

**VILLAGE OF VILLA PARK
ILLINOIS**



**ANNUAL OPERATING BUDGET
FISCAL YEAR 2010-11**

VILLAGE OF VILLA PARK, ILLINOIS

2010-11 ANNUAL OPERATING BUDGET

MAY 1, 2010 - APRIL 30, 2011

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FINANCE DIRECTOR
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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation
Award*

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Village of Villa Park

Illinois

For the Fiscal Year Beginning

May 1, 2009

President

Executive Director

**VILLAGE OF VILLA PARK, ILLINOIS
2010-11 ANNUAL OPERATING BUDGET
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**VILLAGE OF VILLA PARK, ILLINOIS
ANNUAL OPERATING BUDGET
FY 2010-11**



INTRODUCTION

INTRODUCTION

This section of the budget document is divided into five (5) categories as follows:

1) Budget Message

The Village Manager's Budget Message presents highlights and overviews of the current year's budget. It also discusses prior years' accomplishments, current year financial targets, strategic planning and other financial impacts on the proposed budget.

2) Budgetary Policies

Provides an overview of the policies established in preparing the proposed budget.

3) The Budget Process

Describes the legal authority in establishing the budget; how it is presented and justified; and the adoption and execution of the budget.

4) Strategic Plan & Mission Statement

Describes the process of the Village Board's establishment of the future vision of Villa Park.

5) Board Goals & Objectives

Summarizes the major goals and objectives established by the Village Board to be utilized in preparing the proposed budget.



VILLAGE OF VILLA PARK

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Robert Niemann
Village Manager

Budget Message

Fiscal Year 2010-11

April 22, 2010

Honorable President and Board of Trustees
Village of Villa Park
20 South Ardmore Avenue
Villa Park, Illinois

Ladies and Gentlemen:

I am pleased to submit for your consideration, the Annual Budget for the fiscal year beginning May 1, 2010 and ending April 30, 2011. This budget is a financial plan aimed at maintaining current service levels under difficult economic conditions and addressing the goals of the Village Board.

The general corporate operating fund is balanced with a \$125,000 transfer from the corporate fund's unreserved fund balance and has been prepared in accordance with all applicable local, state, and federal laws. The Village of Villa park operates under the Budget Officer Act, which requires that the budget be adopted not later than May 1 of each year. All required hearings and budget information meetings have been completed. The Village Board approved the second reading of the FY 10-11 budget on April 26, 2010.

Budgeting entails multiple planning efforts, including strategic planning and capital improvements planning, all of which feed into the annual budget. The steps involved in completing the annual operating budget are explained on pages 13-18 in the introductory section of the budget.

Preparation of the annual budget document begins in October for the Finance staff. Budget forms, spending guidelines, and deadlines are presented to the departments at the annual staff budget meeting in October. Budget requests are submitted in December. Review and analysis by the Finance Director and Village Manager begin at that time. Budget adjustments are made, and, if necessary, additional meetings are held with the departments regarding the adjustments. A pair of budget workshops with the Village Board were held in March. The budget schedule requires

Village Board approval of the document in April, following the necessary hearings and notifications.

BUDGET SUMMARY

The FY 2010-11 proposed budget anticipates \$37,102,082 in total revenues (excluding all transfers in both operating and non-operating funds). This includes \$21,946,479 in operating revenue. This year's budget's operating revenue base is expected to increase by \$1,122,188 over the budgeted revenues from the last year. This overall 5.3% net increase includes new TIF revenues. The significant areas where revenue is projected to change include: \$487,500 in a new Place for Eating tax, transfers from other funds to reimburse the corporate fund for engineering and fleet maintenance service and an influx of grant money for NEDSRA projects.

The proposed budget anticipates \$41,280,905 of total expenditures (net of transfers), including operating fund expenditures of \$19,207,073. This represents a 20.3% decrease over last year's operating expenses of \$24,125,814.

This budget has been constructed to accomplish the following:

- Maintain current service levels for our residents.
- Take measures to ensure the public safety of both residents and businesses.
- Continue development in both residential and commercial areas.
- Continue planning for commercial development in the Tax Increment Financing (TIF) district along North Avenue and the TIF district along St. Charles Rd.

OUTLOOK

The local economy continues to experience the fiscal stress felt region wide. This year's budget was more difficult to balance than last year's. Sales taxes are down, but some local leading indicators show that sales tax losses may have hit a plateau; indications are that the local economy may start to slowly pick up in FY 2010-11.

A major area of concern relating to revenues is the telecommunications tax, which has once again declined slightly from the previous last year. This also is a concern with neighboring communities. The telecommunications tax is one of three taxes that comprise the Village's utility tax.

We continue to balance between keeping expenses down and maintaining services for our residents. In recent years, the Village Board has approved increases in police related fines, and water and waste water fees and significant budget cuts have aided in balancing the operating budget.

FY 2010-11 Financial Targets

For FY 2010-11 Village staff has established three financial targets, which are consistent with Village Board policies and recommendations, in preparation of the budget. These targets are intended to maintain the fiscal integrity of the Village by living within its financial means. To that end, the proposed budget adheres to the following financial targets:

1. Balance Operating expenditures with revenues anticipated during the budget year.

- Staff is proposing total general operating fund expenditures of \$18,686,667 and total general fund revenues of \$18,686,667. This includes a draw from reserves of \$130,552. Staff worked diligently to reduce costs in several areas as you will see in the budget reduction section of this message.

- The general fund contains all of the unreserved fund balances. All other funds have reserved or "earmarked" balances.

2. Maintain a fund balance (reserves) in the Village operating funds equal to a minimum 90 day operating cost in the general operating fund.

In Fiscal Year 2009-10, operational costs of \$51,009 per day were required to maintain Village services (corporate fund). A 90 day fund balance requires \$4,590,819 in reserves. We are projecting a fund balance of \$3,855,208 to end Fiscal Year 2009-10 which equates to 75 days balance.

In Fiscal Year 2010-11, operational costs of \$51,196 per day are required to maintain Village services. A 90 day fund balance requires \$4,607,640 in reserves. We are projecting a fund balance of \$3,855,208 to end Fiscal Year 2010-11 which equates to nearly 75 days balance. There are deficits in other funds that will most likely be covered by the general fund balance. If this takes place, this fund will leave a 55 day fund balance. Any positive budget variances will increase the general fund balance.

3. Submit a budget with no increase in non-labor expenditures and non-capital expenditures in the operating budget.

- Cuts have been made for FY 10-11 to save money in contractual accounts and capital spending. Cuts made in previous years to benefits, training and conferences and contractual services are still not budgeted in the upcoming fiscal year. Additional discussion about these cuts can be found in the budget reduction effort for FY 2010-11.

Budget Reduction Efforts for FY 2010-11

Each year it becomes increasingly difficult to reduce an already deflated budget. The direction given to staff by The Manager's Office for the past five years was to submit a zero growth budget for commodities and supplies. As the costs of supplies increased, staff was asked to hold the line, thereby actually reducing the spending power within these accounts.

This year we were forced to revisit these accounts and increase some accordingly. Several accounts increased significantly such as natural gas, health insurance (benefits) and street repair materials such as concrete and asphalt. We seek cost containment programs, ways to increase our efficiency and review our personnel and standard operating procedures regularly. However, our mission is to maintain or increase the level of services and to preserve our essential services. The following is a list of budget some of the budget reductions initiated by the Village Manager and Finance Director:

↓ Full Time Salaries	↓ \$266,976
↓ Management Salary Cuts	↓ \$54,482
↓ Reduced Transfers	↓ \$150,000
↓ Capital / Non Capital	↓ \$137,794
↓ Insurance	↓ \$124,000
↓ Employee Benefits	↓ \$97,497
↓ Other Contractual Services / Maintenance	↓ \$94,004
↓ Part Time Salaries	↓ \$58,550
↓ IMRF / FICA / MEDICARE	↓ \$56,000
↓ Pension Passthrough	↓ \$38,244
↓ Over Time	↓ \$38,104
↓ Office / Other Supplies	↓ \$31,620
↓ Commodities	↓ \$25,501
↓ Training	↓ \$25,300
↓ Temporary Salaries	↓ \$18,920
↓ Utilities	↓ \$15,500
↓ Legal Services	↓ \$15,000
↓ Commissions	↓ \$14,895
↓ Equipment Maintenance	↓ \$13,000
↓ Dues & Publications	↓ \$3,986

FUND SUMMARIES

The next several pages of this message provide an overview of the budget for each major fund or fund type.

General Fund

The General Corporate Fund budget as proposed includes a 1.3% increase in expenditures, to \$18,686,667. The \$237,315 increase from the FY 09-10 General Corporate Fund budget to FY 10-11 budget is due in large part to the following changes: increases in liability insurance, increase in fire / police pension passthroughs and health insurance increases.

Revenues are expected to increase roughly 1.3%, \$226,216, from the projected FY 09-10 due to major changes which include: additional transfers from non operating funds to reimburse engineering and fleet maintenance for their work on projects and a 1.5% places for eating tax.

The Village will not attain its goal of a 90 day fund balance, due to drawing into the funds in FY 09-10 due to unforeseen expenditures and a weak economy. The Village anticipates a 75 day balance. This total includes the working cash fund as a subset of the General Corporate Fund. The Village has drawn on positive budget variances in the past to subsidize the Parks, Recreation and Swimming Pool Funds. It also provides the only source of funding for equipment replacement and many other capital project funds. This is a dangerous practice because the other funds rely on the strength of the General Corporate Fund to survive, if a rough year takes place, all the other funds are impacted tremendously. Those funds need their own designated revenue sources, reduce the reliance on the General Corporate Fund and let positive budget variances strengthen the fund balance as the requirements for a 90 day balance increase every year.

Parks Fund

The Parks Fund budget as proposed includes a 14.3% decrease in expenditures, to \$681,724. The Parks Fund shows to be in slight deficit at the end of FY 2010-11, but there is a positive fund balance in the Hotel / Motel Tax Fund, which is earmarked for Parks activities. This will be used to balance the fund. This fund must be watched closely in the coming years.

Recreation Fund

The Recreation Fund budget as proposed includes a 15.2% decrease in expenditures, to \$1,471,532. The Recreation Fund relies heavily on the property tax and transfers from the Corporate Fund. However, the amount of property taxes going into this fund are dwindling due to the tax caps and pension funding requirements set in State Law. This fund is in deficit, even with the \$500,000 transfer from the General Fund. Steps must be taken to offset this situation.

Smaller Fund Recap

Debt Service

Expenditures are projected to increase 35.6% from FY 2009-10. This is due to the issuance of two Build America Bonds in FY 2009-10. However, the source of these new payments is the TIF #3 tax increment, not a general tax levy.

Other Special Revenue Funds

The Village's smaller special revenue funds include the Motor Fuel Tax Fund, Hotel / Motel Tax Fund, NEDSRA Special Recreation District Fund and three Tax Increment Financing Funds. Once again, there will be a draw on Motor Fuel Tax reserves for general street maintenance and transfers to fund a portion of various street improvement projects. The Hotel / Motel Tax fund revenues are transferred into the Parks Fund each year and there is no change in this practice this year. The NEDSRA Fund transfers property taxes to another taxing body and the expenditures are then reimbursed by that body. There is a reserve built up from previous years and that is where the funds are available to complete all the desired projects this year. The expenditures in TIF District #1 & #2 are a portion of the revenues collected, so revenues always outpace expenditures. The balance in TIF District #3 will be drawn down in FY 2010-11 because bonds were issued last year and not all of the proceeds were utilized during the fiscal year. However, the use of the funds has outpaced any concerns about arbitrage rebates.

Other Capital Improvements Funds

These funds include all capital improvement funds less the Road Fund and Equipment Replacement Fund. These funds include the Miscellaneous Capital Project Fund, Land & Building Project Fund, Building Improvements Fund and the Stormwater Buyout Fund. The balances in these funds are a growing concern since they are being drawn down over the years. The Building Improvement Fund and the Land Acquisition fund are in deficit and need to be brought back in balance. This will be done via a transfer from the General Fund or another funding source. The Stormwater Buyout Fund does not suffer from the same problems due to the fact that it has some revenue streams that maintain its balance.

Street Improvements Fund

The Street Improvements Fund is where the majority of road reconstruction and resurfacing projects are budgeted. The Road Fund is primarily funded by the half cent sales tax that is earmarked for projects in this fund. The other major funding sources are grants and general obligation bonds. The total expenditure for this fund in Fiscal Year 2010-11 is \$6,599,880 and the majority of the expenditures are found in the street reconstruction / resurfacing projects found in the Capital Improvement Program.

FY 2010-15 Capital Improvement Program

The FY 2010-2015 five-year CIP is a multi-year planning instrument used by the Village to identify needed capital projects and to coordinate the financing and completion of these capital improvements in such a way that maximizes the return to the public. The first year of the CIP is called the capital budget and is incorporated into the annual budget. The proposed capital budget for 2010/2011 will include \$10,303,990 for major infrastructure improvements. Revenues to fund this ambitious program will come from the proceeds from economic stimulus packages, a half cent non home rule sales tax, water and sewer fees, grants and fund balances from various sources for the following projects.

• Ardmore Bridge engineering	\$1,756,301
• Rear Yard Drain Program	\$20,000
• Addison Road Resurfacing	\$916,252
• Westmore Avenue Resurfacing	\$526,825
• Vermont & Plymouth	\$526,750
• Roosevelt Road Sidewalk (includes acquisition)	\$611,310
• North Side Water Main Improvement Project	\$1,095,722
• Sanitary Sewer Rehabilitation Project	\$1,389,663
• South Villa Avenue Improvement Project – Madison to St. Charles	\$2,425,124
• South Villa Water Main Improvement Project	<u>\$1,036,043</u>
	\$10,303,990

Equipment Replacement Fund

The Village's Equipment Replacement Program seeks to ensure that an adequate number of automobiles, trucks and equipment are provided to meet the current and future service needs of the Village. This program involves rehabilitation of existing vehicles and the purchase of new vehicles.

To that end, the following is a summary of the vehicles that are scheduled for purchase or lease in the FY 2010-11 budget. However, no vehicles will be funded at this time.

Currently our vehicle replacement fund balance is near zero, meaning we need to transfer money from the Corporate Fund to purchase vehicles or find an alternative revenue source to fund the replacement program. It was past practice to transfer positive budget variances into this fund, but due to tight fiscal constraints this is not likely to take place. It is once again recommended to institute an earmarked funding source for this fund.

The following is a list of vehicles due for replacement according to our vehicle replacement schedule.

Ambulance lease payment, #1 of 5	\$34,959
Dump truck lease payment, #5 of 5	\$23,781
Sewer vacuum truck lease payment, #4 of 8	\$36,762
Total Currently Projected for Vehicle Replacements	\$95,502

Enterprise Funds

Enterprise Funds include the Water, Wastewater and the Swimming Pool Funds. The Water and Wastewater Funds are overseen by the Public Works Department and the Swimming Pool Fund is handled by the Parks and Recreation Department. The following is a brief overview of each fund:

The **Water Fund** budget is projected to increase 39.6% over the current year's budget to a total of \$5,734,145. There are two large water main projects being constructed this year that accounts for \$2,049,469. There is also an increase in the cost of purchasing water from the City of Chicago. The City of Chicago has been instituting a 45% increase in water rates over a three year span to communities utilizing their services. This cost is being passed on to residents, so the revenues will off set the expenditures. Another item of note in the Water fund is the repayment of an Illinois Environmental Protection Agency (IEPA) loan for a project from a previous fiscal year.

The **Wastewater Fund** 2010-11 budget is projected at \$3,167,907, a 33.6% decrease from last year's budget. As with all of our operating funds, personnel services are increasing. Large capital projects account for the majority of the increase. The lion share of the expenditures is \$1,328,375 being spent on sanitary sewer relining.

The **Swimming Pool Fund** proposed operating budget for 2010-11 is \$283,089, a 3.9% decrease from the previous fiscal year. Expenditures have been outpacing revenues by nearly 20% over the last years. The swimming pool survives off of pool generated revenues and a transfer from the corporate fund and its fund balance. The transfer from the General Corporate Fund is \$100,000 in FY 2010-11. The fund balance is currently in a deficit going into FY 2010-11 and it will continue to be in a deficit by April 30, 2011. This is an issue that needs to be addressed possibly with a transfer from the General Fund.

Highlighted Accomplishments of the 2009-10 Budget

- Developed an incentive plan for consideration of a “early retirement” by eligible staff. Eleven (11) employees took advantage of the program effectively reducing the Budget by \$350,000 for FY 11.
- Successfully initiated an involuntary annexation program for several properties along North Avenue, the Auto Wrecker and Brer Rabbit, and three (3) parcels along Hill Street.
- Successfully negotiated contracts with Metropolitan Alliance of Police, AFSCME and IAFF.
- Implemented an electronic method to allow staff to accept and process FOIA requests more effectively.
- Appointed a Park and Recreation Commission in June 2009.
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the twenty third consecutive year.
- Received the GFOA Award for Distinguished Budget Presentation for the seventeenth consecutive year.
- Reorganized the Finance Department by turning the Assistant Finance Director into a part time position, with many duties being absorbed by the Finance Director and HR Manager.
- Added / changed nearly 2,000 items to the Village website.
- TIF Four (St. Charles Road TIF) was established.
- Issued \$9,500,000 in a combination of taxable and non taxable debt for the acquisition and development of properties in the North Avenue TIF District.
- Purchased and assembled properties within the North Avenue TIF District for future development.
- Developed the quarterly newsletter, Business Matters.
- Held corridor meetings with business and property owners.
- Administered the Vacant Building Ordinance.
- Issued over 80 certificates of occupancy with over 35 new businesses opening in the past year.
- Issued over 1,200 permits, with a cost of construction of \$8,000,000.
- Implemented green industry cleaning standards throughout all Village facilities.
- Started a maintenance program to clean shelters on the train platform three times per year.
- Maintained compliance with the Illinois mandated Clean Fuel Fleet Program.
- Completed the Madison Street Sidewalk Project, St. Charles Road Resurfacing Project, 2009 Street Maintenance Program and 2009 York Township Road Improvement Project.
- Obtained EPA loan with ARRA funding component for two water main projects (North Side Water Main Improvement Project and South Villa Water Main Improvement Project).
- Obtained CDBG grant with ARRA funding component for a regional storm water facilities project.
- Obtained grant funding for North Westmont and Plymouth & Vermont Street Projects.
- Constructed stormwater detention design in conjunction with the Commuter Station Area Plan.
- Completed in house street sweeping program. Crackfilled 5,230 linear feet of street.
- Completed trimming of 200 trees. Planted 28 parkway trees. Removed 63 problematic parkway trees.
- Recorded a total of: 26,387 police services activities, 128 Felony arrests, 928 Misdemeanor arrests, 7,773 parking tickets.
- Completed a rewrite of the Police Department Procedural Manual.
- Incorporated overtime reduction programs in the Police Department resulting in an approximate savings of \$108,000.
- Updated the Village codes to the 2009 International Building and Fire Codes and 2009 NFPA Codes.
- Purchase a new Type III ambulance.
- Received a FEMA Assistance to Firefighters Grants to purchase bunker gear.
- Achieved and maintained a validity score >95% on all EMS patient care reports.
- Continued to teach fire and railroad safety curriculum to 1st and 6th grade Villa Park schools.
- Continued the senior fire safety program held in conjunction with blood pressure screenings at the Community Recreation Building.
- Completed Twin Lakes Park renovation project.
- Implemented an e-newsletter using constant contact reaching over 900 people each month.
- Implemented a new bags league and offered a new poms class.
- Received a #1 rating at both Lufkin and Jefferson Pool from the DuPage County Health Department.
- Hosted the DuPage Swim and Dive Conference “B” swim meet at Jefferson Pool.
- New / expanded recreation programs included: Weight Loss Challenge, Princess Ball, Under the Stars Egg Hunt, Community Bike Ride, Life Size Candy Land Program, Discover Dance Program.

FY 2009-10 Awards and Recognition

- Designated “Tree City USA” for the 25th consecutive year.
- Both Lufkin and Jefferson swim pools received #1 rankings by DuPage County Health Department.
- Received the GFOA distinguished budget award for the 17th consecutive year.
- Received the GFOA Excellence in Financial Reporting award for the 23rd consecutive year.

Goals for FY 2010-11

- Develop a strategy to successfully pass a referendum in November 2010 related to a sales tax increase and/or a referendum for streets and other amenities.
- Hire a Grant Writer to assist staff in the successful acquisition of grant funding.
- Provide a Village newsletter three times per year rather than two times per year.
- Update our building codes to more current versions.
- Works with the Village of Addison related to the Rental Housing Inspection Program.
- Implement the Business Retention Survey and continue to market the community.
- Work with the Villa Park Historical Commission to continue to improve the Village’s Historical Sites.
- Replace all three deteriorated coin boxes with stainless steel boxes donated by Metra.
- Maintain compliance with new EPA regulations that require the use of ultra low sulfur diesel fuel and lower emission mandates for diesel engines.
- Design and obtain EPA permits for two water main project (North Yale and East Wildwood Water Main Improvement Projects).
- Design and inspect multiple residential drainage assistant program projects totaling \$20,000.
- Continue the street crackfilling program, provide bare pavement snow and ice control and continue to remove graffiti from all brick, concrete and metal buildings within 5 days of proper notification.
- Continue to inspect American Elm trees for Dutch Elm Disease and stay current on the migration of the Emerald Ash Borer.
- Complete construction of the North Addison Road Resurfacing Project.
- Complete construction of the Westmore Resurfacing and Vermont Concrete Patching Projects.
- Complete design and construction of a proposed Rain Garden in a Village right of way.
- Continue to run the residential Draining Improvement Program.
- Continue to implement Master Water Plan by installing 140’ of new water main on Wildwood Avenue.
- Flush and root cut 25,000 feet of sanitary sewers.
- Participate in and assist with review of the DuPage County Storm water and Flood Plain Ordinance.
- Continue to assure annual multi-family inspections are completed.
- Organize two car seat safety events in Villa Park to help increase awareness.
- Achieve and maintain validity scores of >98% on all EMS patient care reports.
- Cost of the garbage collection will decrease from \$17.70 to \$15.42 per residential account per month effective July 1, 2010 for garbage, brush and recyclable collection.
- Assist DuPage County with storm water activities to comply with NPDES Storm Water Permit.
- Enhance the Harvard Tot Lot and Park Maintenance Garage by installing new signs to identify these areas.
- Improve the Iowa Community Center by landscaping the front of the building.
- Extending the hours of operation and length of the swimming pool season.
- Offering a “special food vendor” days at least two times each month at each pool.
- Enhance athletic and fitness opportunities by establishing an agreement with District 88 for user of their new facilities.
- Enhance the early childhood programs by partnering with Head Start at the Iowa Community Center.

Personnel Summary

Due to the economic constraints we are currently facing, the Village can anticipate a work force reduction of approximately 11 employees in FY 2011. Much of the reduction will be gained through a voluntary early retirement program. We anticipate approximately 11 employees will take advantage of this opportunity. Other reductions will be directed by the Manager as needed. It is the Board's goal to not lay off employees, rather be creative in reducing employee expenditures.

Conclusion

Due to the national economy, local reductions in revenues and the overall state of affairs, the FY 2011 budget has created a challenge to staff and the Board. Staff presented a conservative budget that can be flexible if the economic conditions improve. It is both the Board's and staff's goal not to initiate layoffs of full-time employees.

I'm very pleased with the accomplishments of the Village Board and staff during this past year. We continue to provide a high level of services to our residents under difficult economic conditions. I thank the Board for their willingness to accept new methods and procedures to accomplish our goals.

The key to reestablishing our financial strength will be redevelopment. Staff is working diligently to create business opportunities for developers to consider when the economy improves. Much interest has been expressed by development companies. I look forward to the challenges of the upcoming year and planning for several major projects throughout the community.

Finally, I would like to extend my sincere appreciation to Finance Director Eric Dubrowski and other Village staff members who contributed many hours of dedicated work to produce this document. I would also like to thank the Village Board members for their input into the budget process and for providing staff with the budget guidelines.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bob Niemann", with a long horizontal line extending to the right.

Bob Niemann
Village Manager

VILLAGE OF VILLA PARK, ILLINOIS
Budgetary Policies
Fiscal Year 10-11

For FY 10-11 the Village Board established financial targets and goals to be met by staff in the preparation of the budget. These targets and goals are intended to maintain the fiscal integrity of the Village by living within its financial means.

1. Balance operating expenditures with revenues anticipated during the new budget year.

Staff shall submit a balanced proposed budget. The budget can be changed in any manner desired by the board. The FY 10-11 adopted budget draws from two and a half days of reserves in order to balance the budget.

2. Creation of a fund balance reserve in the Village's general operating funds equal to 90 days of operating expenditures.

In Fiscal Year 2010-11, operational costs of \$51,196 per day are required to maintain Village services. A 90 day fund balance requires \$4,607,671 in reserves. We are projecting a fund balance of \$3,855,208 to end Fiscal Year 2010-11 which equates to nearly 75 days balance. There are deficits in other funds that will most likely be covered by the general fund balance. If this takes place, this fund will leave a 50 day fund balance. Any positive budget variances will increase the general fund balance.

The Village of Villa Park is close to its fund balance goals, but had to eat into reserves in Fiscal Year 2009-10 due to sluggish revenues and due to the weak economy.

3. The proposed budget should include service goals.

These goals will help management define and measure the qualitative and/or quantitative accomplishments and progress of each department. This is the thirteenth year the Village has established service goals.

4. Adhere to the financial management policies of the Village.

These policies assist in maintaining a favorable financial picture and the fiscal integrity of the Village.

5. Basis of Budgeting

The Village of Villa Park uses a “cash basis” of budgeting for all fund types. Encumbrances and depreciation are not budgeted. Village expenditures may not exceed the amounts appropriated. In the case of an emergency or a contingency, which was not reasonably foreseeable, a budget amendment would be required. The Village’s budget is constructed on a fiscal year basis.

The budget must present a complete financial plan for the Village; setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year. In estimating the anticipated revenues, consideration must be given to any unexpected surpluses and the historical percentage of tax collections. Further, the budget must show a balanced relationship between the total proposed expenditures and the total anticipated revenues with the inclusion of beginning funds.

6. Basis of Accounting

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Principal and interest on general long-term debt are recorded as fund liabilities when due. Those revenues susceptible to accrual are sales taxes, property taxes, use taxes, and franchise tax. Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

VILLAGE OF VILLA PARK, ILLINOIS
The Budget Process
Fiscal Year 10-11

The Village follows these procedures in establishing the budgetary data:

- 1) The Village of Villa Park has adopted the Budget Officer System established in Illinois Compiled Statutes (ILCS 65, 5/8-2-9.1 through 5/8-2-9.10) providing for an annual municipal budget in lieu of the passage of an appropriation ordinance.
- 2) Public budget hearings are conducted before the Village Board approves the budget.
- 3) Upon adoption, the approved budget becomes the authorization to expend funds in the new budget year.
- 4) The Budget Ordinance must be adopted prior to the start of the fiscal year and then filed with the County Clerk.
- 5) At any time during the fiscal year the budget may be amended by a 2/3 vote of the Village Board. The Board may delete, add to, change or create sub-classes within object classes or even object classes themselves.
- 6) The budgets of all governmental and agency fund types are prepared on a modified accrual basis. Under the modified accrual basis, revenue is recognized when susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recognized when the related fund liability is incurred

The budgets of the enterprise and nonexpendable trust funds are prepared on an accrual basis. Under this method, revenue is recognized when earned and expenses are recognized at the time liabilities are incurred. However, depreciation on fixed assets is not budgeted. The basis for budgeting and the basis of accounting are the same for all funds.

A budget is an annual plan of estimated expenditures and the proposed means of financing them. It is the method by which the Village delivers its services and programs to its residents for the fiscal year starting May 1st, and ending the following April 30th. After the budget is adopted, it then becomes a control mechanism by which to measure the resources expended to meet the approved objectives and to measure the adequacy of the fiscal plan.

This budget document represents the culmination of many months of review by Village staff and elected officials of preliminary reports and budget material. These preliminary materials are and have been available for public review at the Village Hall.

The budget is prepared under the joint efforts of the Village Manager's Office and the Finance Department. The Village Manager is responsible for presenting the document to the Village Board. The budget requests for the upcoming year are submitted by each department to the Finance Department in early January.

Listed below are the approximate dates for the preparation and adoption of the budget:

II. FY 2010-11 BUDGET DEVELOPMENT CALENDAR

<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ACTIVITY</u>
Tuesday	11/10/09		Budget worksheets and budget preparation manual distributed to all department heads.
Friday	11/13/09		Budget worksheets and budget preparation manual distributed to Boards and Commissions.
Tuesday	11/17/09		Individual department meetings with Finance Director to review budget preparation process, if necessary .
Monday	1/04/10		Budget and Capital Improvement Program (CIP) worksheets due to Finance Department.
Monday to Friday	1/25/10 2/05/10		Village Manager and Finance Director budget meetings with department and division heads to review draft copies of Budget and CIP.
Monday to Friday	2/15/10 2/19/10		Prepare summary reports, transmittal letter, print budget and CIP.
Monday	3/08/10		Distribute FY 2010-11 recommended Budget and CIP to Board and departments.
Wednesday	3/24/10	7:00 p.m.	Board Budget Meeting.
Tuesday	3/30/10	7:00 p.m.	Board CIP Budget Meeting.
Wednesday	4/07/10	7:00 p.m.	Board Budget / CIP Budget Meeting.
Monday	4/12/10	7:15 p.m.	Board Budget Public Hearing.
Monday	4/12/10	7:30 p.m.	Board discusses FY 2010-11 Budget and five-year Capital Improvement Program at the COW meeting.
Monday	4/12/10	7:30 p.m.	First reading of Budget Approval.
Monday	4/26/10		Second reading of Budget Approval. Board adopts FY 2010-11 Budget and five-year Capital Improvement Program.

Subsequent to the adoption of the budget, the budgeted expenditures are recorded in the general ledger and provide management with an ongoing visual indication of the amount of still available balances. Each month budget reports are sent to department heads for their review and they recommend budget adjustments between their department line items when their operations cause a line item to exceed the budget amount. During the year, the Village Board may authorize budget amendments by a 2/3 majority vote.

VILLAGE OF VILLA PARK, ILLINOIS

Strategic Plan & Mission Statement

In August 1993, the Village Board and staff held the first of two meetings in order to update the Village's strategic plan. In order to develop the plan, it was necessary to identify the vision for the community as shared by the staff and elected officials. Following a discussion of a future vision for Villa Park, a mission statement was created. The mission statement that was ultimately adopted by the Village Board on September 13, 1993 is stated:

“To provide for the health, safety and welfare of the citizens of Villa Park, now and in the future, in a cost effective, efficient and courteous manner, by carefully balancing the needs of the people with their ability to pay for those needs.”

From the foundation of the mission statement, the Board and staff proceeded to identify two key result areas that formed the foundation of the strategic plan:

- **SUFFICIENT FUNDING** - To provide revenues for accelerating maintenance and improvement to Village infrastructure.
- **ECONOMIC DEVELOPMENT** - Assist property owners with development within the Village of Villa Park. This is particularly important in the Transit Oriented Development project area and the Tax Increment Financing Districts.

The Village of Villa Park adopted a new comprehensive plan in 2009. The Village's long term focus based on this plan sought a Village with a high quality-of-life, a healthy and attractive atmosphere, and a distinct identity by creating sustainable land use patterns; establishing an efficient and sustainable multi-modal transportation network; developing superior community facilities; building modern utilities infrastructure; nurturing a strong, diverse and self-sufficient economic base; and by fostering a diverse housing stock and preserving its historical legacy.

VILLAGE OF VILLA PARK, ILLINOIS
Board Goals and Objectives
Fiscal Year 2010-11

Prior to the beginning of the budget process, the Village established goals and objectives for the upcoming fiscal year. The primary purpose of these goals and objectives is to set forth clear, concise and effective guidelines for managing the affairs of the Village and for establishing mechanisms necessary to ensure the orderly growth of the Village. The following is a summary of the goals and objectives:

- Enhance public safety in the community through education, police protection and prosecution of offenses.
- Improve the public infrastructure through street reconstruction and resurfacing projects throughout the community.
- Attract new business development to the Village of Villa Park in order to improve the local economy and the Village's tax base.
- Continue with North Avenue corridor redevelopment projects in order to revitalize that business area.
- Provide new programs and amenity upgrades for the community's benefit through Parks and Recreation programs.
- Increase property maintenance enforcement through the community to address blighted parcels.