinance. These amounts cannot be used for any other purpose unless the Village Board takes the same action to remove or change the restraint.
 - e. Assigned Fund Balance - Amounts the Village intends to use for a specific purpose as determined by the Chief Village Officer.
 - f. Unassigned Fund Balance - Amounts not included in other spendable classifications.
2. The policies listed below refer to the fund balance or cash reserve level at the end of the fiscal year on April 30th. The Finance Director monitors these reserve levels and informs the Chief Village Officer of significant changes that occur and the potential effect on funding future operations.
- a. Policies for Key Funds
 - i. General Fund - The Village will strive to maintain a minimum unassigned fund balance level of 90% of annual operating expenditures. Any amount of unassigned fund balance over 100% of annual operating expenditures will be transferred either to the Capital Projects Fund or the Kildeer Police Pension at the end of each fiscal year.
 - ii. Motor Fuel Tax Fund (MFT) - The Village will strive to maintain a minimum restricted fund balance in the Motor Fuel Tax Fund equal to 100% of annual MFT allotments. This level is necessary to provide for the payment of expenditures related to the Village's MFT maintenance program.
 - iii. Capital Projects Fund - The Village will strive to maintain an assigned fund balance equal to the amount identified in the Village's purchase and replacement of capital equipment plan and major infrastructure projects. The fund balance is necessary to provide sufficient monies for the replacement of major capital equipment in accordance with the annual replacement schedule.
 - b. General Guiding Statement - This policy may be amended from time-to-time according to the wishes of the Village Board. The Village will spend money in the following order:
 - i. Non-spendable (if funds become spendable)
 - ii. Restricted
 - iii. Committed

- iv. Assigned
- v. Unassigned

Revenue and Expenditure Policy

1. Revenues - The Village desires to maintain a diversified and stable revenue base to reduce the impacts of fluctuations in any one revenue source. The revenue mix combines elastic and inelastic revenue sources to minimize the effects of an economic downturn. The Village also incorporates the following principles related to revenues as it furthers its financial planning and fulfills its fiscal responsibilities:
 - a. The Village prefers to keep its property tax rate as low as possible and the following components should be followed in priority order each year when establishing the property tax levy:
 - i. Levy for general obligation bond principal and interest less abatements.
 - ii. Levy to support General Fund operations including Police, Public Works and Administration. The annual increase for this component should not exceed the consumer price index or 105%, whichever is lower.
 - b. The Chief Village Officer shall impose spending limits if, in his/her judgment, revenues will be below original estimates. Village Management Staff shall review and monitor expenditures on a monthly basis to assure control of spending within available revenues. Monthly financial reports will be prepared and presented to the Village Board.
 - c. Ongoing transfers will be made from the General Fund to the Capital Projects Fund on an annual basis to help plan for the purchasing of large capital equipment needs and infrastructure projects.
2. Expenditures - The Village will strive to adhere to the following policies:
 - a. The Village will consistently budget the minimum level of expenditures which will provide for the public well-being and safety of the residents and the businesses.
 - b. Expenditures will be within the confines of generated revenue. Fund balances will not be used to pay for operating expenditures except in the case of emergencies and after careful consideration.

Accounting, Auditing, and Financial Reporting Policy

1. The Village shall have an annual audit conducted on its financial records by a qualified, independent public accounting firm. The Village shall request proposals

- from qualified independent accounting firms to conduct the annual audit of its financial statements every six years by the use of a request for proposal (RFP) process. In accordance with Government Finance Officers Association's (GFOA's) Best Practice guidelines the current auditors can be included in the RFP process, however it is recommended changing the members of the audit team if the same firm came in with the best proposal.
2. The annual audit shall be conducted on an annual basis to be completed and filed within six months after the end of each fiscal year.
 3. Each year the Village shall submit its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.
 4. The Village's financial statements shall be prepared according to generally-accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).
 5. The Kildeer Police Pension Fund provides the Village with a report from an independent actuary. The Village may contract with an independent actuary to determine the Village's annual contribution to the Police Pension Fund.

Debt Policy

1. The Village shall only incur debt for capital assets and/or capital projects. It has been the Village's practice not to incur debt for operating expenditures.
2. Although pay-as-you-go financing is the preferred method to finance capital projects, the Village shall explore all options in financing its capital improvement program, including grants, developer contributions, pay-as-you-go financing, and long-term debt paid by user charges or paid by Village-wide taxes.
3. The term of debt issued for capital improvement projects shall not exceed the project's useful life and generally will not exceed 20 years.
4. Whenever possible, the Village shall market its debt through a competitive bid process.

Capital Projects Fund Policy

1. The Village established the Capital Projects Fund (CPF) to encourage departments to set aside funds each year for the purchase of new equipment and for the eventual replacement of existing equipment. Use of the CPF is intended to avoid significant fluctuations in the operating budget from one year to the next. The remainder of this policy is intended to provide guidance as to how the CPF will operate.
2. Requests for new equipment shall be made as part of the annual operating budget and must be approved by the Village Board before acquisition. Only those items which individually have a replacement cost of more than \$ 10,000 or groups of similar equipment (e.g. personal computers, bullet proof vests, etc.) which, in the aggregate, exceed \$10,000 shall be included in the CPF. Departments shall include individual items or groups of items with a value of less than \$ 10,000 in their annual operating budget. The cost of items associated with new vehicles such as vehicle markings, light bars, radios and similar equipment shall be included in the replacement cost of the vehicle. The replacement cost and useful life for each vehicle or technology related equipment will be evaluated by the individual departments on an annual basis. This re-evaluation may change the annual amounts that programs contribute for the replacement of each item. The Department Head, in consultation with the Chief Village Officer and the Finance Director shall determine when a vehicle or equipment is due for replacement. Final capital asset replacement decisions using CPF monies will be discussed and approved by the Village Board as part of the annual budget process. When CPF equipment is sold, the proceeds of the sale shall be credited to the CPF Fund.

Capital Asset Policy

1. The Village shall maintain capital asset records to comply with governmental financial reporting standards, to provide a basis for determining appropriate insurable values, and to establish responsibility for property control.
2. Capital assets shall include land, infrastructure, buildings, machinery, equipment, and vehicles with a life expectancy of more than one year, subject to the capitalization threshold below.
3. Infrastructure shall include roads (including curbs and gutters), bike paths, culverts and rights of way. These projects shall be accounted for separately within the Capital Projects Fund.
4. Road projects shall be capitalized when the cost exceeds the capitalization threshold and the work materially extends the life of the street. Patching and pot hole filling is considered maintenance and is not capitalized.

5. The capitalization threshold or minimum value of an asset at the time of acquisition is established at \$5,000 on a per unit basis for machinery, equipment and vehicles, \$50,000 for buildings and improvements, \$100,000 for land and infrastructure, and \$1 for land and right of way.
6. Responsibility for control of assets rests with the operating department wherein the asset is located. The Director of Finance shall ensure that control over capital assets is maintained by establishing a capital asset inventory that is updated annually and documents all additions and deletions to the capital asset records. Operating departments shall report the disposal or relocation of a capital asset promptly to the Director of Finance or designee. Assets acquired during the year shall be recorded as an expenditure against the appropriate capital expenditure account, which shall be used for financial reporting purposes.
7. Assets shall be recorded in the capital asset inventory by using an appropriate description and by recording serial numbers where applicable.
8. All assets will be depreciated using the straight-line method of depreciation over the useful life of the asset. The Village will take a half year of depreciation in the year the asset is placed in service.
9. The Director of Finance will assign useful lives to each asset according to the guidelines below:

Type of Asset	Useful Life
Buildings	50 Years
Equipment	5 Years
Vehicles	5 Years
Infrastructure	25-40 Years
Land	Not Depreciated

Investment Policy

1. Scope. This investment policy applies to the investment activities of the Village. All financial assets of the Village, including the General Fund, Motor Fuel Fund, Capital Project Fund, Trust and Agency Funds and other funds that may be created from time to time, shall be administered in accordance with the provisions of this Policy.
2. Pooling of Funds. Except for cash in certain restricted and special funds, the Village will consider consolidation of cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

3. General Objectives. The primary objectives, in priority order, of investment activities shall be safety, liquidity and yield:
- a. Safety. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - b. Credit Risk. The Village will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - i. Limiting investments to the safest types of securities;
 - ii. Pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business; and
 - iii. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
 - c. Interest Rate Risk. The Village will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
 - i. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
 - ii. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.
 - d. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in money market mutual funds or local government investment pools, which offer same-day liquidity for short-term funds.
 - e. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities should not be sold prior to maturity.
 - f. Standards of Care:
 - i. Prudence. 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 officers acting in accordance with this 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 exceptions are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. Investments shall be made with judgment and care, under circumstances then prevailing, which 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.

- ii. Ethics and Conflicts of Interest. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

 - iii. Responsibility for the Investment Program/Delegation of Authority. The establishment of investment policies is the responsibility of the Village Board. Management and administrative responsibility for the investment program of the Village is hereby delegated to the Chief Village Officer who shall act in accordance with internal controls for the operation of the investment program consistent with this investment policy. Procedures include references to safekeeping, investment accounting, wire transfer agreements and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Village Officer. The Finance Director will be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials. The Finance Director may from time to time amend the procedures in a manner not inconsistent with this Policy or with State law.
- g. Safekeeping and Custody:
- i. Financial Institutions. It shall be the policy of the Village to select financial institutions on the following basis:
 - 1) Security. The Village will not maintain funds in any financial institution that is not a member of the FDIC system. Furthermore, the Village will not maintain funds in any financial institution not willing to post, or not capable of posting, required collateral for funds in excess of the FDIC insurable limits.

- 2) Size. The Village will not maintain deposits in any financial institution in which the Village funds on deposit will exceed 25% of the institution's capital stock and surplus.
 - 3) Internal Controls. The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.
- ii. Accordingly, the Finance Director shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:
- 1) Suitable and Authorized Investments:
 - a) Investment Types. Consistent with the GFOA Policy Statements and State Statutes Concerning Investment Practices, the following investments will be permitted by this policy and are defined by state law where applicable:
 - i) U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value;
 - ii) Certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances and commercial paper, rated in the highest tier (e.g., A-1, P-1, D-1, F-1 or higher) by a nationally recognized rating agency;
 - iii) Investment-grade obligations of state and local governments and public authorities;
 - iv) Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
 - v) Any other investment allowed by Illinois Compiled Statutes.

b) Collateralization. It is the policy of the Village to require that funds on deposit in excess of FDIC limits be secured by some form of collateral. The Village will accept any of the following assets as collateral:

- i) U.S. Government Securities;
- ii) Obligations of Federal Agencies;
- iii) Obligations of Federal Instrumentalities;
- iv) Obligations of the State of Illinois; and
- v) General Obligation Municipal Bonds rated "A" or better.

The amount of collateral provided will not be less than 110 percent of the fair market value of the net amount of public funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed monthly, and additional collateral will be requested when the ratio declines below the level required and collateral will be released if the market value exceeds the required level. Collateral agreements will preclude the release of the pledged assets without an authorized signature from an appropriate Village official.

h. Investment Parameters:

- i. Maximum Maturities. To the extent possible, the Village shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest operating funds in securities maturing more than three (3) years from the date of purchase or in accordance with state and local statutes and ordinances.
- ii. Reporting Methods. The Finance Director will prepare an investment schedule monthly. This report should be provided to the legislative body. The report will indicate:
 - 1) Listing of investments by maturity date; and
 - 2) Interest rate of each investment.

i. Amendment. This Investment Policy shall be reviewed on an annual basis. Any changes must be recommended by the Chief Village Officer or the Finance Director and ultimately approved by the Village Board.

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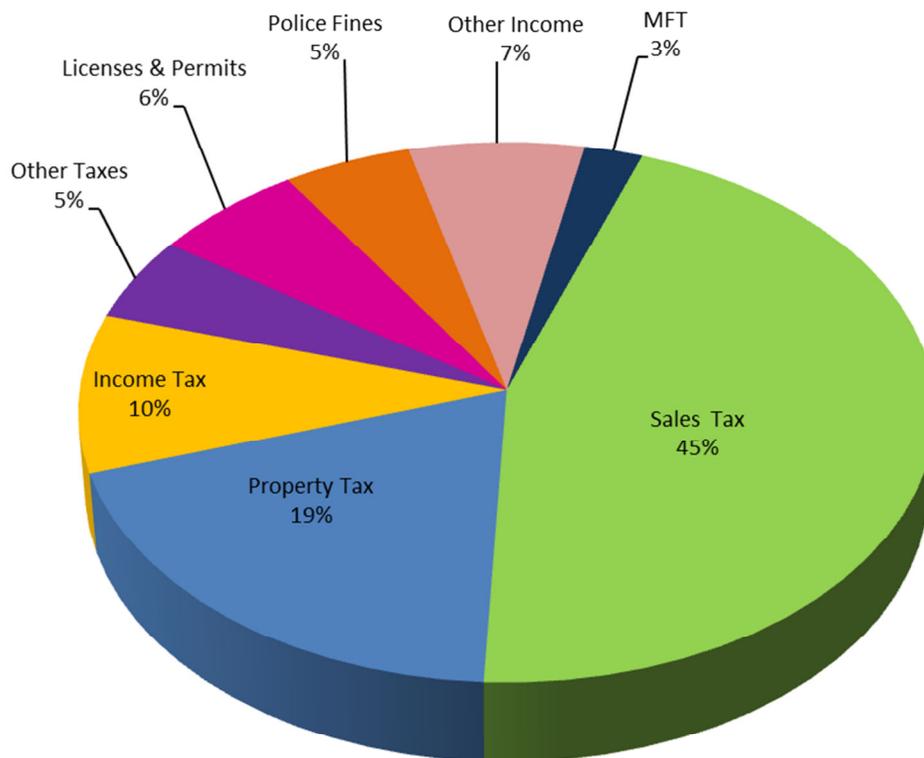
REVENUE SUMMARY

The revenue budget includes three separate governmental funds, each with a defined purpose.

General Fund. This fund is for the operation of the following departments: Administration, Building, Police, and Public Works. Primary revenue sources for the General Fund are sales tax, property tax, income tax, use tax, telecommunications tax, franchise fees, building permit fees, license fees, police fines and other miscellaneous fees.

Motor Fuel Tax Fund. The State of Illinois generates revenues through a tax on fuel sales which is distributed to municipalities on a per capita basis. The Village's use of Motor Fuel Tax is restricted by the State for specific purposes including the maintenance of Village streets.

Capital Improvement Fund. This fund is used for any major project requiring the expenditure of public funds over and above operating expenditures for the construction, reconstruction, or replacement of physical assets within the Village.



FY 17 Village Wide Revenues - Budget

The proposed FY 17 revenue budget for all governmental funds is \$4,200,300, a \$200,300 increase from the FY 16 budget. The higher revenue budget is attributed mostly to a new revenue source (an intergovernmental revenue sharing agreement with the Village of Lake Zurich), as well as an expected public works grant, higher revenues from building permits and the property tax levy.

By Fund	FY 2016 Budget	FY 2017 Budget
General	3,900,000	4,100,000
MFT	100,000	100,300
Capital Projects	-	-
Totals	4,000,000	4,200,300

The Board of Trustees recognizes the importance of sales tax revenue in the Village’s budget. Maintaining a healthy stream of sales tax revenue avoids the need to increase property taxes to meet expenses. The Village Board and the Chief Village Officer actively seek to facilitate retail business in the Village and have taken steps such as 1) amending the Business District portion of the Zoning Code to promote retail businesses, 2) revising the website to include leasing information at the shopping centers, 3) joining the International Council of Shopping Centers to help recruit retail tenants, and 4) conducting a referendum that resulted in increasing the sales tax rate by one-half of one percent. All businesses that register with the Village are included in a directory on its website.

In 2012 the residents of Kildeer voted in a referendum to increase the state sales tax rate from 7% to 7.5%. As shown in the Summary of Revenue Sources contained in the Table, below, starting in FY 13, the portion of state sales tax received by the Village increased from 1% to 1.5% resulting in sharp increase in revenue which continued through FY 14. Revenues began to flatten in FY 15 corresponding to a slight slight decrease in retail sales. In FY 16 the decline in sales tax revenue is projected to stop.

In early FY 16 the Village Board approved plans for a new shopping center to be built on Rand Road between The Shops at Kildeer and The Kildeer Marketplace. The fourth shopping center in the Village will be called Kildeer Village Square and it will consist of nearly 180,000 sq. ft. of retail space. Sales from the stores in the new center will bring additional sales tax revenue to the Village starting in FY 18.

In addition to commercial development, a new residential subdivision consisting of 31 single family homes within the Kemper Lakes Golf Course was approved by the Village Board. Permit revenue from these proposed homes may start in FY 17.

There was a dramatic loss of revenue in FY 13 from Intergovernmental Sources when the police services contract with the Village of Deer Park came to an end. Revenues from the police services agreement were last received in FY 12 and the loss of revenue accounts for the drop in Intergovernmental funds in FY 13. Variations in Intergovernmental funds revenue after FY 12 are due to State and County grants for various public works projects.

In FY 15 there was another relatively large decrease in revenue when ownership of the Village's sewer system was transferred to Lake County. In anticipation of that transfer and as shown under "Charges for Services" in the table below, revenue declined in FY 15 with a pronounced drop in FY 16. Sewer improvements in FY 12 and FY 15 needed to be done prior to the transfer of the sewer system to Lake County and are reflected in the Capital Contributions reported for those years.

Revenues from licenses and permits are primarily derived from two sources- business licenses and building permits. Yearly revenues from businesses are nearly constant (approximately \$80,000 per year), but building permit fees vary from spikes in activity such as the number of new residential and commercial projects in any one year and the occurrence of village-wide periodic events such as a hail storm that can generate numerous roof repairs.

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Budget
By Revenue Type						
Property Tax	693,026	708,962	737,848	758,261	778,002	800,000
Sales Tax	1,219,870	1,774,457	2,032,314	1,988,456	1,895,000	1,900,000
Income Tax	325,202	357,598	386,666	388,605	409,989	400,000
Other Taxes	187,960	201,897	188,882	218,962	222,796	210,156
Motor Fuel Tax	116,926	112,632	116,105	133,532	102,576	100,000
Intergovernmental	1,000,810	538,702	9,772	150,316	3,505	60,000
License & Permits	315,392	242,940	320,041	408,565	222,650	260,000
Charges for Service	996,116	874,014	904,780	771,000	112,000	109,500
Fines & Forfeitures	219,901	202,076	85,601	97,378	181,524	188,500
Interest Income	4,611	4,353	2,103	4,043	5,950	5,800
Miscellaneous	109,607	103,788	341,033	183,668	187,910	166,344
Transfers In	37,791	-	-	-	-	-
Capital Contributions	663,125	-	-	499,878	-	-
Total Revenues	5,890,337	5,121,419	5,125,146	5,602,664	4,121,902	4,200,300
By Fund						
General	4,056,807	3,758,573	4,261,014	4,382,612	4,018,876	4,100,000
MFT	117,051	112,865	116,153	133,584	102,895	100,300
Capital Projects	223,298	530,361	7,698	278	131	-
Sewer Fund	1,493,181	719,619	740,281	1,086,190	-	-
Total Revenues	5,890,337	5,121,419	5,125,146	5,602,664	4,121,902	4,200,300

Summary of Revenue Sources

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EXPENSE SUMMARY

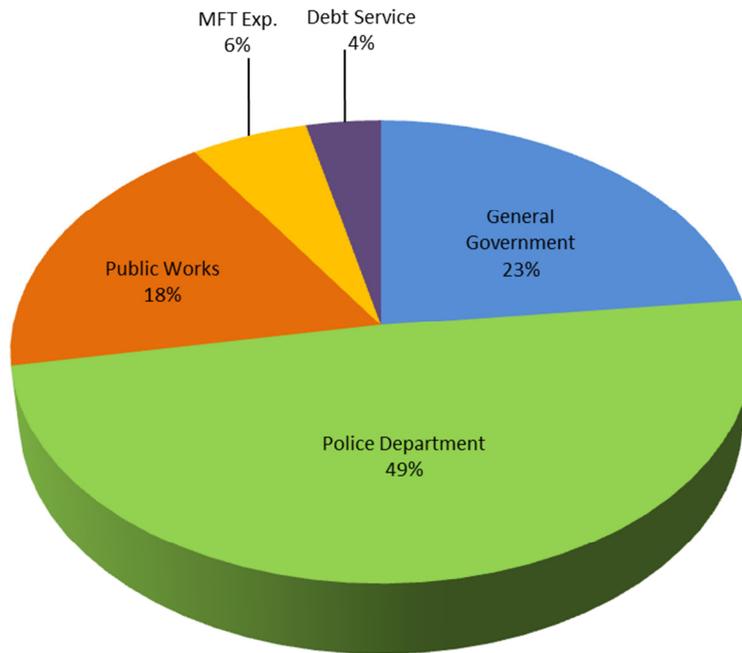
As with revenues, there are three governmental funds for which expenses are reported.

General Fund. In accordance with the Village’s financial and budget policies, the proposed \$4,100,000 expenditure budget for the General Fund is in balance with revenues. Due to concerns regarding the impact on Village revenues from external economic factors, expense projections for FY 17 are conservative.

Motor Fuel Tax (MFT) Fund. The Village’s practice is to accumulate MFT funds until they are sufficient to be used for a project. The Village’s experience is that MFT funds are expended every other year and \$250,000 is budgeted for road projects in FY 17.

Capital Projects Fund. In FY 17 the Village does not anticipate the need to purchase any large pieces of equipment or other major infrastructure improvements to be financed from this fund.

Village wide expenses by type and the percentage of each are shown in the figure below.



FY 17 Village Wide Expenses - Budget

The extent of change over time by type of expense and for individual funds are included in the table below.

By Fund	FY 2016	FY 2017
	Budget	Budget
General	3,900,000	4,100,000
MFT	250,000	250,000
Capital Projects	-	-
Totals	4,150,000	4,350,000

The proposed FY 17 expense budget for all governmental funds is \$4,350,000, which represents a \$200,000 increase from the FY 16 Budget. The higher budget is attributed mostly to the Police Department where there will be a new hire and the Village’s intention to increase its contribution to the Pension Fund.

The other department in which expenses increased is Public Works. Starting in FY 15 and continuing thereafter, a more robust program of road repairs, repaving, culvert and drainage work was conducted to address problems before more expensive infrastructure replacements are required.

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Budget
By Expense Type						
General Government	760,017	797,979	809,689	1,040,234	982,971	1,010,493
Police Department	2,457,717	1,855,123	1,735,320	1,673,596	1,889,292	2,130,000
Public Works	485,893	550,732	641,111	971,937	747,795	1,050,000
Sewer Operations	690,970	750,844	1,311,146	724,369		
Capital Outlay	37,791	536,544	31,618	92,268		
Debt Service	183,844	158,506	161,406	159,156	161,906	159,507
Transfers Out	37,791			-	527,738	
Sewer Transfer				10,628,333		
	-	-	-			-
Total Expenses	4,654,023	4,649,728	4,690,290	15,289,893	4,309,702	4,350,000
By Fund						
General	3,703,239	3,219,548	3,372,144	3,883,982	3,778,214	4,100,000
MFT	-	150,000	-	53,209	-	250,000
Capital Projects	259,814	529,336	7,000	-	531,488	-
Sewer Fund	690,970	750,844	1,311,146	11,352,702		-
Total Expenses	4,654,023	4,649,728	4,690,290	15,289,893	4,309,702	4,350,000

Village Wide Expenses

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FUND BALANCE SUMMARY

The “**Fund Balance**” is defined as the difference between assets and liabilities in a Governmental Fund

The Village follows the Governmental Accounting Standards Board (GASB) Statement Number 54 which requires the Village to maintain the following five categories of fund balances:

- **Non-Spendable** – Funds in this category represent amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. For the Village of Kildeer, the non-spendable balance represents pre-paid funds for liability insurance premiums.
- **Restricted** – Funds in this category represent amounts restricted by laws, regulations, contracts, or commitments imposed by external organizations such as creditors, grantors, contributors, the Federal Government or the State of Illinois. For example, MFT funds can only be used for specified purposes identified by the State and are therefore “Restricted.”
- **Committed** – Funds in this category represent amounts held for specific purposes through formal action of the Board of Trustees usually by passage of an Ordinance or Resolution. The Village Board established a sinking fund for the maintenance of Village Hall and one year of debt service payments that are classified as “Committed.”
- **Assigned** – Funds in this category represent amounts assigned for a specific purpose by the governing body itself or an official with authority – less formal than a commitment by the Village Board. Capital Projects are examples of funds that are “Assigned.”
- **Unassigned** – Funds within the General Fund that are not included in other categories are “Unassigned.” The “Unassigned” funds form the basis for the Village’s reserves and can be spent for operations.

The following schedule includes beginning and ending fund balances for all Governmental Funds Combined.

VILLAGE OF KILDEER, ILLINOIS

All Governmental Funds Combined

Schedule of Revenues, Expenditures and Changes in Fund Balance

	FY 15	FY 16	FY 17
	Actual	Estimate	Budget
Revenues			
Taxes	\$ 2,964,389	2,894,759	2,918,499
Intergovernmental	673,743	517,109	561,000
Charges for Services	184,688	112,000	109,500
Licenses and Permits	408,565	222,650	260,000
Fines and Forfeits	97,378	192,216	197,800
Interest	4,043	5,950	5,800
Miscellaneous	183,668	177,218	147,701
Transfers In			-
Total Revenues	<u>4,516,474</u>	<u>4,121,902</u>	<u>4,200,300</u>
Expenditures			
General Government	1,040,234	986,721	1,010,493
Public Safety	1,673,596	1,889,292	2,130,000
Public Works and Transportation	971,937	744,045	1,050,000
Capital Outlay	92,268	-	-
Principal Retirement	75,000	80,000	80,000
Interest and Fiscal Charges	84,156	81,906	79,507
Transfers Out	-	527,738	-
Total Expenditures	<u>3,937,191</u>	<u>4,309,702</u>	<u>4,350,000</u>
Net Change in Fund Balance	<u>579,283</u>	<u>(187,800)</u>	<u>(149,700)</u>
Fund Balance - Beginning	<u>4,934,046</u>	<u>5,513,329</u>	<u>5,325,529</u>
Fund Balance - Ending	<u>5,513,329</u>	<u>5,325,529</u>	<u>5,175,829</u>
% Change in Fund Balance	12%	-3%	-3%

Fund balance detail for All Governmental Funds Combined are shown in the table below. Total fund balances are decreasing due to changes in the Restricted and Assigned categories. The changes in the restricted portion of the Fund Balance from FY 15 through FY 17 reflect spending in alternate years for infrastructure improvements. During that same period, as part of the refinancing of SSA bonds, the Assigned Fund Balance decreased significantly following a determination that no more work was needed in connection with an earlier sewer extension project.

Fund Balance Detail - All Governmental Funds Combined

	FY 15	FY 16	FY 17
	Actual	Estimate	Budget
Fund Balance			
Non-spendable	\$ 57,863	57,863	50,000
Restricted	413,351	516,246	366,546
Committed	260,173	260,173	260,173
Assigned	1,107,234	575,877	575,877
Unassigned	3,674,708	3,915,370	3,923,233
Total Fund Balance	5,513,329	5,325,529	5,175,829

The following schedule includes beginning and ending fund balances for the General Fund.

VILLAGE OF KILDEER, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

	FY 15	FY 16	FY 17
	Actual	Estimate	Budget
Revenues			
Taxes	\$ 2,964,389	2,894,759	2,918,499
Intergovernmental	540,211	414,533	461,000
Charges for Services	184,688	112,000	109,500
Licenses and Permits	408,565	222,650	260,000
Fines and Forfeits	97,378	192,216	197,800
Interest	3,713	5,500	5,500
Miscellaneous	183,668	177,218	147,701
Transfers In	-	-	-
Total Revenues	4,382,612	4,018,876	4,100,000
Expenditures			
General Government	1,040,234	982,971	1,010,493
Public Safety	1,673,596	1,889,292	2,130,000
Public Works and Transportation	918,728	744,045	800,000
Capital Outlay	92,268	-	-
Principal Retirement	75,000	80,000	80,000
Interest and Fiscal Charges	84,156	81,906	79,507
Transfers Out	-	-	-
Total Expenditures	3,883,982	3,778,214	4,100,000
Net Change in Fund Balance	498,630	240,662	-
Fund Balance - Beginning	3,494,114	3,992,744	4,233,406
Fund Balance - Ending	3,992,744	4,233,406	4,233,406
% Change in Fund Balance	14%	6%	0%

In the table below, actual fund balances are shown for FY 15 and Projected fund balances are shown for FY 16 and FY 17 where there is a slight decrease or leveling off in fund balances. The Village’s goal is to maintain current levels and avoid any decrease in fund balances.

Fund Balance Detail - General Fund

	FY 15	FY 16	FY 17
	Actual	Estimate	Budget
Fund Balance			
Non-spendable	\$ 57,863	57,863	50,000
Restricted	-	-	-
Committed	260,173	260,173	260,173
Assigned	-	-	-
Unassigned	3,674,708	3,915,370	3,923,233
	-	-	-
Total Fund Balance	3,992,744	4,233,406	4,233,406
One month of expenses	323,665	314,851	341,667
Months worth of expenses in	11	12	11
Unassigned Fund Balance			

The following schedule includes beginning and ending fund balances for the MFT Fund.

VILLAGE OF KILDEER, ILLINOIS

Motor Fuel Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

	FY 15 Actual	FY 16 Estimate	FY 17 Budget
Revenues			
Taxes	\$ -	-	-
Intergovernmental	133,532	102,576	100,000
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fines and Forfeits	-	-	-
Interest	52	319	300
Miscellaneous	-	-	-
Transfers In	-	-	-
Total Revenues	133,584	102,895	100,300
Expenditures			
General Government	-	-	-
Public Safety	-	-	-
Public Works and Transportation	53,209	-	250,000
Capital Outlay	-	-	-
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Transfers Out	-	-	-
Total Expenditures	53,209	-	250,000
Net Change in Fund Balance	80,375	102,895	(149,700)
Fund Balance - Beginning	<u>332,976</u>	<u>413,351</u>	<u>516,246</u>
Fund Balance - Ending	<u>413,351</u>	<u>516,246</u>	<u>366,546</u>
% Change in Fund Balance	24%	25%	-29%

The MFT Fund is a restricted fund. Fund balances between FY 15 and FY 16 are growing because money in this fund was allowed to accumulate so that it can be used in FY 17 for specific improvement projects. In anticipation of a large drainage project in FY 17, the fund balance reflects a decrease of 29%. The pattern of accumulation and spending in alternate years is expected to be repeated in the years ahead.

Fund Balance Detail - Motor Fuel Fund

	FY 15	FY 16	FY 17
	Actual	Estimate	Budget
Fund Balance			
Non-spendable	\$ -	-	-
Restricted	413,351	516,246	366,546
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balance	413,351	516,246	366,546

The following schedule includes beginning and ending fund balances for the Capital Projects Fund.

VILLAGE OF KILDEER, ILLINOIS

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

	FY 15	FY 16	FY 17
	Actual	Estimate	Budget
Revenues			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fines and Forfeits	-	-	-
Interest	278	131	-
Miscellaneous	-	-	-
Transfers In	-	-	-
Total Revenues	<u>278</u>	<u>131</u>	-
Expenditures			
General Government	-	3,750	-
Public Safety	-	-	-
Public Works and Transportation	-	-	-
Capital Outlay	-	-	-
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Transfers Out	-	527,738	-
Total Expenditures	<u>-</u>	<u>531,488</u>	-
Net Change in Fund Balance	<u>278</u>	<u>(531,357)</u>	-
Fund Balance - Beginning	<u>1,106,956</u>	<u>1,107,234</u>	<u>575,877</u>
Fund Balance - Ending	<u>1,107,234</u>	<u>575,877</u>	<u>575,877</u>
% Change in Fund Balance	0.03%	-48%	0%

The Capital Projects Fund is assigned for two types of projects, those related to the maintenance of Village Hall and major equipment purchases, as well as those projects related to a Special Service Area (SSA) created in 2005 for an extension of the sewer system. In FY 15 bonds issued to pay for the sewer extension were refinanced. During that process the capital needs for the SSA were reassessed. All of the work for the sewer system extension was completed and there was no longer a need to maintain a fund for an extension of the sewer system. Money was transferred from the Capital Projects Fund to reduce the new bond amount and the result was a decrease in the fund balance for the Capital Projects Fund in FY 16.

Fund Balance Detail - Capital Projects Fund

	FY 15	FY 16	FY 17
	Actual	Estimate	Budget
Fund Balance			
Non-spendable	\$ -	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	1,107,234	575,877	575,877
Unassigned	-	-	-
Total Fund Balance	1,107,234	575,877	575,877

The GFOA recommends that general-purpose governments like the Village of Kildeer maintain an unrestricted fund balance in the General Fund of no less than two months of regular general fund operating expenditures. The GFOA cautions that each government should take into account its own unique circumstances when determining the appropriate amount in the unrestricted general fund balance of funds to be maintained which the Village holds in reserve.

For those municipalities where the primary source of revenue is property tax, which is a relatively stable and dependable revenue source, a two month reserve of unrestricted funds in the General Fund is appropriate to maintain operations. In Kildeer, however, over fifty percent of revenue in the General Fund is from sales tax and the Village's share of state income tax (Local Government Distributive Fund or LGDF), which are less stable revenue sources than property tax. Because sales tax and LGDF receipts fluctuate between times of economic recession and recovery and are susceptible to disruption from natural and manmade disasters, it is appropriate to have a larger reserve of unrestricted funds so that the Village can continue

to function during a period of less than expected sales and income tax receipts. The Village's policy is to maintain approximately 90% of operating expenses as an unrestricted fund balance.

No minimum balance is established for the Motor Fuel Tax Fund or Capital Projects. Those fund balances may be drawn upon to fulfill their purposes when needed and do not serve as a fund balance reserve that can be used to pay for operating costs.

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REVENUE HIGHLIGHTS

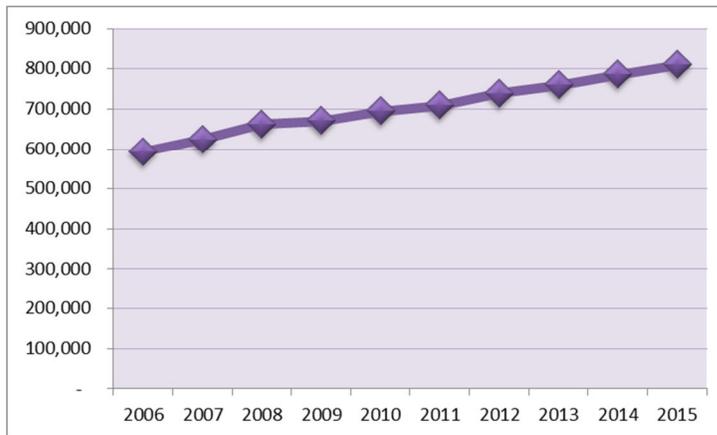
Real Estate Tax

In FY 17 the Village of Kildeer anticipates receiving real estate tax revenue of \$809,309. The revenue that the Village receives from real estate taxes represents about 20% of the General Fund revenue used to operate the Village.

The amount of real estate tax revenue for the Village's portion of a resident's tax bill is a function of the total value of property in the Village (equalized assessed value or "EAV") and the tax rate. The tax rate is determined by the tax levy, which is the amount of money the Village estimates that it will need from real estate taxes, divided by the EAV. In calendar year 2015 the property tax rate for the Village was 0.276179 and the EAV was \$293,038,018.

Kildeer is a non-home rule community where the amount of revenue that can be raised from the real estate tax levy each year is limited by state law. Any percentage increase over the previous year's levy amount must be equal to or less than either the Consumer Price Index ("CPI") or 105% of the previous year's levy, whichever amount is less. New property is exempted from the CPI or 105% limitation. The CPI for FY 16 is 0.07%.

The Village's receipt of property taxes has steadily increased over time, as demonstrated in the chart of Property Tax Receipts below.



Property Tax Receipts

The Illinois property tax system is designed to provide relatively stable revenues for municipalities. There is an inverse relationship between assessed value and the tax rate which

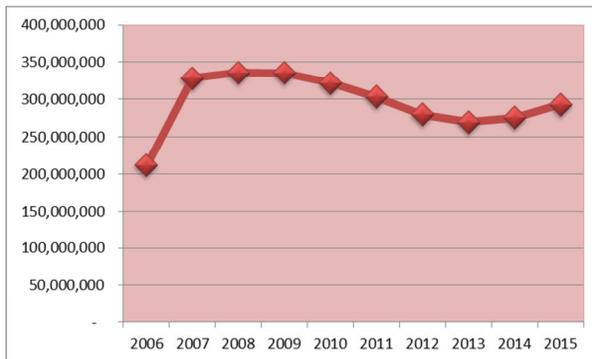
means that property tax does not decrease when assessed values drop. When the assessed value of individual properties decreases, for example, the tax rate increases and vice versa.

As shown in the Tax Rate Changes table below, Village-wide property tax revenue (Amount) steadily increased since FY 10 even though equalized assessed valuation (EAV) declined during that period of general economic recession. The increase in property tax revenue was due to both the rate increases and the fact that new construction in the Village added to the EAV during those years.

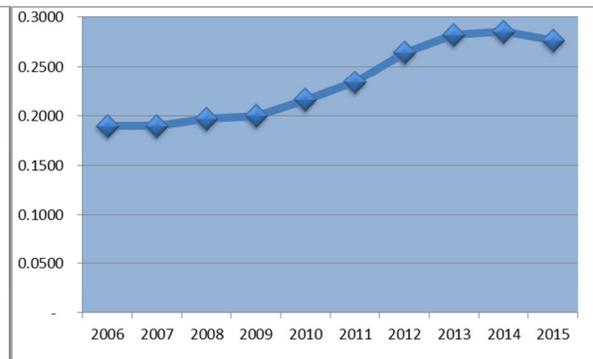
Levy Year	Amount	Tax Rate	EAV
2010	694,822	0.2160	321,676,990
2011	709,300	0.2340	303,119,519
2012	738,518	0.2640	279,741,780
2013	759,691	0.2820	269,394,063
2014	785,638	0.2852	275,431,568
2015	809,309	0.2762	293,038,018

Tax Rate Changes

The EAV changes annually due to variations in fair market value of real estate and improvements to existing property. The nature and kind of changes to property in the Village, such as renovations and new construction, are tracked using the building permit process. Building permits are forwarded to the Township Assessor who changes assessed values (up or down) to insure that the amounts levied by taxing bodies are collected. New construction and renovations increase EAV while during times of economic recession property values, in general, decrease.



Village of Kildeer EAV History

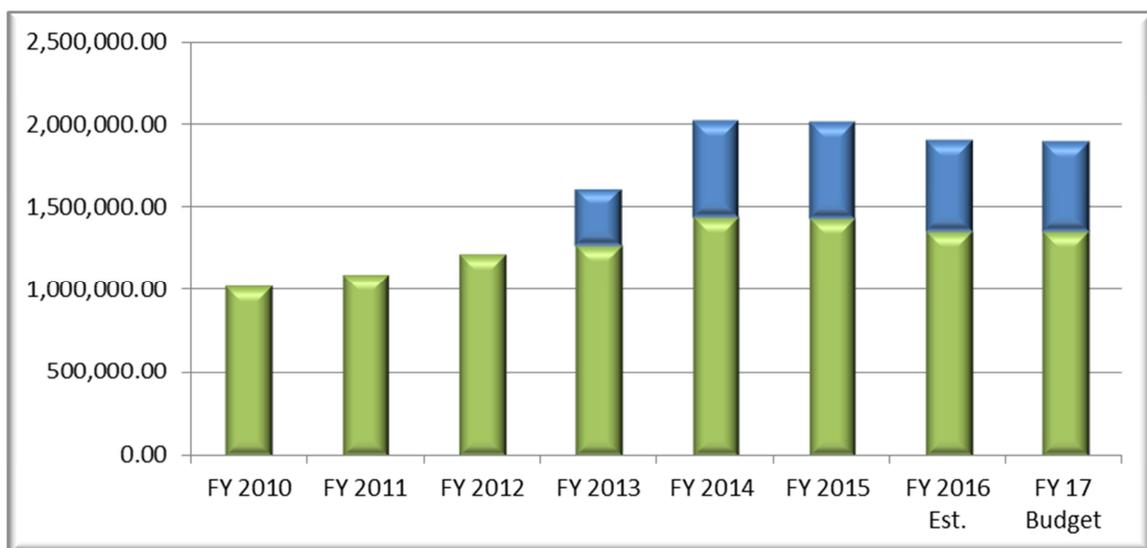


Tax Rate History

Municipal Sales Tax

A retail sales tax equal to 1.5% of the sales price is collected on the sale of all tangible personal property sold by businesses located in the Village. The tax is collected by the State of Illinois and remitted to the Village approximately three months after the sale was actually made. Sales tax revenue is extremely elastic and is subject to increases or decreases as a result of local economic conditions, which in turn is influenced by regional and national economic trends.

In FY 10 the national economy was in recession and sales tax revenue decreased from the previous year. By FY 13 declining sales tax revenues were offset by a successful referendum in which residents voted to increase the Village's portion of the state sales tax by 0.5% (from 7% to 7.5%). In the graph below revenue from the Village's 1% portion of the sales tax is shown in green and the additional 0.5% portion from the referendum is shown in blue.



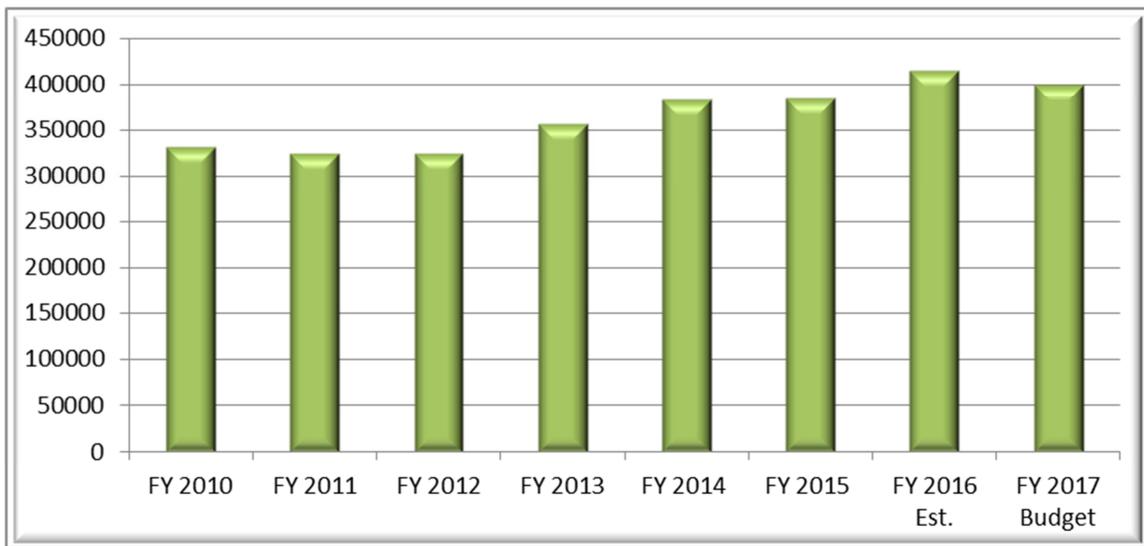
Recent Sales Tax History

As illustrated in the graph above, sales tax revenue peaked in FY 14. Since then sales tax growth stalled and by FY 16 it declined by 6%. The downward slide is not expected to continue in FY 17.

The Village of Kildeer anticipates receiving sales tax revenue of \$1,900,000 in FY 17. This source of revenue represents 46% of the revenue in the General Fund needed to operate the Village.

Income Tax

The State of Illinois assesses a 5% tax on the annual income of residents and businesses in the State. Income tax is paid by individuals and businesses in April of each year. Villages receive a portion of the state income tax on a per capita basis and that portion is known as the Local Government Distributive Fund (“LGDF”). Like sales tax, income tax receipts are very sensitive to economic conditions and revenue from this source varies on an annual basis. LGDF receipts, which represent approximately 10% of the Village’s revenue, are shown below.



Income Tax Receipts

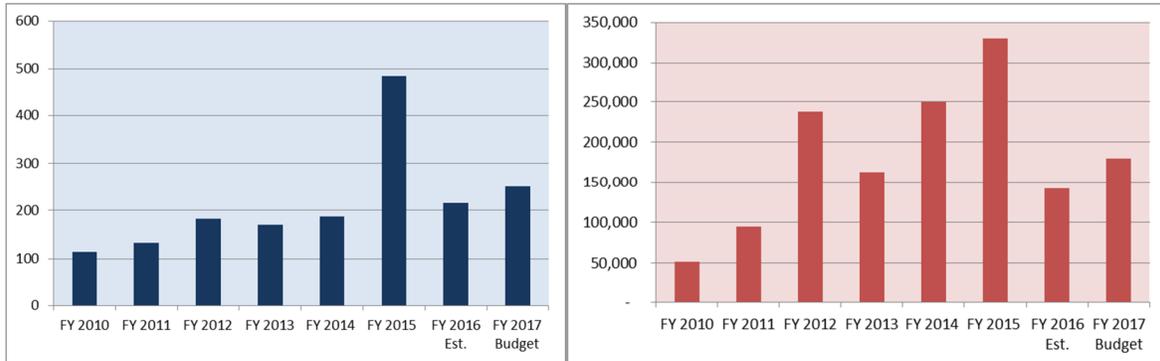
As of May 1, 2016, the State of Illinois still has not approved its annual budget due to a very significant difference between State revenues and expenses. State leaders are searching for additional revenue sources and reducing or eliminating all or a portion of the LGDF payments to municipal governments is often mentioned as a possibility. In the event that LGDF revenues are changed, Village expenses will have to be delayed or eliminated altogether in order to keep its budget in balance.

Licenses and Permits

The Village is authorized by the State of Illinois to regulate certain activities within its corporate boundaries. The Village regulates business activities in connection with liquor and food as well as activities related to land use such as construction. Regulated activities require a permit or license for which the Village charges a fee to cover the cost of providing services.

As illustrated in the Permit graphs below, revenue from permits varies significantly on an annual basis. These variations are largely caused by changes in development activities in the Village. For example, a hailstorm in 2014 resulted in over 200 roof replacement permits in FY 15 leading to a spike in building permit revenue. Similarly, a new residential subdivision or shopping center would cause a spike in building permit revenue. In both FY 14 and FY 15 there were over thirty new home permits issued each year.

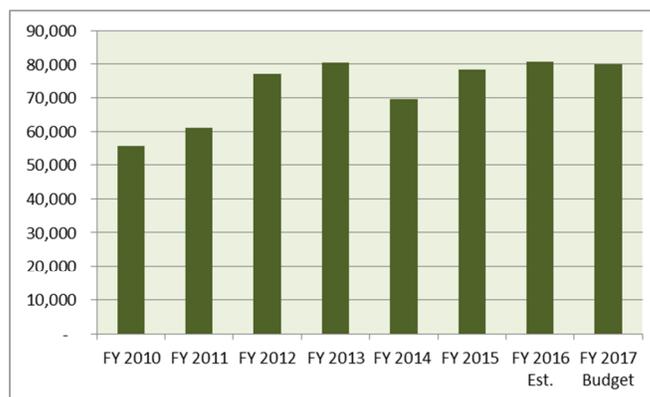
Permit revenue accounts for \$180,000 or 4% of the FY 17 budget. Building permits represent the largest source of revenue in this category.



Issued Permits

Permit Revenue

Unlike permit revenue, business license revenue does not vary much from year to year. While individual businesses may open or close, the total number of businesses in the Village does not change very much and as shown in the graph representing license fees, revenue from this category averages annual revenue of \$80,000 or 2% of the FY 16 budget.



License Fees

EXPENSE EVALUATIONS

Personnel Costs

The Village of Kildeer’s mission is to provide high value services to its residents. Providing residents with municipal services is largely dependent on the number and quality of the staff employed by the organization. Personnel costs represent 53% of the Village’s total operating General Fund budget.

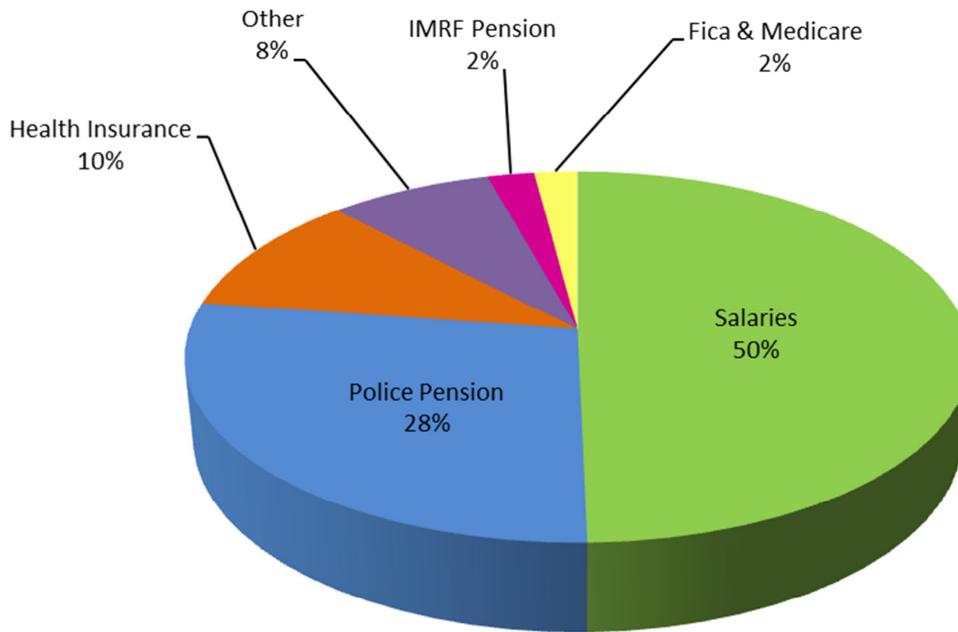
The growth of the Village since its incorporation in 1958 was accompanied by an increase in the nature and extent of its municipal government. To maintain a high quality of life for its residents, a Police Department was created and in 2007 the Police Pension Fund was established by voter referendum. Professionals were hired to maintain the Village’s infrastructure and preserve the Village’s uniqueness in a natural setting by the administration of land use controls. A Finance Director was added in 2010.

The Village is governed by an elected Village President and six Trustees who serve as citizen volunteers without salary. Those officials are supported by a small professional staff consisting of a Chief Village Officer, Finance Director, Chief of Police and Director of Building Permits. In FY 16 the Village’s entire full time staff consists of only 11 people, 8 of which are engaged in law enforcement activities.

	2011	2012	2013	2014	2015	2016	2017
Department							
General Government							
Chief Village Officer	1	1	1	1	1	1	1
Administrative Assistant (PT)	1	1	1	-	-	-	-
Finance Director	1	1	1	1	1	1	1
Director of Building Permits	-	-	-	1	1	1	1
Police Department							
Police Chief	1	1	1	1	1	1	1
Deputy Chief	1	1	-	-	-	-	-
Police Records Supervisor	1	1	1	1	1	1	1
Seargents	3	2	-	-	-	-	-
Police Officers- FT	13	6	6	6	6	6	7
Police Officers- PT	1	-	-	2	5	5	6
Community Service Officer - PT	-	-	-	1	1	1	1
Total Full Time	21	13	10	11	11	11	12
Total Part Time	2	1	1	3	6	6	7

Village Staff

The Village’s workforce budget for FY 17 includes the addition of a new police officer to bring the total staff level to 12 full time employees and 6 part time employees. Village-wide personnel costs in FY 17 are projected to be \$2,169,101. The largest portion of these costs are salaries which represent 50% (\$1,077,217) of total personnel costs. The second largest expense is the Village contribution to the Police Pension Fund which is 28% (\$600,000) of total personnel costs.

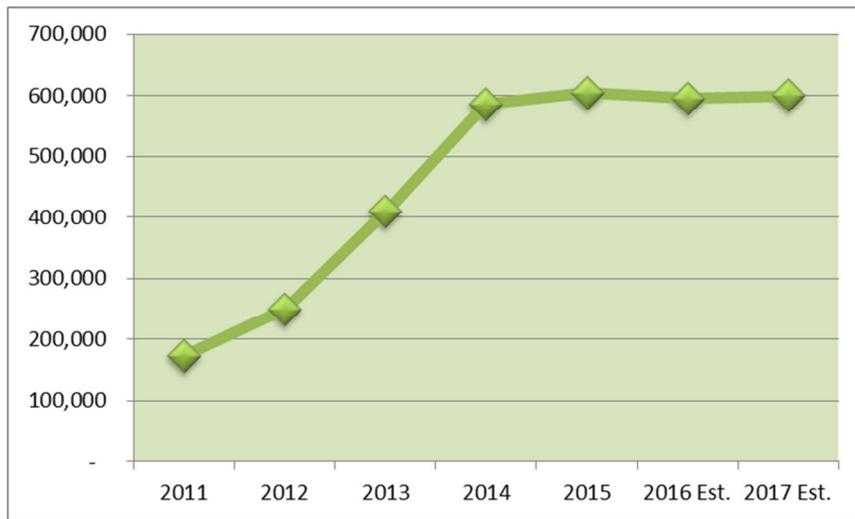


Personnel Costs

Police Pension

Kildeer residents voted to establish a Police Pension Fund in 2007. The Police Pension Fund accumulates financial resources and holds them in trust for Village Police Officers and their beneficiaries. Presently there are six full time patrol officers who each contribute 9.91% of their salary to the Police Pension Fund. Eleven officers now draw benefits from the pension fund and two applications for benefits are pending.

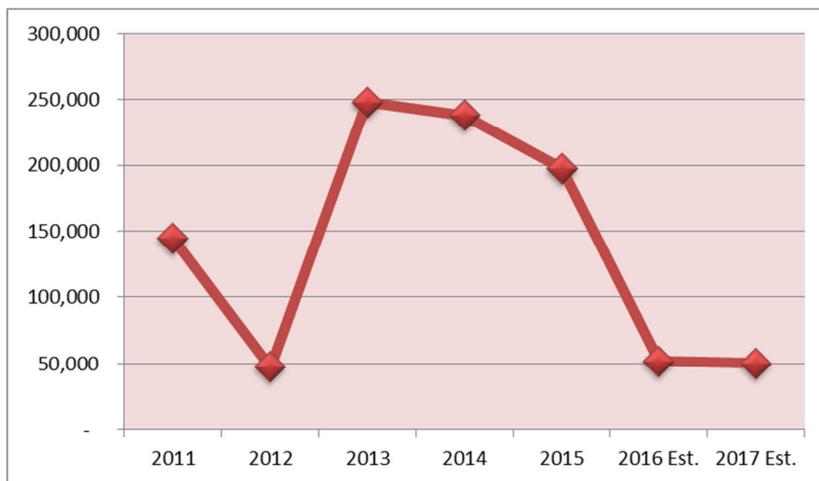
Police Pension Fund expenses increased by over \$400,000 in the period between FY 11 and FY 16. At the end of FY 15 the Police Pension Fund was only 38% funded.



Police Pension Expenses

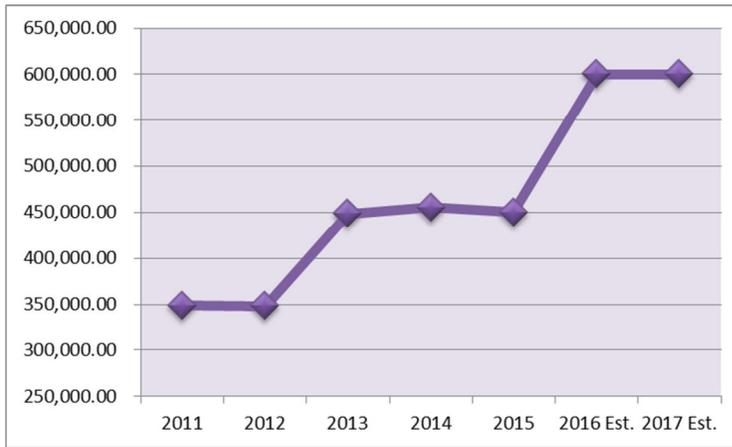
The Police Pension is funded by a combination of three sources: investment income, contributions by active police officers and the Village. An actuarial valuation is prepared annually to determine the amount of funding needed to meet the Pension Fund's obligations. The Village is responsible to provide the balance of the needed funds after taking into account investment income and officer contributions.

Investment income has not grown at the same rate as expenses. Annual returns from FY 11 to FY 16 fluctuated between \$50,000 and \$250,000 and presently exhibit a downward trend.



Police Pension Investment Income

As expected, in an environment where expenses are growing, police officer contributions are steady and investment income decreasing, the Village's contributions must increase.

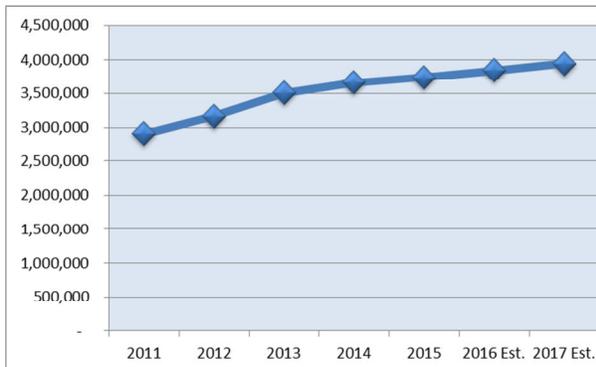


Village Contributions to the Police Pension

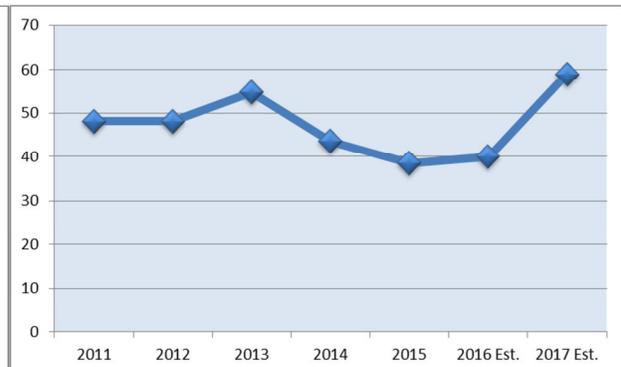
Police Pension Fund obligations significantly impact the General Fund Balance. The Village's contribution in FY 12 was \$348,500. In FY 16 the amount was \$600,000, an increase of 72% within a five year period.

The Police Pension Fund is required by Illinois Statute to be 90% funded by FY 40. The state mandate is incorporated into the actuarial projections used by the Police Pension Board when a funding request is made to the Village Board. As pension expenses grow and additional beneficiaries are added, greater contributions are needed. With police salary contributions steady and investment returns down, in order for the Police Pension Fund balance to grow and attain the ninety percent mandate, it will be necessary to increase the Village's contribution for a long period of time.

A stated goal of the Village Board is to be in compliance with the 90% fund balance requirement as soon as possible which will require that large portions of money in the General Fund be diverted to the Police Pension Fund for many years. Meeting the Police Pension funding goal will exert pressure on the General Fund and intensify competition for funding among the various core functions of the Village.



Police Pension Fund Balance

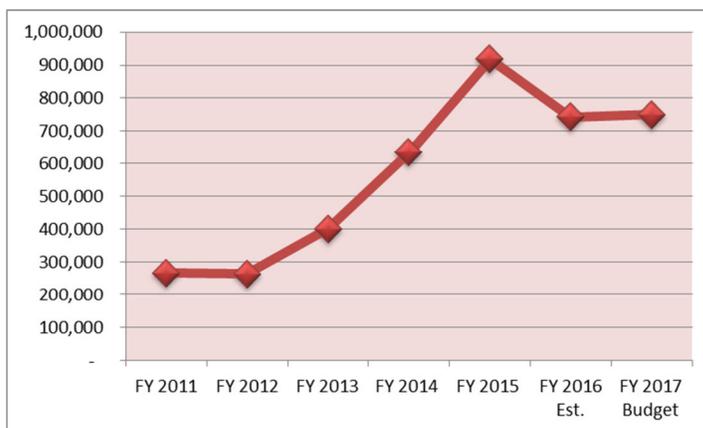


Funding Ratio Percentage

Public Works

The Village maintains over 32 miles of roads. Maintaining the roads includes the cost of snow and ice removal as well as patching, grinding, overlay and reconstruction of existing pavement. Road maintenance also includes the right-of-way where there are various types of stormwater drainage controls such as cross-culverts. Vegetation trimming in the right-of-way is also included in the public works budget.

In response to the Village Board’s emphasis on delivering quality service to residents, public works expenditures have increased steadily. In FY 12 the Village Engineer conducted a pavement evaluation and prepared a long term pavement program and rehabilitation plan. The cost of implementing the plan, however, was greater than the budget could support and a voter referendum to increase sales tax was conducted with the additional revenue to fund infrastructure improvements. The initiative was successful and funding for public works has increased.



FY 2011	266,697
FY 2012	263,870
FY 2013	400,732
FY 2014	634,111
FY 2015	918,728
FY 2016 Est.	744,045
FY 2017 Budget	750,000

Public Works Expenditures

Lake County will widen Quentin Road north of White Pine Road to Rt. 22 starting 2018. The Village’s portion of the cost of the project is estimated to be between \$12,000 and \$56,000 depending on the availability of grant funding. This expense must be incorporated into a future Village budget.

Another widening project that will require future Village funds is along Route 22 east of Quentin Road. The Village’s portion of the cost for this project is estimated at \$140,000. The Rt. 22 project is part of the Illinois Dept. of Transportation’s Five Year Plan, but the year in which construction may start is not known.

Long Term Debt

The Village is a non-home rule municipality. As a non-home rule municipality, the Village is limited in the amount of debt it can incur. That limit is 8.625% of the community's equalized assessed valuation or \$25M. The Village does not levy a property tax to repay its debt. General Obligation debt is paid from General Fund revenues. The Village's existing debt is just \$1.6M.

Assessed Valuation - 2015	<u>\$ 293,038,018</u>
Legal Debt Limit - 8.625% of Assessed Value	<u>25,274,529</u>
Amount of Debt Applicable to Limit	
General Obligation Bonds	<u>(1,655,000)</u>
Legal Debt Margin	<u>23,619,529</u>

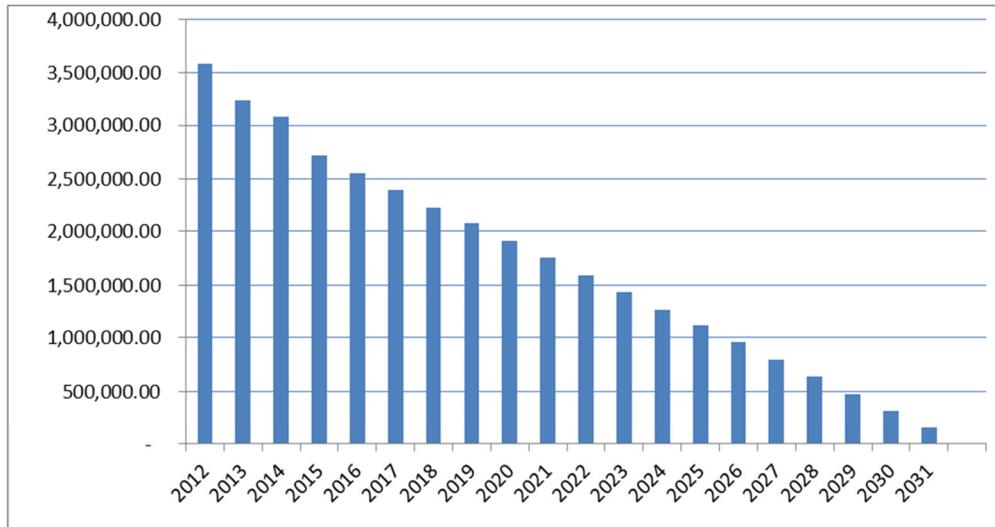
In 2002 the Village issued debt certificates to raise money to build the Village Hall. In 2011 the debt was refinanced and General Obligation Refunding Limited Debt Certificates were issued to take advantage of lower interest rates being offered at the time. The schedule of payments is listed below.

General Obligation Refunding Limited Debt Certificates of 2011

Date of Issue	January 18, 2011
Date of Maturity	February 1, 2031
Authorized Issue	\$2,220,000
Denomination of Bonds	\$5,000
Interest Rate	3.00% - 5.375%
Interest Dates	August 1 and February 1
Principal Maturity Date	February 1
Payable at	Amalgamated Bank of Chicago, Chicago IL

Fiscal Year Ending April 30	Governmental Activities		
	General Obligation		
	Bonds		
	Principal	Interest	Totals
2017	\$ 80,000	79,506	159,506
2018	85,000	76,706	161,706
2019	85,000	73,518	158,518
2020	90,000	69,906	159,906
2021	95,000	66,082	161,082
2022	100,000	62,044	162,044
2023	100,000	57,294	157,294
2024	105,000	52,544	157,544
2025	110,000	47,556	157,556
2026	120,000	42,332	162,332
2027	125,000	36,182	161,182
2028	130,000	29,776	159,776
2029	135,000	23,112	158,112
2030	145,000	15,856	160,856
2031	150,000	8,062	158,062
Total	1,655,000	740,476	2,395,476

The Village’s financial health improved since FY 12 by reducing its debt service costs. In FY 11, when interest rates were falling, the Village refinanced its largest debt, the loan to build Village Hall. In FY 12 the Village also paid off a debt six years early in connection with the 1993 Boundary Agreement with Deer Park. In FY 14 the Village arranged for an early pay-off of the bonds issued to extend the sewer system in Special Service Area B. A chart displaying the Village’s remaining debt is shown below.

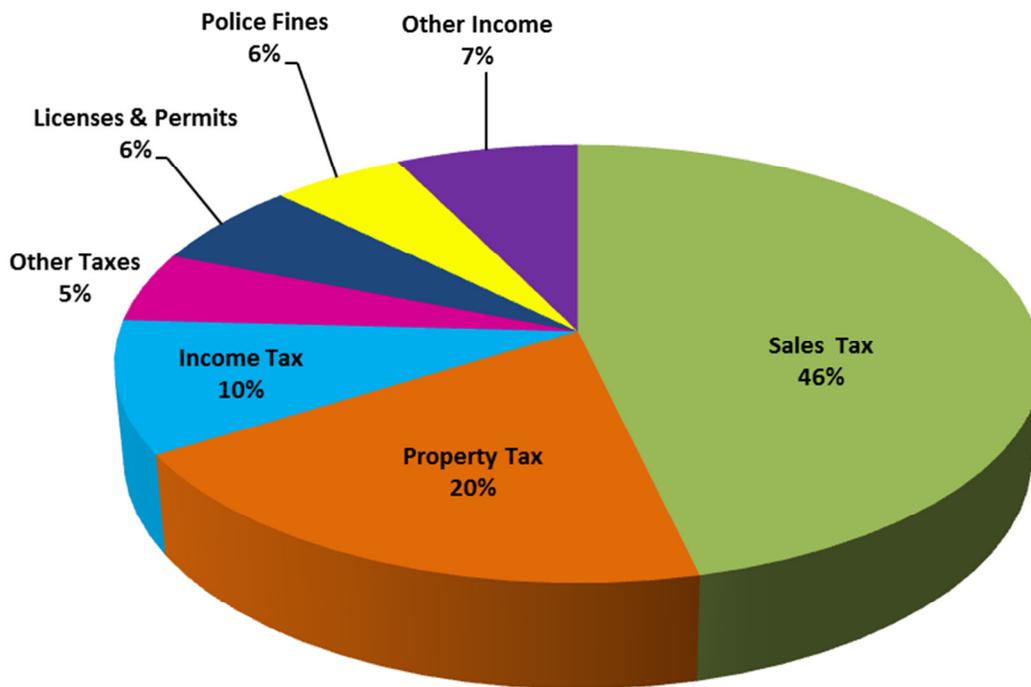


Long Term Debt

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GENERAL FUND REVENUES

The General Fund is used to account for the resources and activities associated with the 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 municipal government, including general administration, police protection, street maintenance, building and zoning code enforcement, as well as planning and economic development.



FY 17 – General Fund Revenues

Revenue Type	FY 2016	FY 2017	Difference	
	Budget	Budget	\$	%
Sales Tax	2,000,000	1,900,000	(100,000)	-5%
Property Tax	785,638	809,309	23,671	3%
Income Tax	388,070	400,000	11,930	3%
Other Taxes	185,492	210,190	24,698	13%
Licenses & Permits	235,000	260,000	25,000	11%
Police Fines	185,250	219,300	34,050	18%
Other Income	120,550	301,201	180,651	150%
	<u>3,900,000</u>	<u>4,100,000</u>	<u>200,000</u>	<u>5%</u>

FY 16-17 Budget – Revenues

The modest 5% increase in FY 17 revenues over those in FY 16 are due to projected increases in other income which includes a revenue sharing agreement with the Village of Lake Zurich, police fines which include the red light enforcement program, as well as an increase in building permits, property tax levy, and grants.

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

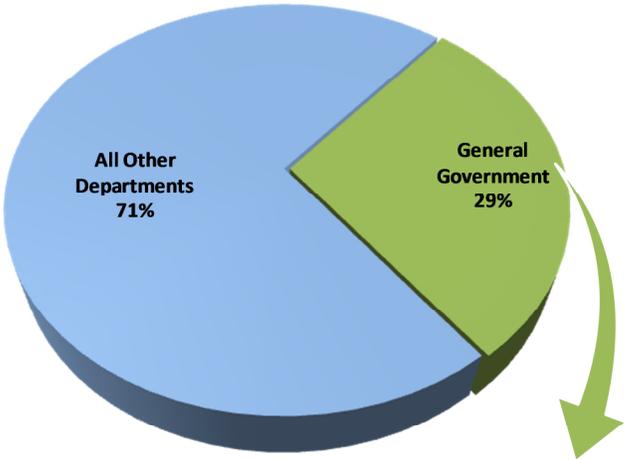
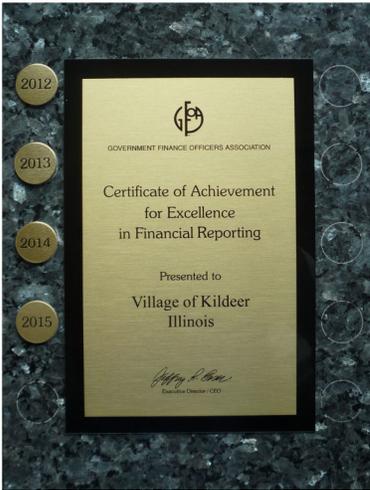
FUND: General Fund

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
REVENUES							
10-10-3010	Property Tax	737,848	758,261	785,638	778,002	778,002	809,309
10-10-3020	Replacement Tax	1,355	1,289	900	866	1,039	1,000
10-10-3030	Road and Bridge Tax	4,189	4,032	3,962	4,156	4,156	4,190
10-10-3040	Sales Tax	2,032,313	1,988,455	2,000,000	1,550,688	1,895,000	1,900,000
10-10-3050	State Income Tax	386,665	388,604	388,070	341,657	409,989	400,000
10-10-3060	State Use Tax	69,616	81,840	70,630	73,736	88,484	80,000
10-10-3070	Telecommunications Tax	113,720	131,797	110,000	107,597	129,117	125,000
10-10-3100	Licenses and Fees	69,694	78,414	75,000	80,650	80,650	80,000
10-10-3105	Franchise Fees	88,359	95,547	85,000	73,856	90,000	88,000
10-10-3210	Building Permits	250,347	330,150	160,000	116,042	142,000	180,000
10-10-3340	Books and Copies	921	1,327	1,000	877	1,053	1,000
10-10-3380	Filing Fees	0	0	0	0	0	0
10-10-3410	Revenue Sharing	0	89,499	0	117,840	125,000	125,000
10-10-3420	Impoundment Fees	12,000	19,000	15,000	14,500	15,500	15,000
10-10-3425	Impoundment Fees - DUI	11,000	9,000	13,000	6,000	6,500	6,500
10-10-3440	Sewer Administration	53,139	61,140	0	0	0	0
10-10-3450	Population Impact Fees	0	0	0	0	0	0
10-10-3600	Restricted Drug Seizure	0	0	0	3,818	3,818	0
10-10-3630	Police Fines	52,365	51,637	40,000	34,603	41,524	41,500
10-10-3640	Code Violations	8,963	23,763	10,000	26,070	27,000	27,000
10-10-3650	Restricted DUI	3,276	2,873	2,000	3,150	3,780	3,500
10-10-3660	Police Equipment Resale	37,609	4,947	0	5,673	5,673	0
10-10-3670	Red Light Enforcement	12,292	14,155	100,000	74,418	113,000	120,000
10-10-3675	Hireback Income	1,050	3,181	0	2,400	2,400	2,500
10-10-3680	Restricted Traffic Rebate	6,762	7,122	5,000	4,687	5,624	5,500
10-10-3686	Restricted E-Citation	1,942	376	250	282	338	300
10-10-3687	Restricted CERT	0	450	0	950	950	0
10-10-3690	Grants	2,771	150,315	0	3,505	3,505	60,000
10-10-3720	Interest Income	1,357	3,712	2,500	4,336	5,500	5,500
10-10-3950	Expired Completion Bonds	6,000	10,500	0	11,500	11,500	0
10-10-3960	Refunds & Reimbursements	70,268	64,253	30,000	18,274	24,000	16,000
10-10-3980	Proceeds from Capital Lease	0	0	0	0	0	0
10-10-3990	Misc Income	3,295	6,958	2,050	3,145	3,774	3,201
10-10-3995	Lawsuit Settlement	221,887	0	0	0	0	0
10-10-3999	Interfund Operating Transfer	0	0	0	0	0	0
TOTAL REVENUES:		4,261,003	4,382,597	3,900,000	3,463,278	4,018,876	4,100,000

GENERAL FUND GENERAL GOVERNMENT



General Government expenses make up 29% of the Village's General Fund budget. Within the General Government category personnel account for 37% of the expenses followed by operating and contractals (30%), Village Hall (20%) and sales tax rebates to developers (13%).



General Government functions include the administration of the Village’s affairs by the Chief Village Officer, who provides leadership, management, and oversight of all of the Village departments and advises the Village President and Board of Trustees on policies and procedures. The Chief Village Officer executes policy set by the Village Board and oversees the day to day operations of the Village.

The Finance Director provides the Village with financial and analytical support as well as accounting for all financial transactions. That includes its bank accounts and investment activities, payroll, accounts payable, and billing for services provided.

The Building Department provides a variety of safety and inspection services. Permits for new construction and renovation projects and code and zoning compliance are administered in this department.

The General Government category also includes the maintenance of the Village Hall and payments for sales tax incentives (rebates) granted for the development of facilities that provide significant value to the Village.

The largest change in the General Government category between FY 16 and FY 17 is found in sales tax rebates. The decrease was due to the early pay off of the sales tax rebate agreement with the developer of the Quentin Collection, which took place two years early.

The Village’s newest shopping center is Kildeer Marketplace which opened in 2015. There is a sales tax rebate agreement attached to the shopping center which provides for a portion of yearly sales tax to be shared with developer for up to 10 years or until \$1.25M is paid, whichever occurs first.

Expense Type	FY 2016	FY 2017	Difference	
	Budget	Budget	\$	%
Personnel	430,844	436,881	6,037	1%
Operating & Contractual Exp.	350,318	353,612	3,294	1%
Village Hall	235,441	234,507	(934)	0%
Sales Tax Rebates	225,000	145,000	(80,000)	-36%
Totals	1,241,603	1,170,000	(71,603)	-6%

FY 16-17 Budget – General Government

General Government Goals are divided into three categories- Administrative, Finance and Building and Community Development.

Administrative	Target Date	Status
Complete Comprehensive Plan Update	4/17/2017	In progress
Continue to minimize legal expenses	4/30/2017	Ongoing
Continue to update Village Code	Ongoing	Ongoing

Finance	Target Date	Status
Apply for the GFOA Certificate of Achievement for Excellence in Financial Reporting FY 16	4/30/2016	Not started
Work towards obtaining the GFOA Distinguished Budget Presentation Award	4/30/2017	In progress
Review health insurance options and select the most cost effective plans	10/30/2016	Not started
Incorporate health care reform mandates into the Village benefit programs	Ongoing	Ongoing
Consider acceptance of credit card payments at Village Hall	4/30/2017	In progress

Building and Community Development	Target Date	Status
Continue to promote growth of retail sales in commercial areas	Ongoing	Ongoing
Replace the preliminary and final approval process with single step process for new land use developments	4/30/2017	In progress
Facilitate construction of Kildeer Village Square shopping center	4/30/2017	In progress
Facilitate construction of The Preserves residential subdivision	4/30/2017	In progress
Monitor land use and zoning changes along Rand Road	4/30/2017	Ongoing

Performance measurements for the Building and Community Development Department are listed below.

Performance Measures	2011	2012	2013	2014	2015
Service Indicators					
Licenses					
Business	48	52	50	56	62
Liquor	10	11	11	13	12
Permits					
Residential- New Construction	7	4	8	30	31
Residential- Remodeling	112	135	127	130	434
Commercial- New Construction	-	4	2	3	-
Commercial- Remodeling	23	43	38	25	21
Total Issued Permits	142	186	175	188	486

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

FUND: General Fund

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
Administration							
10-10-4010	FT Salaries - Administration	256,927	291,027	297,428	246,850	313,850	318,411
10-10-4050	PT Salaries - Administration	17,081	0	0	0	0	0
10-10-4080	Health Benefits	55,795	65,043	77,501	52,271	62,725	57,878
10-10-4090	FICA/Medicare	17,705	18,754	23,029	14,665	19,727	24,504
10-10-4095	Unemployment Insurance	1,242	2,118	2,235	116	1,450	1,497
10-10-4096	Worker's Comp Insurance	0	993	0	945	945	1,030
10-10-4110	Retirement - IMRF	28,745	31,363	27,422	23,482	29,690	29,758
10-10-4160	Longevity	0	2,266	2,409	2,346	2,346	2,602
10-10-4170	Training	1,998	4,718	5,010	3,013	3,616	5,000
10-10-4220	Travel and Lodging	2,040	1,387	4,000	1,131	1,357	3,500
10-10-4520	Clerk & Collector Stipends	1,800	1,200	1,200	1,000	1,200	1,200
10-10-4525	Zoning Administration	200	75	4,500	0	0	4,500
10-10-4530	Audit	16,295	16,640	17,000	16,545	16,545	17,000
10-10-4550	Building Inspections	60,444	112,642	65,000	49,836	63,726	80,000
10-10-4570	Engineering	44,745	45,808	45,000	22,920	35,000	45,000
10-10-4580	Financial Services	4,583	5,457	5,000	1,833	4,000	5,000
10-10-4590	IT Support	12,881	11,542	15,000	12,722	15,267	17,420
10-10-4610	Legal	10,110	13,686	15,000	2,172	10,222	15,000
10-10-4660	Permit Review	36,712	44,384	35,000	18,999	35,000	35,000
10-10-4680	Planning	950	338	3,000	260	312	3,000
10-10-4710	Other Professional Fees	5,098	5,135	10,000	4,407	5,288	7,000
10-10-5010	Alarm and Video	430	360	400	360	432	450
10-10-5030	Codification	2,151	2,380	3,500	736	2,500	3,500
10-10-5040	Copy Services	1,294	1,292	1,000	158	190	1,000
10-10-5050	Datacom Services	16,089	18,610	18,000	9,408	13,590	18,000
10-10-5070	Dues and Subscriptions	4,603	4,217	8,652	7,125	11,600	8,700
10-10-5080	Equipment Contracts	8,889	9,089	10,600	8,316	10,500	10,600
10-10-5110	General Insurance	15,704	16,110	17,000	15,381	15,381	17,000
10-10-5210	Misc. Contract Services	5,239	46,840	17,000	13,486	19,000	17,000
10-10-6060	Natural Gas	7,432	4,290	8,500	1,508	5,000	5,000
10-10-6080	Postage and Shipping	1,083	1,090	1,500	692	831	1,500
10-10-6100	Supplies	4,260	5,093	7,000	4,371	6,000	7,000
10-10-6120	Water and Sewer	1,591	1,327	600	312	374	400
10-10-7020	Community Events	1,715	8,131	1,720	158	158	1,000
10-10-7100	Map Drawing	0	0	0	0	0	0
10-10-7130	Newsletter	435	0	10,000	650	650	5,000
10-10-7230	Tax Rebates	109,511	194,942	225,000	118,268	145,000	145,000
10-10-7510	Building Maintenance	29,876	38,873	63,535	71,232	110,000	65,000
10-10-7530	Equipment Maintenance	1,636	0	5,000	0	0	5,000
10-10-7540	Building/Grounds Maintenance	11,528	6,858	10,000	6,701	8,041	10,000
10-10-7810	Non-Capital Equipment	1,245	4,754	5,000	2,183	2,620	2,108

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

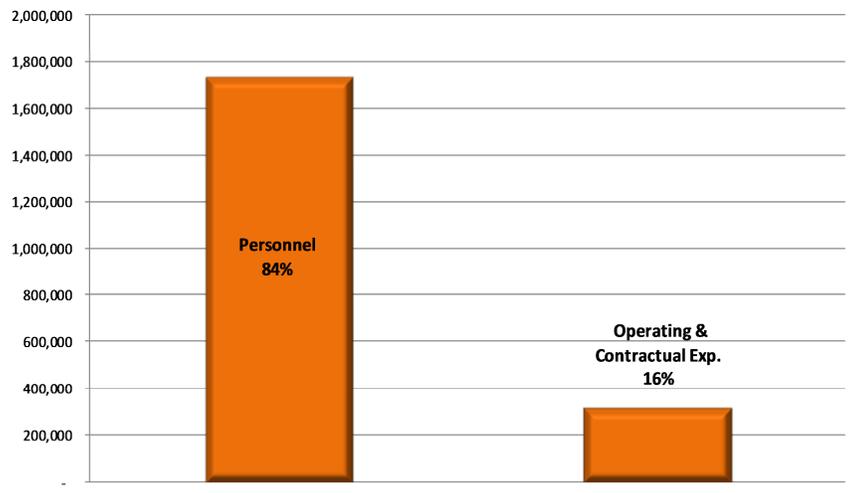
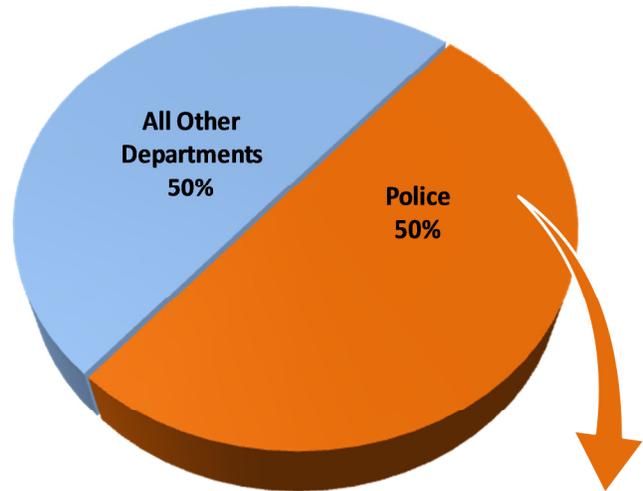
FUND: General Fund

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
Administration							
EXPENSES							
10-10-7820	Capital Equipment	31,617	0	8,000	6,237	6,237	10,000
10-10-8010	Principal Payments - Mortgage	75,000	75,000	80,000	80,000	80,000	80,000
10-10-8020	Interest Payments	86,406	84,156	81,906	81,906	81,906	79,507
10-10-8030	Refunds	276	16	500	99	118	500
10-10-9010	Other Expenses	2,107	1,368	2,456	2,069	2,483	2,435
10-10-9050	Contingency	0	0	0	0	0	0
10-10-9999	Interfund Operating Transfer	0	0	0	0	0	0
TOTAL Administration		995,468	1,199,372	1,241,603	906,869	1,144,877	1,170,000

GENERAL FUND POLICE



Police expenses make up 50% of the Village's General Fund budget. Within the police category personnel account for 84% and the remaining 16% are due to operations and contractals.



The Village of Kildeer provides law enforcement service to residents and businesses twenty-four hours per day. The department is run by the Chief of Police who oversees the function of the department which is currently staffed with full time and part time sworn personnel and a Police Records Clerk. Kildeer Police Officers serve with honor integrity and dedication.

The mission of the Kildeer Police Department is to engage in community policing strategies that protect the lives, rights and quality of life of all residents and visitors.

The largest change in the Police category between FY 16 and FY 17 is found in operating and contractual expenses which includes legal costs. The union contract is not being negotiated in FY 17 and there are no pending lawsuits resulting in a significant reduction in expected FY 17 legal costs. The increase in personnel costs is due to step increases in salary for officers mandated by the union contract and a new full time patrolman to be hired in FY 17.

Expense Type	FY 2016	FY 2017	Difference	
	Budget	Budget	\$	%
Personnel	1,440,019	1,732,220	292,201	20%
Operating & Contractual Exp.	448,378	317,780	(130,598)	-29%
Totals	1,888,397	2,050,000	161,603	9%

FY 16-17 Budget - Police Department

The goals and performance measures for the Police Department are as follows:

Police Department Goals	Target Date	Status
Hire full-time Patrolman	1/30/2017	Not started
Hire part-time Patrolman	12/31/2016	Not started
Implement new records management system (New World)	9/30/2016	In progress
Integrate Starcom radios into communications network	8/31/2016	In progress
Work with Kemper Lakes Golf Course to prepare for 2018 LPGA major event	6/30/2018	In progress
Promote public awareness of the need for a dedicated levy for the Police Pension Fund	Ongoing	Ongoing

Performance Measures Service Indicators	2011 *	2012 *	2013	2014	2015
Calls for Service	43,366	26,121	17,041	18,191	21,010
Total arrests	48	89	43	65	76
Traffic Citations	3,098	1,708	1,159	773	961
Ordinance Enforcement	235	80	137	139	433
House Watch	289	243	216	223	295

* FY 11 and portion of FY 12 includes calls for police service under the contract with Deer Park

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

FUND: General Fund

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
Kildeer Police							
EXPENSES							
10-20-4010	Salaries - FT Sworn	542,309	506,105	582,332	462,667	555,201	691,047
10-20-4020	Salaries - PT Sworn	4,418	28,062	43,200	27,105	34,526	48,600
10-20-4030	Salaries - Overtime Sworn	58,299	34,308	42,996	39,467	45,360	30,000
10-20-4040	Special Detail	0	1,555	0	693	832	0
10-20-4050	Salary - FT Civilian	55,447	73,659	75,962	65,228	78,274	78,459
10-20-4060	Overtime - Civilian	0	0	0	0	0	0
10-20-4080	Health Benefits	148,121	194,563	239,911	146,573	175,888	187,380
10-20-4090	FICA/Medicare	12,918	15,432	25,057	14,228	17,073	20,394
10-20-4095	Unemployment Insurance	4,355	7,404	7,700	1,848	2,218	6,861
10-20-4096	Worker's Comp Insurance	0	33,132	0	31,519	31,519	43,550
10-20-4100	Retirement - Pension	455,616	450,000	400,000	334,000	600,000	600,000
10-20-4110	Retirement - IMRF	18,185	18,568	16,279	14,093	16,911	18,775
10-20-4160	Longevity	12,191	5,853	6,582	6,538	6,538	7,598
10-20-4170	Training	675	1,054	4,000	1,648	3,500	4,500
10-20-4180	Recruitment	0	483	2,500	0	0	2,000
10-20-4210	Uniforms	10,218	7,221	8,075	3,542	8,075	8,075
10-20-4220	Travel and Lodging	43	708	720	97	116	975
10-20-4510	Admin Adjudication	850	1,742	4,080	1,657	1,989	2,800
10-20-4640	Legal - Prosecution	18,000	18,000	24,000	15,000	18,000	24,000
10-20-4650	Personnel & Legal	109,251	30,253	135,000	18,728	22,474	35,000
10-20-5020	Animal Control	225	0	500	45	54	500
10-20-5040	Copy Services	1,160	748	500	595	714	600
10-20-5060	Dispatch Services	66,731	56,773	74,245	55,683	74,250	86,999
10-20-5070	Dues and Subscriptions	11,455	19,659	20,228	16,758	20,110	19,250
10-20-5080	Equipment Contracts	22	0	2,500	0	0	5,500
10-20-5100	Forensic Srv & Investigation	0	492	650	83	99	650
10-20-5110	General Insurance	80,004	53,651	78,000	46,872	46,872	48,000
10-20-5210	Misc. Contract Services	19,771	6,992	7,500	7,021	8,426	7,500
10-20-5220	Storage Rental	2,696	2,388	2,400	2,104	2,524	2,400
10-20-5290	Wireless Communications	2,719	2,531	3,000	1,996	2,500	3,000
10-20-6040	Fuel	20,410	19,848	25,000	10,722	15,000	20,000
10-20-6080	Postage and Shipping	710	1,013	500	582	699	800
10-20-6090	Printing and Forms	514	2,089	1,500	243	292	1,000
10-20-6100	Supplies	2,389	2,733	2,500	1,133	1,360	2,500
10-20-7110	Firearms and Defense	1,109	1,881	4,000	2,000	2,500	3,500
10-20-7150	Community Relations Program	0	0	1,000	59	71	500
10-20-7530	Equipment Maintenance	883	473	1,780	156	187	1,500
10-20-7710	Telecom Maintenance	2,069	1,316	1,200	1,179	1,415	4,200
10-20-7730	Vehicle Maint.	15,582	16,678	15,000	11,270	13,524	14,000
10-20-7740	Repairs - Accident	0	0	0	0	0	0

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

FUND: General Fund

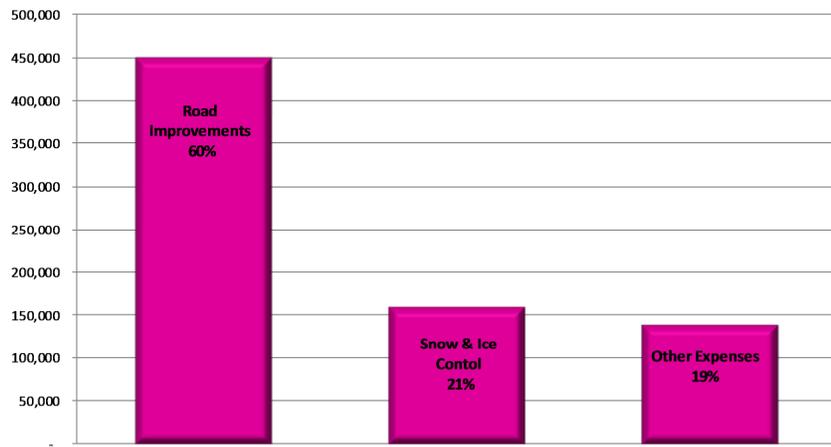
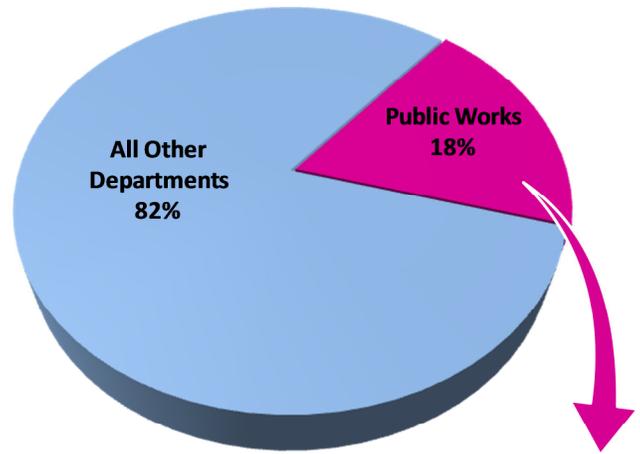
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET

Kildeer Police							
EXPENSES							
10-20-7810	Non-Capital Equipment	1,412	3,544	2,000	1,306	11,566	1,700
10-20-7820	Capital Equipment	0	92,267	25,000	1,558	16,870	15,500
10-20-9010	Other Expenses	690	740	1,000	316	379	387
10-20-9050	Contingency	0	0	0	0	0	0
TOTAL Kildeer Police		1,681,447	1,713,918	1,888,397	1,346,312	1,837,906	2,050,000

GENERAL FUND PUBLIC WORKS



Public Works expenses make up 18% of the Village's General Fund budget. Within the public works category road improvements account for 60% followed by snow and ice removal, 21%, and other expenses, 19%.



The Public Works Department is responsible for the maintenance and upkeep of Village streets, as well as seasonal activities such as snowplowing, salting and right-of-way maintenance. The Village contracts with governmental agencies and private companies for the performance of all public works services.

The largest change in the Public Works category between FY 16 and FY 17 is found in Other Expenses which includes increased funding for maintenance of the right-of-way. The reduction in Snow and Ice Control is due to lower prices for rock salt as the result of switching from purchases under the State of Illinois’ bulk contract to purchases under Lake County’s bulk contract.

Expense Type	FY 2016	FY 2017	Difference	
	Budget	Budget	\$	%
Road Improvements	450,000	450,000	-	0%
Snow & Ice Control	170,000	160,000	(10,000)	-6%
Other Expenses	90,000	140,000	50,000	56%
Totals	710,000	750,000	40,000	6%

FY 16-17 Budget – Public Works Expenses

The goals and performance measurements for the Public Works Department are as follows:

Public Works Goals	Target Date	Status
Continue to develop a realistic and achievable plan to fund road and drainage projects	Ongoing	Ongoing
Maintain Village right-of-ways	4/30/2017	In progress
Continue to participate in Lake County salt purchase program	4/30/2017	In progress
Continue to cooperate with other villages in joint bidding for annual road projects	4/30/2017	In progress
Initiate new row vegetation project	4/30/2017	Not started
FY 17 Road Program	4/30/2017	In progress
Vegetation control for Lot 102 (Bishop`s Ridge)	Ongoing	Ongoing

Performance Measures Service Indicators	2011	2012	2013	2014	2015
Snow removal (hours)	715	431	665	1,269	646
Salt Usage (tons)	549	477	735	850	415
Paving (miles)	-	1	1	1	1

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

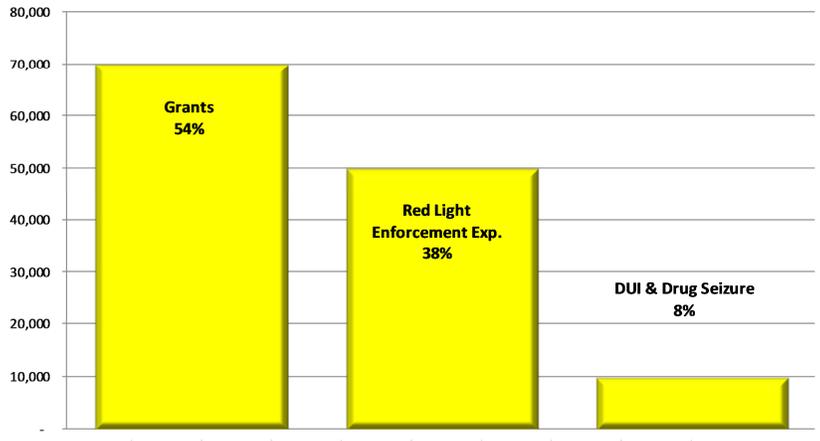
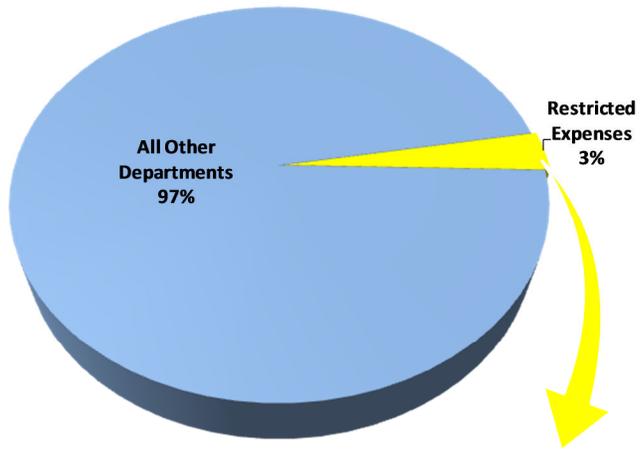
FUND: General Fund

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
Public Works							
EXPENSES							
10-40-4650	Outside Consulting	0	844	0	3,366	4,039	5,000
10-40-5150	JULIE	1,297	1,896	1,500	1,671	1,672	1,672
10-40-6030	Electricity - Street Lighting	2,500	2,608	3,500	1,892	2,600	3,500
10-40-6100	Supplies	0	0	0	0	0	0
10-40-7140	Mosquito Abatement	10,000	10,150	10,150	10,300	10,500	10,500
10-40-7170	Road Improvements	447,022	511,525	450,000	423,105	450,000	450,000
10-40-7200	Snow & Ice Control	134,358	188,039	170,000	99,205	150,000	160,000
10-40-7230	Street Cleaning	0	0	0	0	0	0
10-40-7570	ROW Maintenance	28,707	47,588	40,000	65,731	75,000	80,000
10-40-7630	Signal Maintenance	6,825	16,465	15,000	16,499	19,799	20,000
10-40-7650	Storm Sewer Line Maint	1,731	1,578	10,000	22,129	26,554	14,328
10-40-7680	Street Signs and Safety	1,647	12,307	9,350	2,778	3,333	5,000
10-40-7820	Capital Equipment	0	0	0	0	0	0
10-40-9010	Other Expenses	19	3,249	500	548	548	0
TOTAL Public Works		634,106	796,249	710,000	647,224	744,045	750,000

GENERAL FUND RESTRICTED EXPENSES



Restricted expenses make up 3% of the Village's General Fund budget. Within the restricted expense category grants account for 54% of the expenses followed by red light enforcement expenses, 38%, and DUI/Drug seizures, 8%.



Expenses are restricted if funds can only be spent for specified purposes. For example, funds derived from police fines or seizures can only be used for the purchase of capital assets related to law enforcement activities in connection with drug or alcohol programs. Similarly, grants are awarded to the Village for specific projects and expenses can only be incurred for those projects.

Red light camera expenses, however, are included in this category not because there is a spending restriction, but to account for funds from this source without artificially increasing the revenue and expense budgets of other departments.

The largest change in restricted funds from FY 16 to FY 17 is an increase in grant funding that includes a \$50,000 grant from the Lake County Stormwater Management Commission and an anticipated \$10,000 grant from ComEd under its Safe Cities Program.

Expense Type	FY 2016	FY 2017	Difference	
	Budget	Budget	\$	%
Grants	10,879	70,000	59,121	543%
Red Light Enforcement Exp.	37,621	50,000	12,379	33%
DUI & Drug Seizure Exp.	11,500	10,000	(1,500)	-13%
Totals	60,000	130,000	70,000	117%

FY 16-17 Budget - Restricted Expenses

Goals	Target Date	Status
Obtain grant funding for projects	4/30/2017	In progress
Monitor Red Light Traffic enforcement expenses	4/30/2017	In progress
Monitor DUI and Drug Seizure expenses	4/30/2017	In progress

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

FUND: General Fund

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
Restricted Expenses							
EXPENSES							
10-30-7120	Police Grant Exp	0	0	0	0	0	10,000
10-30-7150	CERT Grant Expense	348	844	0	1,109	1,330	10,000
10-30-7165	Pass-through Grant	5,556	0	0	0	0	0
10-30-7180	Public Works Grant	2,434	122,474	0	0	0	50,000
10-30-7820	Capital Equipment	0	0	0	0	0	0
10-30-7830	DUI Expenses	16,075	23,117	10,000	0	0	5,000
10-30-7870	Drug Seizure Expenses	1,600	0	1,500	1,093	1,311	5,000
10-30-7880	Restricted Traffic Rebate Exp	29,223	27,967	10,879	0	0	0
10-30-7885	Red Light Enforcement Exp	940	0	37,121	31,285	48,545	50,000
10-30-7890	Collection Agency Fees	116	0	500	166	200	0
TOTAL Restricted Expenses		56,292	174,402	60,000	33,653	51,386	130,000

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MOTOR FUEL TAX FUND

The Motor Fuel Tax (MFT) Fund is utilized to fund maintenance and construction expenses for roadway and sidewalk improvements within public right of ways. Other applicable uses for MFT funds are as follows:

- Electric usage charges for operation of public street lighting systems.
- Purchase of maintenance materials (road salt and hot-mix asphalt) for use by the Public Works Department.
- Payment for bonds issued to fund construction expenses for prior public improvement projects.
- Payment for engineering consultant services for the design and construction inspection of public roadway improvement projects, including sidewalk replacement, roadway reconstruction, and bridge replacement projects.

The Village’s practice for the Motor Fuel Tax Fund (MFT) has been to accumulate funds until there is enough to support a project. Due to the accumulation of funds from prior budgets, the starting FY 17 MFT fund balance is \$516,264 which is sufficient to support the budgeted expenditures.

MFT Fund	FY 2016	FY 2017	Difference	
	Budget	Budget	\$	%
Revenues	100,000	100,300	300	0.3%
Expenses	250,000	250,000	-	0%

FY 16-17 Budget- MFT

	FY 2015	Projected FY 2016	Budget FY 2017
Beginning Fund Balance	332,976	413,351	516,246
Revenues	133,583	102,895	100,300
Expenses	53,208	0	250,000
Ending Fund Balance	413,351	516,246	366,546

Fund Balance - MFT

The goal for the MFT in FY 17 is to resist proposals from state officials to reduce or eliminate MFT funding by the state and work with municipal organizations to raise awareness for the need to continue state funding and lobby state elected officials regarding the importance of this revenue source for local government.

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

FUND: Motor Fuel Tax

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
REVENUES							
20-10-3080	Motor Fuel Tax	116,105	133,532	100,000	85,480	102,576	100,000
20-10-3720	Interest Income	47	51	0	265	319	300
TOTAL REVENUES:		116,152	133,583	100,000	85,745	102,895	100,300
EXPENSES							
20-10-7160	MFT Road Improvements	0	53,209	250,000	0	0	250,000
20-10-9050	Contingency	0	0	0	0	0	0
TOTAL EXPENSES:		0	53,209	250,000	0	0	250,000

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CAPITAL PROJECT FUND

The Capital Project Fund is utilized by the Village to accumulate resources and incur expenditures for infrastructure maintenance and improvements as well as capital vehicle and equipment purchases.

Fund Information

The Capital Project Fund is a governmental fund type; this means a modified accrual basis of accounting is used to account for the revenues, expenditures, transfers, and changes in fund balance that occur in a fiscal year. Governmental Accounting Standards Board (GASB) Statement Number 54 requires the Village to classify the Fund Balances of the Capital Project Fund into the following categories:

- Non-Spendable – Amounts that cannot be liquidated into cash available for immediate spending because they are not in a spendable form or they are legally or contractually required to be maintained intact.
- Restricted – Amounts restricted by laws, regulations, contracts, or commitments imposed by external organizations such as creditors, grantors, contributors, the Federal Government, or the State of Illinois.
- Committed – Amounts committed for specific purposes through formal action of the Board of Trustees – usually by passage of an Ordinance or Resolution.
- Assigned – Amounts assigned for a specific purpose by the governing body itself or an official with authority – less formal than a commitment by the Village Board.

Under GASB 54 reporting requirements, Capital Improvement Funds are not allowed to have Unassigned Fund Balances unless there is a negative Fund Balance. In FY 16, the Capital Project Fund will have accumulated Assigned Fund Balance of \$575,877 for future vehicle and equipment purchases and infrastructure improvement projects.

Minimum Fund Balances

No minimum Fund Balance has been established for the Capital Project Fund. The nature of the Capital Project Fund is to accumulate resources for future capital expenditures and then expend those resources when appropriate. The Fund will have large surpluses or deficits from year to

year and the Fund Balance will fluctuate drastically in some years as the Fund accumulates and expends resources.

The Assigned Fund Balance in the Capital Project Fund is a reservation for the future purchase of vehicles and equipment. This portion of the Fund Balance was established to ensure that resources will be available in the future to purchase replacements for vehicles and equipment currently in use. The Village maintains detailed lists of vehicles and equipment including the purchase date, an expected useful life, an expected replacement cost, and the amount needed to be reserved to replace the equipment in the future. The Village's goal is to accumulate resources in an Assigned Fund Balance in the Capital Fund that is at least 50% of the replacement value of all of the Village's vehicles and equipment. Operating transfers from the General Fund to the Assigned Fund Balance in the Capital Project Fund are anticipated to begin in FY 18.

No capital fund projects are budgeted in FY 17 and only a small amount of interest income is projected for this fund.

VILLAGE OF KILDEER
 DETAILED BUDGET REPORT

FUND: Capital Projects

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	--2014-- ACTUAL	--2015-- ACTUAL	----- BUDGETED	2016 10 MO. ACTUAL	----- PROJECTED	--2017-- FINAL BUDGET
REVENUES							
30-10-3720	Interest Income	697	278	0	109	131	0
30-10-3974	Proceeds- Quentin Rd Impr.	7,000	0	0	0	0	0
30-10-3975	Proceeds-Bike Path	0	0	0	0	0	0
30-10-3999	Interfund Operating Transfer	0	0	0	0	0	0
TOTAL REVENUES:		7,697	278	0	109	131	0
EXPENSES							
30-10-4610	Legal	0	0	0	3,750	3,750	0
30-10-7574	Quentin Rd Improvements	7,000	0	0	0	0	0
30-10-7575	Bike Path Expense	0	0	0	0	0	0
30-10-7820	Capital Equipment	0	0	0	0	0	0
30-10-9999	Interfund Operating Transfer	0	0	0	527,738	527,738	0
TOTAL EXPENSES:		7,000	0	0	531,488	531,488	0

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APPENDIX I – CAPITAL OUTLAY SUMMARY

Capital Expenditure is an expenditure for capital related items that has a useful life beyond one year with an original cost of \$5,000 or more.

General Fund

General Government

Village Hall Equipment Replacement	\$10,000
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Police Department

AED (6)	\$10,000
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E- Citation Software & Hardware	\$8,000
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Portable Light Tower	\$13,000
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Public Works

Drainage Improvement	\$250,000
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General Fund Subtotal	\$291,000
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Motor Fuel Tax

General Street Resurfacing	\$220,000
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Motor Fuel Tax Fund Subtotal	\$220,000
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Capital Projects Fund	\$0
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Total Capital Outlay:	\$511,000
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APPENDIX II – FIVE YEAR FINANCIAL FORECAST

Financial forecasts are based on conservative assumptions regarding revenues and expenses including projections that the national and state economy will experience modest but steady growth and that state funding for MFT and LGDF will continue at existing levels.

VILLAGE OF KILDEER, ILLINOIS

General Fund - Long Term Financial Planning

Analysis of Projected Statements of Revenues, Expenditures, Transfers, and Changes in Fund Balance

	FY 17	FY 18	FY 19	FY 20	FY 21
	Budget	Projection	Projection	Projection	Projection
Revenues					
Taxes	\$ 2,918,499	3,145,706	3,228,499	3,257,556	3,298,500
Intergovernmental	461,000	465,000	470,000	470,000	470,000
Charges for Services	109,500	110,000	115,000	120,000	125,000
Licenses and Permits	260,000	300,000	270,000	250,000	250,000
Fines and Forfeits	197,800	200,000	200,000	200,000	200,000
Interest	5,500	6,000	6,000	6,100	6,500
Miscellaneous	147,701	150,000	154,020	150,000	150,000
Transfers In	-	-	-	-	-
Total Revenues	4,100,000	4,376,706	4,443,519	4,453,656	4,500,000
Expenditures					
General Government	1,010,493	1,050,000	1,200,000	1,250,000	1,250,000
Public Safety	2,130,000	2,230,000	2,250,000	2,283,750	2,300,000
Public Works and Transportation	800,000	800,000	800,000	725,000	750,000
Capital Outlay	-	35,000	35,000	-	38,919
Principal Retirement	80,000	85,000	85,000	90,000	95,000
Interest and Fiscal Charges	79,507	76,706	73,519	69,906	66,081
Transfers Out	-	100,000	-	35,000	-
Total Expenditures	4,100,000	4,376,706	4,443,519	4,453,656	4,500,000
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning	4,233,406	4,233,406	4,233,406	4,233,406	4,233,406
Fund Balance - Ending	4,233,406	4,233,406	4,233,406	4,233,406	4,233,406
% Change in Fund Balance	0%	0%	0%	0%	0%

VILLAGE OF KILDEER, ILLINOIS

MFT - Long Term Financial Planning

Analysis of Projected Statements of Revenues, Expenditures, Transfers, and Changes in Fund Balance

	FY 17	FY 18	FY 19	FY 20	FY 21
	Budget	Projection	Projection	Projection	Projection
Revenues					
Taxes	-				
Intergovernmental	100,000	105,000	110,000	115,000	120,000
Charges for Services	-				
Licenses and Permits	-				
Fines and Forfeits	-				
Interest	300	350	300	320	300
Miscellaneous	-				
Transfers In	-				
Total Revenues	100,300	105,350	110,300	115,320	120,300
Expenditures					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works and Transportation	250,000	50,000	250,000	50,000	250,000
Capital Outlay	-	-	-	-	-
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Expenditures	250,000	50,000	250,000	50,000	250,000
Net Change in Fund Balance	(149,700)	55,350	(139,700)	65,320	(129,700)
Fund Balance - Beginning	516,246	366,546	421,896	282,196	347,516
Fund Balance - Ending	366,546	421,896	282,196	347,516	217,816
% Change in Fund Balance	-29%	15%	-33%	23%	-37%

VILLAGE OF KILDEER, ILLINOIS

Capital Projects - Long Term Financial Planning

Analysis of Projected Statements of Revenues, Expenditures, Transfers, and Changes in Fund Balance

	FY 17	FY 18	FY 19	FY 20	FY 21
	Budget	Projection	Projection	Projection	Projection
Revenues					
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Interest	-	300	350	400	450
Miscellaneous	-	-	-	-	-
Transfers In	-	100,000	-	35,000	-
Total Revenues	-	100,300	350	35,400	450
Expenditures					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works and Transportation	-	-	-	-	-
Capital Outlay	-	-	-	35,883	-
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Expenditures	-	-	-	35,883	-
Net Change in Fund Balance	-	100,300	350	(483)	450
Fund Balance - Beginning	575,877	575,877	676,177	676,527	676,044
Fund Balance - Ending	575,877	676,177	676,527	676,044	676,494
% Change in Fund Balance	0%	17%	0%	0%	0%

APPENDIX III – GLOSSARY

ACCOUNTING SYSTEM - The total structure of records and procedures which discover, record, classify, summarize, and report information on the financial position and results of operations of the Village or any of its funds, fund types, balanced account groups, or organizational units.

ACCRUAL BASIS - A method of accounting under which revenues are recognized or recorded in the accounting period in which they are earned versus received; while expenses are recognized or recorded in the accounting period in which the related liability is incurred versus paid.

ACTUARIAL EVALUATION - A method of determining the amount of money that needs to be set aside each year to pay for post-employment benefits of current employees. Assumptions are made regarding factors such as future wage adjustments, age and tenure of employees in the plan and interest earnings.

ASSESSED VALUE - A dollar amount set upon real estate or other property by a government as a basis for levying taxes. Assessed Value is the basis for determining property tax.

BALANCED BUDGET - A budget where estimated current revenues equal estimated current expenditures.

BASIS OF ACCOUNTING - A reference to the accounting method used to record and recognize revenues and expenditures or expenses.

BOND - A written promise to pay a specified sum of money, called principal, at a specified maturity date, along with a promise to pay periodic interest at a specified percentage of the outstanding principal.

BUDGET - A financial plan of operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing those expenditures. Used without modifier, the term usually indicates a financial plan for a single fiscal year.

CAPITAL ASSETS - Assets of significant value and having a useful life of at least two (2) years. Capital assets are also sometimes referred to as fixed assets. In respect to the Village, significant value means a per unit cost of \$5,000 or greater.

CAPITAL PROJECTS FUND - A fund used to account for the financial resources to be used for the acquisition or construction of major capital facilities and equipment, other than those financed by Proprietary Fund types.

CASH BASIS - A method of accounting under which transactions are recognized only when cash is received or disbursed.

CHART OF ACCOUNTS - A classification system used to organize accounting records.

COMMODITIES - A consumable item used in the operation of the Village. Examples include office supplies, maintenance supplies, gasoline, chemicals, electricity, etc.

CONTRACTUAL SERVICES - Services rendered to the Village by private firms, individuals, or other government agencies. Contractual services are obtained by an express or implied contract.

DEBT - An obligation to pay resulting from the borrowing of money or from the purchase of goods and services.

DEBT SERVICE - The payment of principal and interest on general obligation bonds, revenue bonds, or other bonded debt.

DEFICIT - The excess of expenditures or expenses and other financing uses over revenues and other financing sources.

DEFICIT BUDGET - A budget in which current estimated expenditures are greater than current estimated revenues.

DEPARTMENT - A major organizational unit of the Village which has management responsibility for one or more Divisions and/or Subdivisions.

DISBURSEMENT - The actual payment for goods and services; an outlay of cash.

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 grants, entitlements and shared revenues.

EXPENSES - Outflows or other "using- up" of assets or incidences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

EQUALIZED ASSESSED VALUATION (EAV) - The value of property resulting from the multiplication of the assessed value by an equalization factor to value property.

FINANCIAL RESOURCES - Cash and other assets that, in the normal course of operations, will become cash.

FISCAL YEAR - A twelve-month period running from May 1st to April 30th and designated by the calendar year in which it ends.

FUND - An independent fiscal and accounting entity with a self-balancing set of accounts segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND ACCOUNTING - A method of accounting used by governmental entities whereby resources are allocated to and accounted for in separate Funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

FUND BALANCE - The equity of Governmental Fund types. Fund balance is not the equivalent to cash but is the difference between fund assets and fund liabilities. There are five (5) classifications of fund balance as follows:

1. Non-spendable – indicates that this portion of fund balance cannot be spent, either now or in the future, because of the form of the asset (e.g. – inventories) or a permanent legal restriction (e.g. – principal of an endowment).
2. Restricted – indicates that there are constraints on spending that are legally enforceable by outside parties or imposed by law or enabling legislation.
3. Committed – indicates that there are constraints on spending that the government imposes upon itself through formal action taken by the highest level of decision-making authority prior to the close of the fiscal year.
4. Assigned – indicates the intent for spending of certain resources that are neither restricted nor committed, for a purpose set by the governing body itself or by some person of body delegated to exercise such authority in accordance with policy established by the board.
5. Unassigned – represents the residual for the General Fund; indicates that there are no restrictions for spending.

FUND TYPE - A reference to one of seven categories into which all individual Funds must be classified.

GENERAL FUND - The largest operating fund of the Village. It accounts for most of the financial resources of the government, including sales tax, property taxes, licenses, fines, and permits. This fund houses most of the Village's departmental expenditures, including General Government, Police Department, Public Works, and Building Department.

GENERAL LEDGER - A record containing the accounts necessary to reflect the financial position and the results of operation of the Village.

GENERAL OBLIGATION BONDS - Bonds for the payment of which the full faith and credit of the Village is pledged.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) - Uniform minimum standards utilized in financial accounting and reporting, encompassing the conventions, rules and procedures that define accepted accounting principles.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) - An authoritative accounting and financial reporting standard setting body for state and local governments.

GOVERNMENTAL FUNDS - Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities-except those accounted for in Proprietary Funds and Fiduciary Funds. Under current GAAP, there are five governmental fund types: general, special revenue, debt service, capital projects and permanent funds.

GRANT - A contribution of cash or other asset by a government or other organization to support a particular purpose or activity.

INFRASTRUCTURE - The basic installations and facilities on which the continuance and growth of the Village depend. Examples include sewer and water systems, roadways, communication systems, public buildings, etc.

INVESTMENTS - The commitment of temporarily idle cash in order to gain profit or interest, as by purchasing notes, bonds or other securities. The term does not include fixed assets used in Village operations.

LEVY - The imposition and collecting of a tax.

LINE ITEM - A set of numbers which, in accordance with an overall system for classifying activity, indicates the fund, department, division, subdivision and account to which that activity is recorded.

LIQUIDITY - The ability to meet demands for payment on a timely basis.

LONG-TERM DEBT - Obligations with a maturity beyond one year.

MEASURABLE – A term than means the amount of a transaction can be determined.

MODIFIED ACCRUAL BASIS - A method of accounting in which revenues are recognized or recorded when they are susceptible to accrual or in other words "measurable" and "available." "Measurable" means the amount can be determined. "Available" means collectible within the current accounting period or sixty (60) days beyond that period. Expenditures are recognized or recorded when the related liability is incurred. All Governmental funds and Agency funds are accounted for using the modified accrual basis of accounting.

MOTOR FUEL TAX (MFT) - Revenue distributed by the State on a per capita basis as a percentage based on the collection of gasoline tax.

NON-HOME RULE COMMUNITY - Any municipality that is not a Home Rule Community. Community that is less than 25,000 residents and subject to many limitations.

OPERATING EXPENDITURES - Expenditures relating specifically to operations of the Village.

OPERATING REVENUES - Revenues relating specifically to the operations of the Village.

PER CAPITA - Distribution of funds based on the number of residents in the Village.

PROPERTY TAX LEVY - The total amount of funds to be raised by general property taxes.

STATE SHARED REVENUES - Revenues which are collected by the State of Illinois and are distributed on a per capita basis.

TAX LEVY - The total amount of funds to be raised by general property taxes for operating and debt service purpose.

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