

# GENERAL FUND REVENUE & EXPENDITURE ASSUMPTIONS/COMMENTS

FISCAL YEAR 2017 BUDGET  
BUDGET WORKSHOP AUGUST 22, 2016



# GENERAL APPROACH

- Budget Conservatively
  - Project Budget for Revenues Low
  - Project Budget for Expenses High
  - The FY17 Budget includes projections based on current year revenues and expenses. Future year projections shown in the Multi-Year Financial Forecast (MYFF) use a general set of assumptions.
  - The FY17 Budget and the MYFF does not include any additional revenues for new retail stores (i.e. Sam's Club, Mariano's, ect.)



# REVENUES

## TOP 10 GENERAL FUND REVENUE ASSUMPTIONS

	2015 Actual	2016 Amended Budget	2016 Estimated Amount	2017 Budgeted Revenues	\$ Over/Under 2016 Budget	Over/Under 2016 Budget %	Assumptions/Comments
Sales Tax	\$11,416,618	\$11,348,610	\$11,212,930	\$11,381,130	\$32,520	0.29%	Sales tax collections pulled back a bit in the first 6 months with turmoil in the stock market, and uncertainty in the economy. This lackluster economy is anticipated to continue throughout this year with the election in November creating more uncertainty, although the stock market has just recently surged in July. Beyond the national economy, the current state budget situation will likely hold back economic growth in the state. The 2017 budget <u>does not</u> include new retail projections (Sams Club, Marianos, ect.).
State Income Tax	\$4,692,262	\$4,373,850	\$4,392,590	\$4,414,550	\$40,700	0.93%	<b>There was a significant decline with April's number compared to last year, down 34% from the prior year. We will have to wait for more information from the state on the reason for the large decline. Also, this revenue is still at risk as part of any budget reforms that may happen for the second half of the State's FY17.</b>
Utility Tax (Gas, Electric, Telecommunications)	\$4,227,329	\$4,074,970	\$4,063,730	\$3,898,180	(\$176,790)	-4.34%	A portion of Utility Tax is used in the General Fund for operations and to maintain the 25% General Fund balance. The projected FY17 General Fund request is 4.34% less than the FY16 Budget. The revenue for Gas and Electric goes up or down based on environmental factors, and the price of Natural Gas. Natural Gas prices have increased 40% recently. Telecommunications tax has declined 41% over the last 10 years due to the move away from landlines and lower cost cell phone plans (excluding the data piece), and we expect this trend to continue.



# REVENUES

## TOP 10 GENERAL FUND REVENUE ASSUMPTIONS

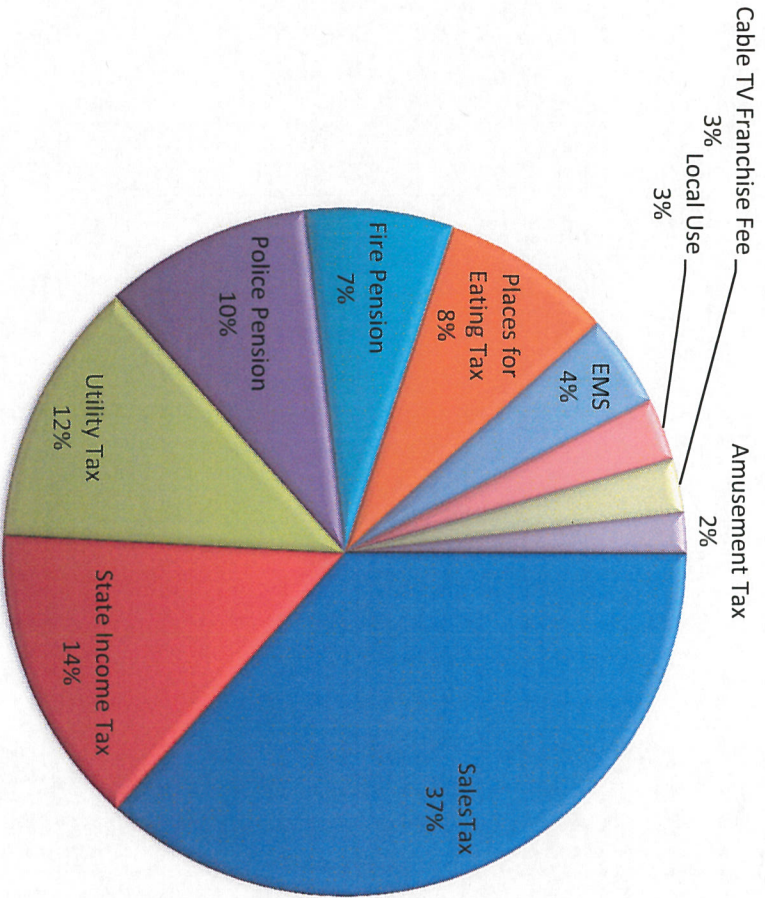
	2015 Actual	2016 Amended Budget	2016 Estimated Amount	2017 Budgeted Revenues	\$ Over/Under 2016 Budget	Over/Under 2016 Budget %	Assumptions/Comments
Police Pension	\$2,537,554	\$2,940,770	\$2,941,200	\$3,038,330	\$97,560	3.32%	Tax Levy requests per Actuarial Valuation Report for the year ending 12/31/2015. This revenue is requested in the 2016 tax levy. The increases are due increased average salaries, investment return was less than assumed and the assumptions were changed to reflect the RP 2014 Mortality Table.
Fire Pension	\$2,008,224	\$2,035,220	\$2,038,330	\$2,190,710	\$155,490	7.64%	2017 includes only 1/2% of the 1% increase (\$800K). In addition, 2016 revenues are coming in slightly higher than the budgeted. Note: The other 1/2% will be placed in a Long Range Plan reserve fund. The Finance Committee will provide a recommendation to the Board for the purpose of this fund.
Places for Eating Tax	\$1,687,638	\$1,619,170	\$1,711,940	\$2,529,060	\$909,890	56.19%	
EMS	\$1,062,101	\$1,347,270	\$1,354,000	\$1,354,000	\$6,730	0.50%	Projected revenue are based on current year collections.
Local Use	\$958,288	\$910,350	\$894,140	\$903,080	(\$7,270)	-0.80%	
Cable TV Franchise Fee	\$761,502	\$764,130	\$776,730	\$792,260	\$28,130	3.68%	
Amusement Tax	\$584,671	\$565,460	\$584,840	\$596,540	\$31,080	5.50%	

Note: Revenues to pay for pension expenses are generated by interest income, employee contributions and annual property tax levies.



# REVENUES

## Projected FY 2017 Top 10 Revenues



	2015 Actual	2016 Amended Budget	2016 Estimated Amount	2017 Budgeted Revenues	\$ Over/Under 2016 Budget	Over/Under 2016 Budget %	Assumptions/Comments
Total Top 10 Revenues	\$29,936,188	\$29,979,800	\$29,970,430	\$31,097,840	\$1,118,040	3.73%	Includes \$800K for Places for Eating Tax Increase
Total All GF Revenues	\$36,317,249	\$34,842,450	\$34,914,100	\$35,745,280	\$902,830	2.59%	
Top 10 vs Total GF Rev	82.43%	86.04%	85.84%	87.00%	N/A	N/A	

# EXPENSES

## GLOBAL ASSUMPTIONS FOR FY 2017 GENERAL FUND BUDGET

Non Discretionary	2015 Actual	2016 Amended Budget	2016 Estimated Amount	2017 Budget	\$ Over/Under 2016 Budget	% Over/Under 2016 Budget	Assumptions
Wages	\$ 17,642,540	\$ 18,230,590	\$ 18,240,390	\$ 19,101,058	\$ 870,468	4.77%	Wages include salaries and estimated increases for all Village employees. Increases are in accordance with union contracts. General Wage Increases are 2-2.5%. The increase of 4.77% includes step increases.
Health Insurance	\$ 2,683,958	\$ 2,933,060	\$ 2,872,220	\$ 3,089,520	\$ 156,460	5.33%	Assumed 4% increase to rates for FY2017
Police Pension	\$ 2,537,554	\$ 2,940,770	\$ 2,941,200	\$ 3,038,330	\$ 97,560	3.32%	The Village's Tax Levy requirement has increased due to the increase in average salaries, the investment return was less than assumed, and changes to the assumptions. The Percent Funded has decreased from 65.3% last year to 61.6% this year.
Fire Pension	\$ 2,008,224	\$ 2,035,220	\$ 2,038,330	\$ 2,190,710	\$ 155,490	7.64%	The Village's Tax Levy requirement has increased slightly due to the increase in average salaries, the investment return was less than assumed, changes to the assumptions, and the new incident of disability. The Percent Funded has decreased from 76.9% last year to 72.5% this year.
Fleet Operating & Maintenance	\$ 862,701	\$ 1,012,270	\$ 1,012,270	\$ 954,060	\$ (58,210)	-5.75%	Based upon an analysis by division of fleet O&M costs, we project a 9.63% decrease in fuel, 2.1% decrease in labor costs, and 21.64% decrease for parts.
Emergency Dispatch	\$ 881,833	\$ 923,280	\$ 905,400	\$ 893,180	\$ (30,100)	-3.26%	This pays for DuComm fees for 67 PD Officer. The Fire Department's DuComm fee is based on the Village's EAV. More municipalities have joined DUCOMM and the overhead costs are fairly distributed which decreased our portion of the expense.



# EXPENSES

## GLOBAL ASSUMPTIONS FOR FY 2017 GENERAL FUND BUDGET

FY 2017 EXPENSE ASSUMPTIONS									
	2015 Actual	2016 Amended Budget	2016 Estimated Amount	2017 Budget	\$ Over/Under 2016 Budget	% Over/Under 2016 Budget	Assumptions		
Non Discretionary									
Benefits	\$ 170,228	\$ 252,645	\$ 244,110	\$ 256,855	\$ 4,220	1.67%	Other Benefits include life insurance, uniforms, and tuition reimbursement. (Does not include IMRF, SS, Med)		
Technology Reserve	\$ 607,752	\$ 675,640	\$ 675,640	\$ 410,660	\$ (264,980)	-39.22%	New technology is paid for by individual funds. Each fund annually contributes to the Technology Reserve account for replacement of the specific equipment at the end of the equipment's useful life. Replacement cost and useful life for each item is re-evaluated annually. This re-evaluation may change the annual amounts that each fund contributes. The FY17 proposed budget includes the changes identified in the Long Range Plan to the reserve calculation for Police and Fire Starcom radios. In addition, as software shifts to cloud technology there will be fewer servers purchased.		
Legal	\$ 368,876	\$ 410,500	\$ 403,000	\$ 404,000	\$ (6,500)	-1.58%	Decrease due to union contract settlements in 2017		
Electric	\$ 234,900	\$ 277,360	\$ 256,680	\$ 256,680	\$ (20,680)	-7.46%	Bid pricing for street lighting reduced compared to previous years.		
Telephone	\$ 111,574	\$ 102,840	\$ 116,440	\$ 111,240	\$ 8,400	8.17%	Although the IT division has reduced the number of high priced lines, the overall bill continues to increase due to overall annual price increases.		
Non-Discretionary Exp	\$ 28,110,140	\$ 29,794,175	\$ 29,705,680	\$ 30,706,303	\$ 912,128	3.06%			85.93%
Discretionary Exp	\$ 4,274,139	\$ 4,792,841	\$ 4,590,253	\$ 4,435,456	\$ (357,385)	-7.46%			12.41%
Reimbursable Expenses (COBRA, Retiree Health, misc)	\$ 695,298	\$ 725,040	\$ 574,890	\$ 592,790	\$ (132,250)	-18.24%			1.66%
<b>Total General GF Expense</b>	<b>\$ 33,079,577</b>	<b>\$ 35,312,056</b>	<b>\$ 34,870,823</b>	<b>\$ 35,734,549</b>	<b>\$ 422,493</b>	<b>1.20%</b>			<b>100.00%</b>

- Total General GF Expenses Increased \$422,493 or **1.20%** compared to FY16 Budget
  - 85.93% of the General GF Expenses are Non-Discretionary
  - Wages make up 95% of the total increase to Non-Discretionary Expenses
  - Discretionary Expenses are \$357,385 less than the FY6 Budget
- The projected FY16 year-end revenues over expenses is \$43,277



# LONG RANGE PLAN (LRP) 2017 EXPENSE CHANGES

- Removed vacant positions

- Village Manager's Office: Events Coordinator
- Village Manager's Office: VH Records Clerk
- Police Department: 2 Part-time Community Service Officers
- 2 Seasonal Engineering Coops

- Converted Police Department Accreditation Manager from 38 hrs to 27.5 hrs per week

- Salary transfers out of General Fund

- Village Manager: 10% to Hotel Motel/5% to Water & Sewer
- Assistant Village Manager: 10% to Hotel Motel/5% to Water & Sewer
- HR Director: 15% to Water & Sewer
- Payroll Benefits Specialist: 15% to Water & Sewer
- Assistant Finance Director: 30% to Water & Sewer
- Accounting Assistant: 20% to Parking
- 1% of all Police Lieutenants & Sergeants (12 total) to Hotel Motel
- Director of Public Works: 5% to Hotel Motel
- Assistant Director of Public Works: 5% to Hotel Motel/5% to Recycling
- Public Works Administration Secretary: 5% to Hotel Motel
- Public Works Operations Superintendent: 5% to Hotel Motel
- Public Works Streets/Electric Supervisor: 5% to Hotel Motel
- Facilities Personnel: 5% to Water & Sewer

- Removed from Budget

- Weed treatment from Village facilities
- Banner program expansion
- Business Expo grant
- Maintenance & resurfacing for 101 S. Main
- Downtown early start cleanups

- Reduced Budget

- Marquardt Lobbyist fee cut in half
- # of Verizon air cards in Police & Fire
- Village Hall & Public Works janitorial services to 3 days/week and Police to 5 days/week
- Emergency Communications Center replacement items
- PRIDE newsletter from 6 to 4 issues
- Funding to DCVB for Illinois Advertising
- # of Starcom Radios in Fire from 66 to 48
- Delayed replacement of Starcom Radios for 2 years
- Funding for Taxi Subsidy Program (Phase-out)
- Winter decorations
- Shuttle and Police overtime for fireworks
- Sewer rodding reimbursement
- Annual software maintenance fees
- Xerox copier monthly fees and expenses
- Technology reserve for servers, computers, and copiers

- Financial Policy Changes

- Eliminated Utility Tax Reserve and approved an Emergency General Fund Reserve, Revenue Stabilization Fund, Building Fund Reserve Fund, and Pension Stabilization Fund
- The Village will levy for the actuarial determined normal loss amount and any unfunded liability will be spread over 4 yrs.



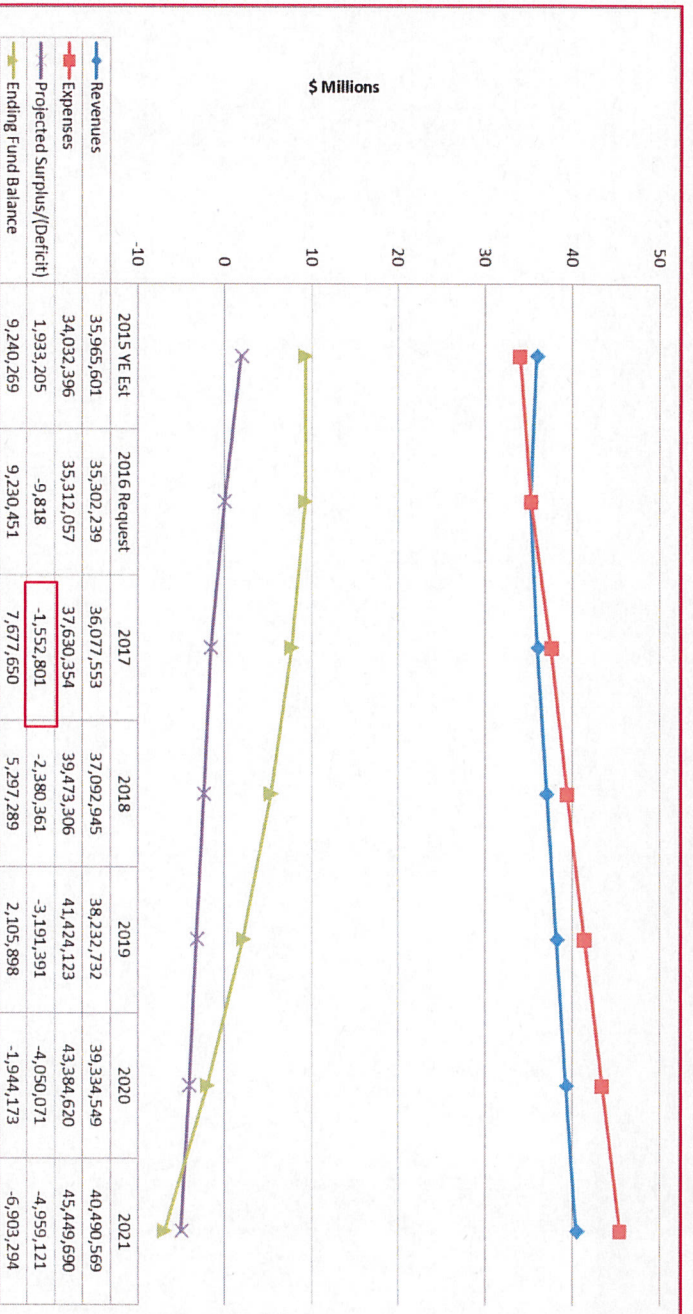




# LONG RANG PLAN SYNOPSIS

↑  
PRIOR TO ANY CHANGES FOR 2017

THE 5-YEAR MULTI-YEAR FINANCIAL FORECAST PROJECTS AN ESTIMATED DEFICIT OF \$1.6M FOR FISCAL YEAR 2017.



## CURRENT 5 YEAR PROJECTION

↑  
Assuming a 1% increase to the PFE tax; with ½% PFE Tax allocated to General Fund and Expenditure Reduction of \$800K in 2017

The 5-Year Multi-Year Financial Forecast projects an estimated deficit of \$590K in 2018, \$1.2M in 2019, \$1.8M in 2020, and \$2.4M in 2021.

All budget projections (FY17 and beyond) do not include new retail projections (Sams Club, Marianos, ect.).

