



# REPORT TO APC & VILLAGE BOARD

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**AGENDA ITEM:** Budget Amendment #3 – Adjustments to Debt Service Fund & Water Utility Fund Budgets

**MEETING DATE:** November 14, 2025

**PRESENTING COMMITTEE:** APC & Village Board

**COMMITTEE CONTACT:**

**STAFF CONTACT:** Finance Director-John Jacobs

**REPORT PREPARED BY:** Finance Director-John Jacobs

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**AGENDA ITEM:** Budget Amendment #3 – Adjustments to Debt Service Fund & Water Utility Fund Budgets

**OBJECTIVES:** Make corrections to the 2025 budget for errors made to specific line items that were adopted by the Village Board in Nov. 2024 for the original 2025 adopted budget. The identified errors are in the Debt Service Fund and in the Water Utility Fund.

**ISSUE BACKGROUND/PREVIOUS ACTIONS:**

- **Error #1: WATER UTILITY FUND:** Clear Water Revenues account #601-46175-000. The 2025 original budget was overstated by \$651,000, due to the previous Finance Director assuming that proceeds from the Safe Water Drinking Loan for the Water Treatment Plant construction project were to be recorded as “revenues” to the Clear Water Revenues line item here. This assumption is incorrect, and those actual 2025 proceeds are to be recorded as an increase to the loan liability account in the Water Utility Fund. Therefore, this overstatement of \$651,000 should be removed from the original 2025 budget amount.
- **Error #2: DEBT SERVICE FUND:** Various accounts were overstated for Transfers from TID Funds (Revenues) and also overstated for Principal & Interest payments (Expenditures) for TID debt service payments. Actually, all TID debt service payments are paid for in the individual TID Funds of the Village, and no transfer of funds is required to be recorded from the TID funds to the Debt Service Fund. Therefore, all of the Transfers from TID funds to the Debt Service Fund should be removed for the 2025 budget. Also, the TID debt service payments should also be removed in the Debt Service Fund.
- **Error #3: DEBT SERVICE FUND:** Since no new 2025 debt issuance is occurring, then there should be no Bond Premium (Revenue) setup in the 2025 budget. Therefore, this line item should be removed from the 2025 budget.

All TID (tax increment district) debt payments (for both principal and interest costs) are budgeted and expended in each individual TID fund. The property tax increments received from each TID does pay for the debt payment obligations each year. I verified this information with our financial auditors (CLA), and they confirmed that since 2006, each TID is paying for its own debt obligations. The TID tax increment revenue and the TID debt service costs have all been budgeted and recorded properly in past years, including 2024. The Village’s Debt Service Fund only records non-TID and non-utility debt service payments.

**PROPOSAL:** Amend the 2025 original adopted budget for these previous budgeting errors presented by the former Finance Director to the Village Board in November 2024, when the original 2025 budget was adopted.

**RECOMMENDED ACTION:** Recommend the following 2025 budget amendments as follows:

- **WATER UTILITY FUND:**

- **Account #601-46175-000: Clear Water Revenues**

▪ Original 2025 Budget =	\$706,334.80
▪ Less: 2025 Budget Amendment =	<u>(\$651,000.00)</u>
▪ Amended 2025 Budget =	<u>\$55,334.80</u>
TOTAL REVENUE REDUCTIONS =	(\$651,000.00)

- **DEBT SERVICE FUND:**

- **Account #350-49251-000: Transfer from TID #1**

▪ Original 2025 Budget =	\$423,017.50
▪ Less: 2025 Budget Amendment =	<u>(\$423,017.50)</u>
▪ Amended 2025 Budget =	<u>\$0.00</u>

- **Account #350-49252-000: Transfer from TID #2**

▪ Original 2025 Budget =	\$940,768.00
▪ Less: 2025 Budget Amendment =	<u>(\$940,768.00)</u>
▪ Amended 2025 Budget =	<u>\$0.00</u>

- **Account #350-49254-000: Transfer from TID #4**

▪ Original 2025 Budget =	\$199,500.00
▪ Less: 2025 Budget Amendment =	<u>(\$199,500.00)</u>
▪ Amended 2025 Budget =	<u>\$0.00</u>

- **Account #350-48100-000: Bond Premium**

▪ Original 2025 Budget =	\$42,500.00
▪ Less: 2025 Budget Amendment =	<u>(\$42,500.00)</u>
▪ Amended 2025 Budget =	<u>\$0.00</u>

TOTAL REVENUE REDUCTIONS = (\$1,605,785.50)

- **Account #350-58000-125-000: Principal – 2024B Notes**

▪ Original 2025 Budget =	\$690,000.00
▪ Less: 2025 Budget Amendment =	<u>(\$690,000.00)</u>
▪ Amended 2025 Budget =	<u>\$0.00</u>

- **Account #350-58000-245-000: Interest – 2024B Notes**

▪ Original 2025 Budget =	\$308,693.06
▪ Less: 2025 Budget Amendment =	<u>(\$250,768.06)</u>
▪ Amended 2025 Budget =	<u>\$57,925.00</u>

- **Account #350-58000-235-000: Interest – 2018 General Obligation Notes**

▪ Original 2025 Budget =	\$27,375.00
▪ Less: 2025 Budget Amendment =	<u>(\$10,650.00)</u>
▪ Amended 2025 Budget =	<u>\$16,725.00</u>

TOTAL EXPENDITURE REDUCTIONS = (\$951,418.06)

**OTHER OPTIONS CONSIDERED: N/A**

**TIMING REQUIREMENTS/CONSTRAINTS:** Present these 2025 budget amendments to APC and the Village Board for consideration before the fiscal year ended 12/31/2025. These 2025 budget amendments would then be reflected in the Village's 2025 audited financial statements when presented to the Village Board in 2026.

**ATTACHMENTS (describe briefly): N/A**