

FISCAL YEAR 2012 BUDGET APPENDIX

APPENDICES TABLE OF CONTENTS

Appendix A – Basis of Accounting	133
Appendix B – Operating Budget Policy	140
Appendix C – Budget Schedule	147
Appendix D – Appropriations Ordinance	148
Appendix E – Types of Performance Measures	149
Appendix F – Debt Service Schedule.	152
Appendix G – Principal Tax Payers	153
Appendix H – Schedule of Direct and Overlapping Debt	154
Appendix I – Chart of Accounts	155
Appendix J – Budget Assumptions	156
Appendix K – Community and Government Profile	159
Appendix L – Miscellaneous Statistical Information	161
Appendix M – Village of Palos Park Map	164
Appendix N – Glossary of Terms	165

BASIS OF ACCOUNTING AND BUDGETARY INFORMATION

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the Village are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in accounting for resources. The minimum number of funds that is practical is maintained by the Village. Account groups are a reporting device to account for certain assets and liabilities of the government funds not recorded directly in those funds.

The Village has the following fund types and account groups:

A. GOVERNMENT FUNDS

Governmental funds are used to account for the Village's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means that the revenues are collectable within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers property taxes available if they are collected within 60 days after year end. A one year availability period is used for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, licenses, investment income and charges for services are susceptible to accrual. Sales taxes, road and bridge taxes, motor fuel taxes, income taxes and fines collected and held by state and county at year end on behalf of the Village are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the Village and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The general fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The Village uses the following special revenue funds:

- **Motor Fuel Tax Fund:** Used to account for Motor Fuel Tax (MFT) funds received from the state and used for road repair and related purposes. MFT funds are allocated to the Village from the State on the basis of population.
- **Business District Development Fund:** Used to account for development of the Village's Business District, which includes the Shoppes at Mill Creek, the Mill Creek Center, and Gas City. The Village had entered into an agreement with these commercial entities to refund a portion of the tax dollars generated by these complexes for a period of time to reimburse these entities for the cost of certain improvements associated with the developments. Copies of the payment schedules are available in the Village's annual financial report.
- **Exaction Fee Fund:** This fund is used to account for exaction fees received from developers of new construction. Use of exaction fee revenues is limited to the purpose for which it was levied. For instance, Recreation exaction fees can only be used for improvement of the Village's recreational facilities.
- **Fine Arts Fund:** This fund is use to account for the activities of the Fine Arts Association, a committee of the Village.

The capital project fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

B. PROPRIETARY FUNDS

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded at the time liabilities are incurred. This method of accounting is more similar to those utilized by private enterprise.

Proprietary funds include the following fund types:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Village has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Village operates the following enterprise funds:

- **Water Fund:** Used to account for the activities of the Village's water utility.
- **Sewer Fund:** Used to account for the activities of the Village's sewer utility.
- **Commuter Parking Lot Fund:** Used to account for the activities of the Village's Metra commuter parking lot.
- **McCord House Fund:** Used to account for the activities of the historic McCord Home.

Internal Service Funds account for operations that provide services to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis. The Village currently does not utilize any internal service funds.

C. FIDUCIARY FUNDS

Fiduciary funds account for assets held by the Village in a trustee capacity or as an agent on behalf of others.

Agency Funds are custodial in nature and do not present results of operations or have measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. Agency funds are used to account for assets that the government holds for others in an agency capacity. The Village maintains a number of agency funds to account for the special assessments being used to construct a number of sewer and water projects in the Village.

D. TRUST FUNDS

Trust funds are commonly used to account for locally administered pension plans. The Village's only locally controlled pension fund is for covered Police Officers. Eligible Village employees that are not covered by the Police Pension Fund are part of the Illinois Municipal Retirement Fund.

- **Police Pension Fund:** This fund is used to account for the pension for full-time police officers. Monies in the Police Pension Fund are controlled by the Police Pension Board of Trustees, and the Village Treasurer is charged with making investments and disbursements at the direction of the Pension Board.

E. ACCOUNT GROUPS

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of propriety or trust funds.

ASSETS, LIBAILITIES, AND EQUITY

Deposits and Investments

Cash and cash equivalents of the Village and its component unit are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the Village and its component unit to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Illinois Funds Investment Pool.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund which are reported at market value.

Receivables and Payables

Due to and due from other funds arise during the course of the Village's operations because of numerous transactions between funds to finance operations, provide services, construct assets and service debt to the extent that certain transactions between funds have not been repaid or received.

Property taxes are levied as of January 1 on property values assessed on the same date. The tax levy is divided into two billings: the first billing (mailed on or about February 1st) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on or about August 1st) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date at which time the applicable property is subject to a lien and penalties and interest are assessed.

Water and sewerage services are billed on a bi-monthly basis. This amount is included in accounts receivable – water customers.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and recorded as prepaid items.

Restricted Assets

Proceeds from debt and other funds set aside for payment of enterprise fund general obligation debt, revenue bonds, repair, replacement and extension of the Village's water and sewer system are classified as restricted assets since their use is limited by provisions within the bond indentures and by ordinance.

Fixed Assets

Fixed Assets used in governmental fund types of the Village are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest accrued during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g. roads, bridges, sidewalks, and other assets that are immovable and of value only to the Village) are capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group or capitalized in the proprietary funds.

Property and equipment in the proprietary funds of the Village are recorded at cost. Property and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed.

Property and equipment are depreciated in the proprietary funds of the Village using the straight line method over the following estimated useful lives.

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50

Water and Sewer System	20 – 100
Machinery and Equipment	15 – 20
Office Furniture and Equipment	3 – 7
Vehicles	3 – 20

Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick and pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred when incurred in the proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

Long-term Obligations

The Village reports long-term debt of government funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers or other funds.

Budgetary Information

Annual budgets are adopted on a cash basis for all appropriated funds. Procedures for adopting the budget are covered in the Budget Message. The following points apply to the budget:

- The budget is adopted on a cash basis. Village records are also checked at the end of the year as part of the auditing and comprehensive annual financial report production process in order to make sure all actuals have

been accrued, as appropriate. The difference is that a cash basis only records receipts and disbursements as they are actually made, whereas the modified accrual basis recognizes revenue when it is earned and reasonably available and recognizes expenditures when the expense is incurred. Thus, there will be some differences between figures that appear in this budget document and those that appear in the financial report for the same period.

- The level of control is the fund.
- Appropriations lapse at the end of the fiscal year.

OPERATING BUDGET POLICIES AND FISCAL PERFORMANCE GOALS

The Operating Budget Policies and Fiscal Performance Goals represent an effort to establish written policies for guiding the Village's financial management practices. While some of the performance goals are specific and will limit certain types of financial activity, the goal statements are not intended to restrict the Village Council's ability and responsibility to respond to emergency or service delivery needs above and beyond the limitations established by the Fiscal Performance Goals.

I. OPERATING BUDGET POLICIES AND GOALS

- A. **Scope:** The operating budget includes the Village of Palos Park General Fund, Enterprise Funds, and Special Revenue Funds.
- B. **Budgetary Balance:** The Village of Palos Park will always adopt a balanced operating budget. The Village will make all current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt. Surplus revenue from a given fiscal year will be placed into the Village's reserve funds.
- C. **Budget Reserves:** To protect against unforeseen events or to accumulate money for future purposes, the Village maintains the following reserves:
 - 1. *Cash flow requirement reserves:* The Village will maintain enough cash on hand to cover disbursements for 60 days.
 - 2. *Unforeseen contingencies:* The Village will maintain a reserve equal to at least 25% of the general fund estimated revenues, water fund estimated revenues, and sewer fund estimated revenues for extraordinary purposes. This reserve will only be used upon the recommendation of the Administrator and approval of the Village Council.
- D. **Assignment of Responsibilities:** The Village Manager is responsible for the preparation of the Village budget. The Village Manager may standardize budget documentation, prepare the budget calendar, and review all departmental requests. The Village Manager will also be responsible for forecasting revenues. Finally, the Village Manager is responsible for budget implementation; reviewing interim financial reports from the Finance Department, monitoring revenues, reviewing

departmental spending requests for conformity with the budget, and recommending transfers across accounts or departments.

E. Budget Flexibility

1. Budget transfers between line-item accounts within a department require the Village Manager's recommendation and the Treasurer's approval.
2. Budget transfers between departments in the same fund require the Village Manager's recommendation and the Treasurer's approval.
3. Budget transfers between funds require the Village Manager's Recommendation and the Treasurer's approval.

II. REVENUE PERFORMANCE POLICIES AND GOALS

- A. **Revenue Diversification:** The Village of Palos Park will maintain a diversified and stable revenue system as protection from short-run fluctuations.
- B. **Estimates of Revenue:** The Village of Palos Park will estimate annual revenues on an objective and reasonable basis. The Village of Palos Park will develop a method to project revenues on a multi-year basis.
- C. **One-Time Revenues:** The Village of Palos Park will use one-time or special purpose revenue for capital expenditures or for expenditures required by the revenue; and not to subsidize recurring personnel, operation, and maintenance costs.
- D. **Review of Fees:** The Village of Palos Park will establish and annually re-evaluate, all user charges and set fees at a level related to the cost of providing the service or establish new fees where necessary. All annual evaluation will be turned in to the Village Manager:
 - The Building Department shall strive to cover at least 90% of its costs through user fees; and
 - The Recreation Department shall strive to cover at least 90% of its costs through user fees.
- E. **Tax Rates:** The Village of Palos Park will endeavor to keep the property tax rate stable, or reduce reliance on the property tax if possible by:

1. Expanding and diversifying the Village tax base with development as outlined by the Village's Comprehensive Land Use Plan.
 2. Seeking and developing additional revenue sources.
 3. Seeking legislative support for local option taxes.
- F. **Enterprise Funds:** The Enterprise Funds of the Village of Palos Park will maintain revenue which will support the full direct and indirect costs of the fund, including costs of operation and maintenance, depreciation and debt service. Also, Enterprise Fund revenues will not be used to subsidize unrelated General Fund activities.

III. OPERATIONAL EXPENDITURES PERFORMANCE POLICIES AND GOALS

- A. **Budgetary Balance:** The Village will adopt and maintain a balanced budget in which expenditures will not be allowed to exceed reasonable estimated resources and revenue.
- B. **Current Expenditures:** The Village of Palos Park will pay for all current operation and maintenance expenses from current revenue sources.
- C. **Capital Equipment Maintenance:** The operating budget will provide for the adequate maintenance of capital assets and equipment.
- D. **Full-Funding of Pension Systems:** The budget will provide for adequate (full) funding of all employee benefit programs and retirement systems.
- E. **Budgetary Control:** The Village of Palos Park will maintain a budgetary control system which will enable it to adhere to the adopted budget. This includes a centralized record keeping system to be adhered to by all programs and activities receiving annual appropriations. Proposed major budgeted expenditures such as new positions, equipment acquisitions, and capital improvements will have prior board approval.
- F. **Monthly Reports:** The Village of Palos Park will prepare and maintain a system of regular monthly financial reports comparing actual revenues and expenditures to budgeted amounts.
- G. **Risk Management:** The Village of Palos Park will develop and implement an effective risk management program to minimize losses and reduce costs. The Village Council will ensure that adequate insurance programs are in place. This shall include unemployment and worker's compensation costs.

- H. **Privatization:** The Village of Palos Park will encourage delivery of services by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected; as well as, develop and internally use technology and productivity advancements that will help reduce or avoid increasing personnel costs. The intent is to control personnel costs as a proportion of the total budget, to more productively and creatively use available resources, and to avoid duplication of effort and resources.

IV. RESERVE PERFORMANCE POLICIES AND GOALS

- A. **Purpose of Reserves:** The Village of Palos Park will establish annually in the operating budget a Budget Reserve to:
1. Provide for temporary funding of unforeseen needs of an emergency or non-recurring nature.
 2. Permit orderly budgetary adjustments when revenues are lost through actions of other governmental bodies or other unanticipated causes.
 3. Provide the local match for public or private grants.
 4. Meet unexpected small increases in service delivery costs.
- B. **Amount of Budget Reserve:** The Budget Reserve will be budgeted at a level of at least one percent (1%) of the proposed budget. The Village of Palos Park's budget will be amended at the time such contingency funds are committed. The Budget Reserve shall be separate from the carryover fund balance.
- C. **Amount of Carry Over Fund Balance:** The Village of Palos Park will maintain a year-to-year "carryover fund balance" in an amount necessary to maintain adequate cash flow and to prevent the demand for short-term borrowing. The "carryover fund balance" should be at least twenty-five percent (25%) of the general fund estimated revenues, and shall be separate from the Budget Reserve. The excess of revenues shall be used as the "carryover fund balance" and then shall be used for balancing the proposed operating tax budget in the succeeding fiscal year.
- D. **Road Improvement Fund:** The Village of Palos Park will maintain a permanent Road Improvement Fund in an amount necessary to fund the ongoing demand of any major street and road improvements and to prevent the need for short and long term borrowing to fund these projects. The level of this reserve is to be determined by the demands

set forth in the Road Improvement Program. The Treasurer shall ensure that this reserve is adequately funded.

V. INVESTMENT PERFORMANCE POLICIES AND GOALS

- A. **Cash Flow:** The Village of Palos Park will develop a cash flow analysis of all funds on a regular basis. Collections, deposits, and disbursements of all funds will be scheduled to ensure maximum cash availability.
- B. **Return on Cash Investments:** The Village of Palos Park will obtain the maximum possible return on all cash investments through a conservative investment strategy. Returns on any Village investment should be at least equal to what is available through the Illinois Treasurers' Investment Pool (IL Funds).
- C. **Pooling Funds:** Where permitted by law, cash from several separate funds and sources will be pooled to maximize investment yields. Interest will be credited to the source of the invested monies.
- D. **Reporting Returns:** The Finance Department will provide monthly information to the Village Council concerning investment performance.

VI. CAPITAL IMPROVEMENT PERFORMANCE POLICIES AND GOALS

- A. **Long-Range Planning:** Capital improvements will be based on long-range projected needs rather than on immediate needs in order to minimize future maintenance, replacement, and capital costs.
- B. **Capital Improvement Plan:** The Village of Palos Park shall develop a five year capital improvement program and all capital improvements will be made in accordance with this plan. The capital improvement program shall be updated annually.
- C. **Coordination with Operating Budget:** The development of the capital improvements program will be coordinated with the operating budget in order to maintain a reasonably stable tax levy.
- D. **Estimation of Costs:** The Village of Palos Park will identify the estimated cost and potential funding sources for each capital project proposed before submission to review bodies and the Village Council. Future operating costs associated with a proposed capital improvement will be estimated before a decision is made to implement a project.

- E. **Grant Funding:** Federal, State, and other intergovernmental and private funding sources of a Special Revenue nature shall be sought out and used as available to assist in financing capital improvements.

VII. DEBT PERFORMANCE POLICIES AND GOALS

- A. **Use of Debt:** The Village of Palos Park will limit long-term debt to only those capital improvements that cannot be financed from current revenue.
- B. **Terms of Debt:** The maturity date for any debt will not exceed the reasonable expected useful life of the project so financed.
- C. **Amount of Debt:** The total direct general obligation debt shall not exceed 8.625% of the full equalized assessment value of taxable property in the Village.
- D. **Impact of Debt:** As a means of minimizing the impact of debt obligation on the Village of Palos Park taxpayers:
 - 1. Long-term generally applicable net debt shall not exceed \$1,000 per capita.
 - 2. These limitations shall not apply to any debt incurred for emergency purposes.
- E. **Short-Term Debt:** The Village of Palos Park will avoid the issuance of Budget, Tax and Revenue Anticipation Notes.
- F. **Self-Liquidating Debt:** The Village of Palos Park will use special assessments, revenue bonds, and/or any other available self-liquidating debt measures instead of general obligation bonds where and when possible, applicable and practical.
- G. **Annual Statement:** The Village of Palos Park will annually prepare an official statement and an annual information statement to be used in connection with all sales of bonds and notes.
- H. **Open Disclosure:** The Village of Palos Park shall encourage and maintain good relations with financial and bond rating agencies, and will follow a policy of full and open disclosure on every financial report and bond prospectus.

VIII. FINANCIAL REPORTING PERFORMANCE POLICIES AND GOALS

- A. **Open Government:** The Village of Palos Park will adhere to a policy of full and open public discourse of all financial activity. The proposed tax budget will be prepared in a manner to maximize its understanding by citizens and elected officials. Copies of financial documents will be made available to all interested parties. Opportunities will be provided for full citizen participation prior to final decisions on adopting the budget. Line item budgets will be available to the public and elected officials.
- B. **Internal Accounting:** The Village of Palos Park's accounting system will maintain records on a basis consistent with accepted municipal accounting standards; as well as, maintain a strong internal audit capability
- C. **Reporting:** The Finance Department will prepare regular monthly and annual financial reports presenting a summary of financial activity by major types of funds and programs.
- D. **CAFR:** The Village of Palos Park will prepare a Comprehensive Annual Financial Report in conformity with generally accepted governmental accounting principals and financial reporting principals.
- E. **Independent Audit:** The Village of Palos Park will employ an independent public accounting firm to perform an annual audit of all funds, authorities, agencies, and grant programs, and will make the annual audited report available to the general public, bond and financial consultants and other interested citizens and organizations. The audit shall be completed and submitted to the Village Council within 180 days of the close of the Village of Palos Park's fiscal year.

BUDGET SCHEDULE FOR FISCAL YEAR 2013

<i>October/November, 2011</i>	FY2012 Six Month Budget Status Review – Presentation of Multi-Year Budget Projection
<i>November 18, 2011</i>	Distribute Budget Preparation (Capital and Operating) Materials to Departments
<i>December 16, 2011</i>	Operating and Capital Budget Requests Due to Finance Department
<i>December 31, 2011</i>	Budget Goals Due to Administration Department
<i>January, 2012</i>	Finance Department Prepares First Draft of Capital and Operating Budget for Executive Review
<i>January 27, 2012</i>	First Complete Draft of Capital and Operating Budgets Submitted to Treasurer for Review
<i>February – March, 2012</i>	Treasurer and Administration Executive Review of Capital and Operating Budgets
<i>April 6, 2012</i>	Distribution of Final Budgets Requests to Mayor and Commissioners
<i>April 23, 2012</i>	Public Hearing and Adoption of Capital and Operating Budget
<i>May 1, 2012</i>	Beginning of Fiscal Year 2013

**VILLAGE OF PALOS PARK
FISCAL YEAR 2012
APPROPRIATIONS SUMMARY**
Scheduled for Adoption: July 11, 2011

FUND SUMMARY		FISCAL YEAR 2012 BUDGET AMOUNT	PRELIMINARY FISCAL YEAR 2012 APPROPRIATION AMOUNT
GENERAL FUND	DEPT #		
ADMINISTRATION	20	552,871.00	829,306.50
PUBLIC AFFAIRS	21	18,475.00	27,712.50
POLICE	22	1,745,059.00	2,617,588.50
PUBLIC WORKS	24	475,141.00	712,711.50
BUILDING	25	434,879.00	652,318.50
RECREATION	26	275,113.00	412,669.50
PUBLIC GROUNDS	27	115,063.00	172,594.50
CAPITAL EXPENDITURES	28	-	-
FINANCE	29	529,704.00	794,556.00
SLUIS PROPERTY	30	5,000.00	7,500.00
VOPP - DEBT OBLIGATIONS	31	274,650.00	411,975.00
GENERAL FUND TOTAL		\$ 4,425,955.00	\$ 6,638,932.50
OTHER FUNDS	FUND #		
SPECIAL EVENTS FUND	3	11,450.00	17,175.00
OPEN LANDS FUND	10	45,438.00	68,157.00
LIBRARY FUND	11	436,800.00	655,200.00
EXACTION FUND	20	45,438.00	68,157.00
1/2% SALES TAX FUND	23	162,165.00	243,247.50
MFT FUND	24	142,500.00	213,750.00
BEAUTIFICATION FUND	26	2,000.00	3,000.00
POLICE ASSET FORFEITURE FUND	27	234,365.00	351,547.50
CAPITAL PROJECTS FUND	44	40,000.00	60,000.00
SEWER FUND	51	515,410.00	773,117.00
WATER FUND	52	1,559,036.00	2,335,472.00
COMMUTER LOT FUND	53	68,026.00	102,039.00
MCCORD FUND	54	3,500.00	5,250.00
POLICE PENSION FUND	84	93,000.00	139,500.00
TOTAL OTHER FUNDS		3,359,128.00	5,035,611.00
GRAND TOTAL ALL FUNDS		\$ 7,785,083.00	\$ 11,674,543.50

TYPES OF PERFORMANCE MEASURES

In planning, management, and budgeting, policy makers and administration will want to evaluate various aspects of performance. Different measures can be used to provide specific information about the programs and activities undertaken by the government. Among the types of measures most frequently employed by state and local governments are input, output, outcome, and efficiency measures. Each of these types of measures is designed to answer different questions about a publicly provided service or activity.

Input Measures

Input measures address the question of what amounts of resources are needed to provide a particular program or service. Examples of input measures are:

- Number of full-time equivalent personnel
- Total employee-hours worked
- Total operating expenditures
- Total capital expenditures

Non-personnel inputs such as vehicles, equipment, or property can also be measured. Input measures are useful in showing the total cost of providing a service, the mix of resources used to provide the service, and the amount of resources used for one service in relation to other services.

Output Measures

Output measures focus on the level of activity in providing a particular program or service. Workload measures, which are designed to show how staff time will be allocated to respond to service demand, are most commonly reported. Examples of such measures include the following:

- Number of fire alarms answered (Fire Suppression Program)
- Number of patrol hours (Police Services)
- Number of water pipe leaks repaired (Water/Wastewater Treatment Services)

- Number of public assistance applications reviewed (Public Assistance Programs)
- Number of pavement miles resurfaced (Road Repair Program)

Other types of output measures are concerned with the processes used in providing the activity. An example of this type of indicator is the amount of time required to review an application for financial assistance (Economic Development Program). Output measures are useful in defining the activities or units of service provided by the government. A significant drawback, however, is that they provide no indication of whether the goals established for the service are being met, nor can they be used to assess the quality of a program or service. A city's police department may point to an increase in the number of patrol hours as one of its accomplishments for the year. However, the public is more likely to be interested in the number of crimes committed. If patrol hours have increased and there has been no corresponding reduction in crime, an important objective of police services has not been achieved. Thus, output measures may be of limited interest to elected officials and citizens.

Outcome Measures

Outcome measures focus on the question of whether or not the service is meeting its proposed goals. They are used to evaluate the quality or effectiveness of public programs. Examples of outcome measures include the following:

- Number of fires (Fire Prevention Program)
- Number of crimes committed per 100,000 population (Police Services)
- Number of calls about interrupted service (Water/Wastewater Treatment Services)
- Percentage of grants reduced due to employment (Public Assistance Program)
- Percentage of lane miles in satisfactory condition (Road Repair Services)

Outcomes can be evaluated using both intermediate and long-term measures. Intermediate outcome measures are designed to assess the early results of a program, and are particularly useful when the primary objectives of the program will not be achieved until years into the future. For example, economic development programs may have a long-term objective of increasing the dollar volume of export sales of their clients. An intermediate outcome measures for this program would be number of firms that have increased their interest in exporting as a result of assistance. [*Hatry et al., 1990, p. 93*] While outcome indicators are of the most interest among policy makers

and citizens, they also tend to be the least utilized. This is due in part to the cost of collecting the information needed to produce the measures and to the difficulty of ascertaining the relationship between the government program and the intended outcome. These problems are discussed more fully in the section below describing obstacles to performance measurement.

Efficiency Measures

Efficiency indicators measure the cost (either in term of dollars or personnel hours) per unit of output or outcome. Examples include the following:

- Expenditures per \$100,000 of property protected (Fire Services)
- Employee hours per crime solved (Police Services)
- Number of accurate case actions processed per worker (Public Assistance)
- Required subsidy per passenger (Mass Transit)

These measures are used to determine productivity trends in the provision of public programs and services. They are also used to provide an indication of the cost-effectiveness of a program.

Information taken from:

Tigue, Patricia and James Green Jr., Performance Measurement: The Link to Effective Government (The Government Finance Officers Association Research Bulletin, April, 1994.)

VILLAGE OF PALOS PARK
DEBT SERVICE REQUIREMENTS TO MATURITY
AS OF APRIL 30, 2010

FISCAL YEAR ENDING	INSTALLMENT CONTRACTS			PROPRIETARY DEBT			TOTAL VILLAGE DEBT		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2011	255,704	51,964	307,668	418,068	142,680	560,748	673,772	194,644	868,416
2012	267,603	49,085	316,688	430,034	161,296	591,330	697,637	210,381	908,018
2013	271,647	42,154	313,801	437,183	148,772	585,955	708,830	190,926	899,756
2014	264,744	35,486	300,230	454,789	135,922	590,711	719,533	171,408	890,941
2015	274,000	28,036	302,036	467,048	123,153	590,201	741,048	151,189	892,237
2016	55,000	19,139	74,139	479,774	108,979	588,753	534,774	128,118	662,892
2017	56,000	16,710	72,710	492,703	94,651	587,354	548,703	111,361	660,064
2018	30,000	14,188	44,188	500,840	79,900	580,740	530,840	94,088	624,928
2019	30,000	12,964	42,964	495,713	64,539	560,252	525,713	77,503	603,216
2020	35,000	11,728	46,728	160,000	49,678	209,678	195,000	61,406	256,406
2021	35,000	10,272	45,272	85,000	43,390	128,390	120,000	53,662	173,662
2022	35,000	8,802	43,802	90,000	40,160	130,160	125,000	48,962	173,962
2023	40,000	7,323	47,323	95,000	36,560	131,560	135,000	43,883	178,883
2024	40,000	5,617	45,617	100,000	32,760	132,760	140,000	38,377	178,377
2025	45,000	3,901	48,901	105,000	28,760	133,760	150,000	32,661	182,661
2026	45,000	1,957	46,957	105,000	24,402	129,402	150,000	26,359	176,359
2027				110,000	20,044	130,044	110,000	20,044	130,044
2028				115,000	15,480	130,480	115,000	15,480	130,480
2029				120,000	10,552	130,552	120,000	10,552	130,552
2030				125,000	5,376	130,376	125,000	5,376	130,376
TOTAL	1,779,698	319,326	2,099,024	5,386,152	1,367,054	6,753,206	7,165,850	1,686,380	8,852,230

VILLAGE OF PALOS PARK
 PRINCIPAL PROPERTY TAXPAYERS
 AS OF APRIL 30, 2010

TAXPAYER	TYPE OF BUSINESS	TAX LEVY YEAR 2008 TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL VILLAGE TAXABLE ASSESSED VALUE
IRC	Supermarket	9,231,306.00	3.39%
SUNRISE SENIOR LIVING	Commercial property with special improvements	6,361,092.00	2.32%
JAMES MARTH	Shopping Center (Mill Creek Center)	2,880,595.00	1.05%
WALGREENS	One-Story Retail Store	1,933,168.00	0.71%
GAS CITY LIMITED	Gasoline Station	1,659,908.00	0.61%
INIER CONTINENTAL	Shopping Center	1,591,591.00	0.58%
SHELL OIL COMPANY	Gasoline Station	1,416,309.00	0.52%
SBC AMERITECH	Phone Utility	1,173,857.00	0.43%
JOSEPH GETTO	One-Story Store	960,280.00	0.35%
TAXPAYER	Residence	915,240.00	0.33%
	TOTAL	28,123,346.00	10.29%

DATA SOURCE: Cook County Clerk's and Assessor's Office

NOTE: Every effort has been made to seek out and report the largest taxpayers; however, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

PRINCIPAL SALES TAX CONTRIBUTORS
 AS OF APRIL 30, 2010
 (In Alphabetical Order)

- * Gas City Family Panty
- * Jewel Food Stores
- * Osco Drug Store
- * Shell Oil

DATA SOURCE: IL Dept of Revenue, Local Tax Allocation Division

**VILLAGE OF PALOS PARK
 SCHEDULE OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION BONDED DEBT
 AS OF APRIL 30, 2010**

TAXING UNIT	2008 EQUALIZED ASSESSED VALUATION ⁽¹⁾	OUTSTANDING BONDS	APPLICABLE TO VILLAGE	
			PERCENT ⁽²⁾	AMOUNT
VILLAGE OF PALOS PARK	\$ 273,751,041.00	\$ - ⁽³⁾	100.00%	\$ -
<u>Overlapping Districts:</u>				
Cook County	173,641,947,994	3,184,830,000	0.158%	5,032,031
Cook County Forest Preserve	173,641,947,994	108,665,000	0.158%	171,691
Metropolitan Water Reclamation District	170,097,381,685	1,960,541,202 ⁽⁴⁾	0.161%	3,156,471
South Palos Township Sanitary District	69,621,647	906,000	7.153%	64,806
School Districts:				
Community Consolidated Dist #118	1,006,740,294	4,950,000	27.188%	1,345,806
High School District #230	5,857,479,165	76,815,000	4.672%	3,588,797
Community College #524	12,746,484,863	80,885,000	2.150%	1,739,028
TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT			\$	15,098,630.00

⁽¹⁾ Most recent values available as of 9-30-10

⁽²⁾ Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit

⁽³⁾ Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds

⁽⁴⁾ Includes IEPA Revolving Loan Fund Bonds

**VILLAGE OF PALOS PARK
CHART OF ACCOUNTS**

FUND #	DESCRIPTION	DEPT. #	DESCRIPTION
01	GENERAL FUND	EXPENDITURES	
10	OPEN SPACE FUND	20	ADMINISTRATION DEPARTMENT
11	LIBRARY FUND	21	PUBLIC AFFAIRS DEPARTMENT
12	FINE ARTS FUND	22	POLICE DEPARTMENT
20	EXACTION FEE FUND	24	PUBLIC WORKS DEPARTMENT
24	MFT FUND	25	BUILDING DEPARTMENT
26	BEAUTIFICATION FUND	26	RECREATION DEPARTMENT
27	POLICE ASSET FORFEITURE FUND	27	PUBLIC GROUNDS
28	POLICE SPECIAL ACCOUNT	28	CAPITAL EXPENDITURE DEPT
29	BENEVOLENT FUND	29	FINANCE DEPARTMENT
41	13-A SEWER CONSTRUCTION FUND	30	RENTAL HOUSE PROPERTY
42	13-B SEWER CONSTRUCTION FUND	31	DEBT SERVICE DEPARTMENT
43	96-1A WATER CONSTRUCTION FD		
44	CAPITAL PROJECTS FUND	CLASS #	DESCRIPTION
45	96-1B WATER CONSTRUCTION FD	10	TAXES
46	VILLAGE PROJECT FUND	11	LOAN OR BOND PROCEEDS
51	SEWER FUND	12	MISC FEES & LICENSES
52	WATER FUND	14	GRANTS
53	COMMUTER LOT FUND	16	RENTAL INCOME
54	MCCORD FUND	17	UTILITY & ON-SITE (SEPTIC)
61	13-A SEWER ASSESSMENT FUND	18	MISC REIMBURSEMENTS
62	13-B SEWER ASSESSMENT FUND	19	MISC INCOME
63	96-1A WATER ASSESSMENT FUND	20	INTEREST INCOME
64	93-1 ASSESSMENT FUND	21	TRANSFERS IN
65	96-1B ASSESSMENT FUND	22	VEHICLE AND ANIMAL LICENSES
68	SEWER #9 ASSESSMENT FUND	23	FINES & FORFEITURES
69	SEWER #10 ASSESSMENT FUND	24	MISC POLICE REVENUE
70	SEWER #11 ASSESSMENT FUND	30	PERMITS
71	90-1 ASSESSMENT FUND	31	INSPECTION AND REVIEW FEES
72	ASSESSMENT FUND #12	32	DONATIONS
80	ESCROW FUND	35	RECREATION PROGRAMS
84	POLICE PENSION FUND	40	SALARIES
		50	BENEFITS
		58	DEBT SERVICE
DEPT. #	DESCRIPTION	60	CONTRACTUAL
REVENUE		70	COMMODITIES
00	GENERAL REVNUUE	80	CAPITAL EXPENDITURES
02	POLICE DEPARTMENT	90	TRANSFERS OUT
05	BUILDING DEPARTMENT		
06	RECREATION		
07	RENTAL HOUSE PROPERTY		

VILLAGE OF PALOS PARK BUDGET ASSUMPTIONS

GENERAL FUND REVENUES

- Revenues are conservatively estimated.
- Staff used past trends to estimate the current fiscal year totals, and also what will be expected in FY12. General tax revenue (property, sales, etc.) were increased minimally and based primarily on historical data and a projected conservative increase.
- **Per capita revenues (Income Tax, Use Tax, etc.)** were based on Illinois Municipal League projections (as revised in March, 2011) for the upcoming fiscal year, multiplied by the current number of residents in Palos Park (4,847).
- Whenever possible, we have used actual projections to budget revenue. For example, T-Mobile, Verizon, and Sprint will pay us a pre-determined dollar amount for leases that are currently in place.
- **Interest Income.** We have projected little increase or no interest income in Custodial and Morgan Stanley Accounts. The interest that is budgeted is in the funds that have little significant balances in these accounts. Funds that have very little cash balance and do not expect much interest have been budgeted at an estimated \$0.00, as a conservative budget figure.
- **Transfers from Assessment Funds** were recalculated based on numbers from S.A. roles, amount for making and levying minus legal fees and prior year transfers, and divided over a period of 20 years total. For the Special Assessments that were implemented in 1999 and 2000, we have weighted the transfers to the General Fund for the next 7 years as there will be more general administrative work in the earlier years. (Special Assessment 13-B began in FY1999, so the weighted period ends in FY 18 and the final transfer to the General Fund will take place in FY2018, 1 year before 13-A, 96 1A and 96 1B.)
- **Transfers from other funds (Commuter Lot, Sewer, and Water)** remain the same and are used to cover costs incurred in the general fund that are incurred to support these enterprises.
- **D.E.A. Reimbursement** is for overtime reimbursements for our participating officer. The Village is to pay for the officer's base salary. The Drug Enforcement Agency will reimburse the Village for any overtime that is paid to the officer.

BENEFITS – GENERALLY

- **Health and Dental Insurance (20% increase in premium).** To calculate the health and dental costs for FY12, we used the current billing statement and projected that cost for the first 2 months of the fiscal year (payments in May and June for June and July premiums). Our Health and Dental Insurance premiums will increase as of August, which is our annual renewal date. We have included the cost for known new hires at an estimated “Married plus spouse” rate. New hires include one additional police officer.
- **Life Insurance (no increase in premium).** Budget based on no increase in premium (\$10.55 per full time employee). Our life insurance carrier does not anticipate an increase in premium in the next year.
- **IMRF and Police Pension Fund Contribution.** The Villages’ current contribution rate (CY2011) is 13.1603% of participant wages. We have estimated that our IMRF rate will be 14.26% after January 1, 2012, as we will continue to feel the brunt of IMRF’s 5 year “smoothing” to determine contribution rates. The line item for Police Pension Fund is 01-22-50-5335, and we have budgeted \$167,000 based on the April 30, 2011, actuarial valuation.
- **Employee Assistance Program (no increase in premium).** The Village’s EAP program has been at \$12.90 per full time employee for the past several years. The Village budgets \$13 for each full time employee, broken down by the departments (and funds) where their salaries are paid from.
- **Social Security and Medicare.** Social Security and Medicare are based on 7.65% of all employees’ wages for the employer’s tax. Therefore, we budget 7.65% of all wages (FT, PT, OT, etc.) for each department for all employees.
- **Unemployment Insurance.** The Unemployment contributions rate is 3.00%, of which the taxable wage base of \$12,740 is applied. This line item is based on the number of employees that will be paid throughout the year.
- **Work Comp Insurance.** The Village’s insurance provider, Intergovernmental Risk Management Agency (IRMA), covers the Village’s Work Comp Insurance through the IRMA Contribution. The increase in premium is estimated to be 15.67%.

SALARY ASSUMPTIONS – GENERALLY

- Current wages were estimated to be increased by 2% in order that we may budget for a cost of living increase. This wage increase is currently on hold due to the current State of Illinois budget problems and the possibility of reduced or lost revenue.
- Costs for some employees are split between departments and/or funds. Benefits for these employees are broken down in the same manner. Breakdowns are detailed below.

- Barbara Maziarek, Finance Director – 75% in General Fund, Finance Department and 25% in the Water Fund;
- Michael Sibrava, Public Works Director – 1/3 in General Fund, Public Works, 1/3 in Sewer Fund, and 1/3 in Water Fund;
- Dan Foster, Water Plant Operator– 1/3 in Sewer Fund and 2/3 in Water Fund; and
- Richard Boehm, Village Administrator – 85% in General Fund, Administration Department, and 15% in the Water Fund.

NOTES ON EXPENDITURES

- **Legal Fees.** Legal Fees were budgeted based on recent historical trends. This fiscal year, our projected legal fees expenditures will be approximately \$125,636. Therefore, we are reducing our total legal budget to \$123,000, which is a decrease of 2.1% from the FY2011 actual expenditure, and in-line with the FY2010 actual amount of \$122,922.
- **IRMA Contributions.** IRMA contributions are distributed among departments and fund based on the Village's liability and work comp distributions from the past years. This year, we have estimated a 15.67% increase in our contributions or \$131,500 for FY2012.

NOTES ON CAPITAL PROJECTS

Unfortunately, any planned capital expenditures are again deferred for another fiscal year. Hopefully in fiscal year 2013, when the economy will start to recover, we can start looking at capital projects and expenditures.

COMMUNITY AND GOVERNMENT PROFILE

COMMUNITY PROFILE

The Village of Palos Park is a small residential suburb 25 miles southwest of Chicago, nestled among Cook County's largest single Forest Preserve holdings. Palos Park was originally incorporated in 1914 as a small town that mainly served as a summer home for artists. The year-round number of year-round residents numbered about three hundred at the time. Since then the community has grown to a population of approximately 4,847 people who make the small Village their permanent home.

The Village of Palos Park is an upscale community that prides itself on its semi-rural character. One of the most important factors in maintaining the Village's semi-rural character is an ordinance requiring a full acre in order to build a home. The one-acre ordinance originated as a way to ensure the safety of well and septic systems and has served as a mechanism to preserve the spacing between houses for which the Village of Palos Park is famous.

Palos Park does not fit the traditional stereotype of the well-to-do suburb with expanses of rolling green lawns and wrought iron fences separating property. In fact, there is an ordinance against wrought iron fences in the Village! Rather, each home is typically nestled amongst the trees and it is often difficult, if not impossible, to see the homes from the street, as one's view is obscured by groves of intervening trees. Usually, mere space or at most a post-and-rail fence separates a neighbor's home. Also, one will notice, there are no sidewalks or curbs in the Village, further contributing to its distinctive character and pastoral setting.

There are three areas of commercial establishments in the Village. The area around 131st Street and LaGrange Road is the home of the Shoppes of Mill Creek, Mill Creek Center, and individual developments on the northeast corner of the intersection. Several retail stores and office buildings are in the area around Southwest Highway and Route 83. Establishments are also located along 123rd Street (McCarthy Road), primarily between 80th Avenue and 86th Avenue. There is limited industrial property in the Village, and the major employer in the community is Jewel/Osco. Immediately adjacent to the Village at 123rd Street and 80th Avenue is Palos Community Hospital (in Palos Heights) and serves as another major employer in the area.

The Village of Palos Park serves a bastion of natural settings and small-town values in an increasingly turbulent world.

VILLAGE GOVERNMENT PROFILE

The Village of Palos Park operates under a Commission form of government wherein a Mayor, four Commissioners, and Village Clerk are elected at-large every four years serving concurrent terms. The Mayor and Commissioners are the legal department heads in the following statutorily defined areas of responsibility:

- Mayor: Commissioner of Public Affairs
- Commissioner of Accounts and Finances
- Commissioner of Public Health and Safety
- Commissioner of Public Property and Building
- Commissioner of Streets and Public Improvements

The Village of Palos Park provides many services including a Police Department, Public Works Department, Building Department, Finance Department, Administration Department Recreation Department, Sewer and Water Utilities, and a Village Library component unit. The Palos Fire Protection District provides fire protection and ambulance services. A summary of demographic statistics on the Village can be found in **Appendix L**.

In 1998, voters approved an advisory referendum to “investigate” whether a change in form of government would be beneficial to the Village of Palos Park. In 2002, the Village held informational meetings discussing the possible change in form of government, and sent information to each resident in the Village. In November, 2002, voters elected to retain the Commission Form of government.

**VILLAGE OF PALOS PARK
STATISTICAL INFORMATION
(YEAR OF DATA'S ORIGIN IN PARENTHESIS)**

ORGANIZATION CHARACTERISTICS

- Form of Government: *Commission*
- Incorporation Date: *November 9, 1914*
- Village Board Structure: *1 Mayor and 4 Commissioners, all elected at large to 4-year concurrent terms; Village Clerk also elected to 4-year concurrent term*

POPULATION CHARACTERISTICS

- Population as of 2010 Census: *4,847*
- Population as of 2000 Census: *4,689*
- Number of Households as of 2010: *1,802*
- Number of Households as of 2000: *1,399*
- Family/Non-Family Households (2000): *1,390 / 412*
- Persons Per Household (2000): *2.60*
- Number of Male / Female Residents (2000): *2,274 / 2,415*
- Racial Characteristics (2000):
 - White *97.20%*
 - Black *0.30%*
 - Native American *0.00%*
 - Asian or Pacific Islander *1.70%*
 - Other *0.80*
 - Hispanic or Latino *2.10%*
- Median Age (2000): *46.9*
- Median Family Income (2000): *\$88,628*
- Median Household Income (2000): *\$78,450*
- Per Capita Income (2000): *\$39,861*
- Individuals below poverty level (2000): *4.5%*

BUILDING CHARACTERISTICS

- Total EAV of the Village (2009): \$295,789,339
- Median Housing Value (2000): \$286,800
- Median Monthly Rent (2000): \$763
- % Housing Owner Occupied (2000): 97.1%
- % Housing Single Family (2000): 77%

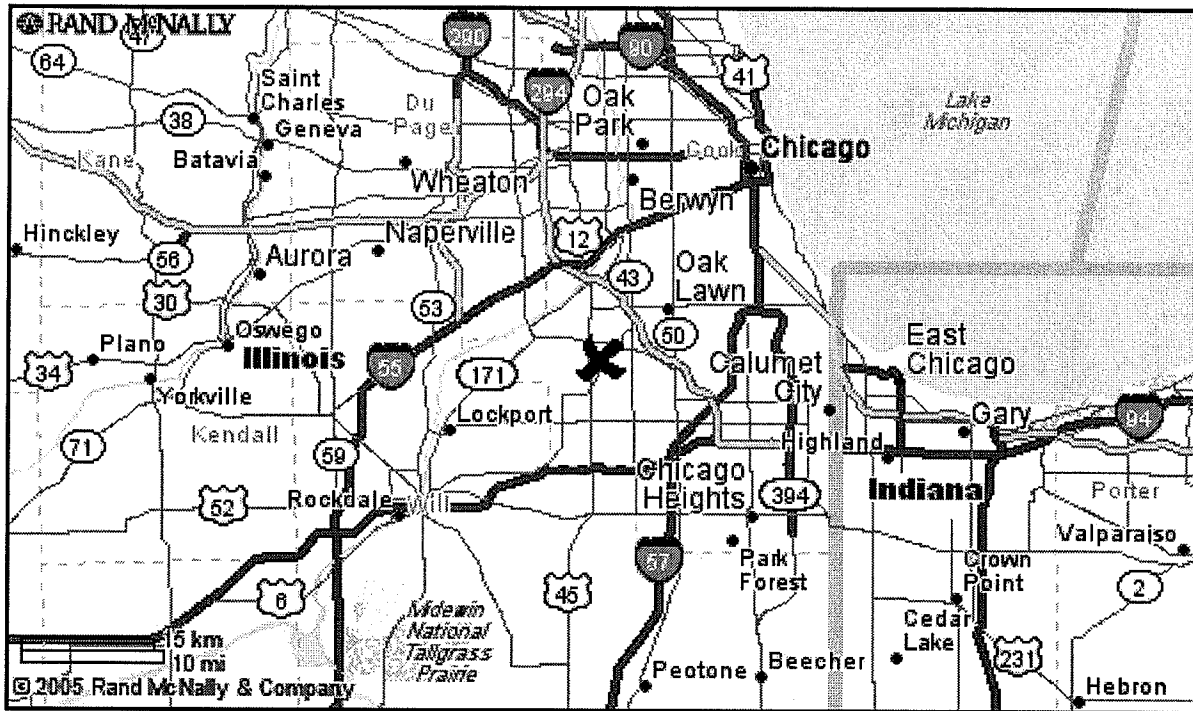
MISCELLANEOUS STATISTICS

- Area of Village (2000): 3.6 square miles
- Miles of Municipal Roads: 27 miles
- Current Crime Rate in Village: 0.012 per 1,000 residents
- Average Winter Temperature: 30.0 F, -1.11 C
- Average Summer Temperature: 75.0F, 23.88 C
- Average Annual Rainfall: 34.0 inches
- Average Annual Snowfall: 42.0 inches

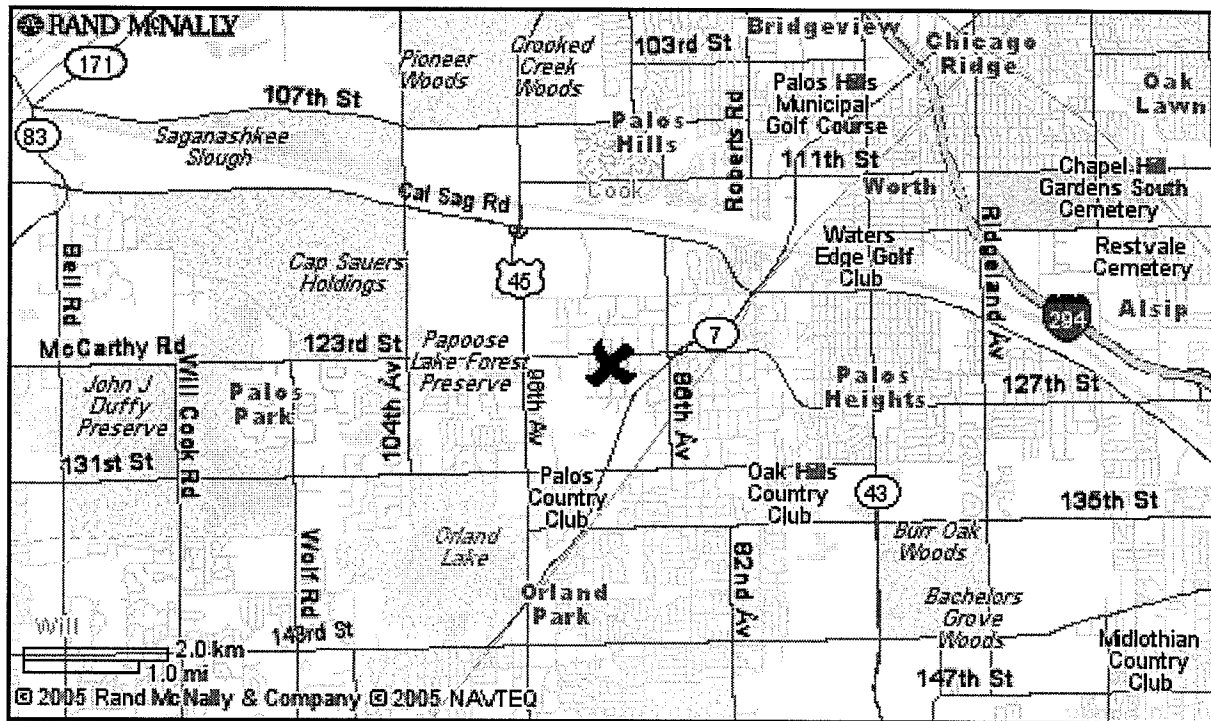
- Grade School District: SD 118. Palos West Elementary
Palos East Elementary
Palos South Middle School.
- High School District: SD 230. The Village is served by
A.A. Stagg High School, Palos Hills
- Community College: Moraine Valley Community College,
Palos Hills.
- Largest employer in the Village: Jewel/Osco Food Center
- Resident Work Force (2000 Census): 47.4% Management, Professional
and Related; 30.2% Sales and Office
Occupations; and 7.9% Service
- Resident Employer Industry (2000): 22.5% Educational, Health and
Social Services;
12.3% Manufacturing;
11.9% Professional, Scientific,
Management, and Administrative;
and 11.0% Retail Trade

- *Fire Protection: The Village is served by the Palos Fire Protection District, that has one fire station within the Village limits (123rd Street and Forest Glen Boulevard) and another station in unincorporated Palos Park (104th Avenue and 131st Street).*
- *Public Transportation: The Village is home to a Metra Commuter Rail Station along the Metra Southwest Service line, and Pace Suburban Bus system.*
- *Highways: Palos Park has three State and Federal highways through its boundaries, including:*
 - *State Route 83 (Calumet Sag Road)*
 - *U.S. Route 45, 12, 20 (LaGrange Road)*
 - *U.S. Route 7 (Southwest Highway)*
 - *In addition, Interstate Highways 80, 55, 57, and 294 are within a short distance from the village's borders.*

VILLAGE LOCATION MAP



The Village of Palos Park is located in the southwest suburbs of Chicago, Illinois.



Surrounding communities include Palos Hills, Palos Heights, and Orland Park.

Maps downloaded from the Rand McNally Website: www.randmcnally.com.

GLOSSARY OF TERMS

- ACCOUNT:** A term used to identify an individual asset, liability, expenditure control revenue control, or fund balance. All budgetary transactions are recorded in accounts, which are the smallest budgetary unit of division. Other budgetary units of division include FUNDS, DEPARTMENTS, and CLASSES. See also FUND, CHART OF ACCOUNTS.
- 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 a government or any of its funds, fund types, balanced account groups, or organizational components.
- APPROPRIATION:** An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is limited to the time it may be expended. The appropriation provides the legal authorization for corporate authorities to expend funds.
- ASSETS:** Property owned by a government that has a monetary value.
- ASSESSED VALUATION:** A valuation set upon real estate or other property by the County Assessor as a basis for levying taxes.
- AUDIT:** An examination, usually by a private firm retained by the Village Council, that reports on the accuracy of the annual financial report prepared by the Village.
- BOND:** A written promise, generally, under seal, to pay a specified sum of money (face value), at a fixed time in the future (date of maturity), and carrying interest at a fixed rate, usually payable periodically.
- BONDED DEBT:** That portion of indebtedness represented by outstanding bonds.
- BUDGET:** A one year financial document embodying an estimate of proposed revenue and expenditures for the year. This is the actual working document for Village operations.
- BUDGET ADJUSTMENT:** A procedure for the Village Council to revise a budget after the budget has been approved.
- BUDGET DOCUMENT:** The instrument used to present a comprehensive financial plan of operations of the Village Board.
- BUDGET MESSAGE (LETTER OF TRANSMITTAL):** A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body.
- COMPREHENSIVE ANNUAL FINANCIAL REPORT. (C.A.F.R.):** Document containing the Village's financial statements as audited in Village's annual audit. CAFR contains an in-depth analysis of those statements.

GLOSSARY OF TERMS

- CAPITAL ASSETS:** Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.
- CAPITAL BUDGET:** A plan of proposed capital outlays and the means of financing them for the current fiscal period.
- CAPITAL IMPROVEMENT PLAN (C.I.P.):** A five year plan that projects proposed capital expenditures. Year one of the plan becomes the capital budget.
- CAPITAL OUTLAY:** Expenditures which result in the acquisition of or addition to fixed assets.
- CHART OF ACCOUNTS:** The classification system used by the Village to organize the accounting for various funds.
- CLASS:** Budgetary unit of division with accounts which are similar in nature, such as Rental Income, Interest Income, Salaries, and Benefits. Other budgetary units of division include FUNDS, DEPARTMENTS, and ACCOUNTS.
- COMMODITIES:** Budgetary class of consumable items used by Village departments. Examples include office supplies, replacement parts for equipment, and gasoline.
- CONTINGENCY:** A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.
- CONTRACTUAL SERVICES:** Services rendered to Village departments and agencies by private firms, individuals, or other government agencies.
- DEPARTMENT:** A major administrative organizational unit of the Village, which indicates overall management responsibility for one or more activities.
- ALSO:** A budgetary unit of division used to separate revenues or expenditures by Village operating departments, such as Administration, Police Department, and Recreation Department. Other units of division include FUND, CLASS, and ACCOUNTS.
- ENTERPRISE FUND:** A separate fund used to account for services supported primarily by service charges. The Village's sewer and water funds are enterprise funds.
- ESTIMATED REVENUE:** The amount of projected revenue to be collected during the fiscal year.
- EXPENDITURES:** The use of resources by governmental funds.
- EXPENSES:** The use of resources by proprietary funds.
- FISCAL YEAR:** A designated twelve-month period for budgeting and record-keeping purposes.
- FIXED ASSETS:** See Capital Assets

GLOSSARY OF TERMS

FULL ACCRUAL ACCOUNTING: Accrual accounting requires income and expenditure to be brought to account as and when they are earned or incurred and not when money is received or paid. This is usually the time when an asset or liability is recognized and when an amount can be reliably measured.

FUND: A self-balancing set of accounts. Funds are segregated for the purpose of carrying out specific activities. Examples of Funds include General Fund, Capital Improvement Fund, Water Fund and Sewer Fund. A Fund is the largest budgetary unit of division and is used to account for significant projects or non-governmental type activity, such as Special Revenue or Proprietary Funds. Other budgetary units of division include DEPARTMENTS, CLASSES, and ACCOUNTS.

FUND BALANCE: The excess of a fund's assets over its liabilities and reserves, which is held in reserve for future emergency spending.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD. (G.A.S.B.): Oversight board responsible for establishing financial reporting requirements for governmental and public agencies.

GENERAL FUND: The fund that is available for any legal authorized purposes and which is typically

used to account for all revenue and all activities except those required to be accounted for in another fund.

GENERAL OBLIGATION BONDS: Bonds for whose payments the full faith and credit of the municipality are pledged.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA. (G.F.O.A.): GFOA is an association of finance professional for governmental agencies, who has set standards for preparing public budget documents. The GFOA evaluates governmental budget document on their value as a communication device, policy document, financial plan, and operations guide.

LETTER OF TRANSMITTAL: See Budget Message

LINE-ITEM BUDGET: A budget format in which departmental outlays are grouped according to the items that will be purchased.

MODIFIED ACCRUAL ACCOUNTING: Accounting methodology wherein revenues are recorded when available and measurable and expenditures are recorded when the liability is incurred.

OPERATING BUDGET: The portion of the budget that pertains to daily operations that provide basic government services.

GLOSSARY OF TERMS

ORDINANCE: A formal legislative enactment by the governing board of a municipality.

PERFORMANCE BUDGET: A budget format that includes (1) performance goals and objectives (2) demand, workload, efficiency, and effectiveness measures for various municipal functions.

PERFORMANCE MEASURES: Objective and/or quantitative indicators used in the budget to show, for example, (1) the amount of work accomplished, (2) the efficiency with which tasks were completed, and (3) the effectiveness of a department or program.

RETAINED EARNINGS: An equity account reflecting the accumulated earnings of the Village's enterprise funds.

REVENUE BOND: A bond backed by the revenues from the project that the borrowed money was used to create, expand, or improve.

REVENUES: Funds that the government receives as income.

SPECIAL REVENUE FUND: A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

TAX LEVY: The total amount to be raised by general property taxes for operating and debt service purposes specified in the Tax Levy Ordinance.

TAX LEVY ORDINANCE: The annual ordinance that identifies and type and amount of property taxes to be levied.

USER FEES: Fees that are levied by the municipality on the users of a service. User fees are designed to place the cost of a municipal service or program on the beneficiaries (users) of that service. User fees are similar to any other charges for service that might be made by a private business.