

Village of Carol Stream

SPECIAL WORKSHOP MEETING

MONDAY OCTOBER 6, 2014

6:00 P.M.

GREGORY J. BIELAWSKI MUNICIPAL CENTER

500 N. GARY AVENUE

CAROL STREAM, ILLINOIS 60188

LOWER LEVEL TRAINING ROOM

AGENDA

1. CALL TO ORDER
2. ATTENDANCE
3. CAROL STREAM FINANCIAL PROFILE AND PEER COMPARISON
4. OTHER BUSINESS
5. ADJOURNMENT



Carol Stream

VILLAGE OF CAROL STREAM

Financial Profile
and Peer Comparison

October 2014

Contents

- I. Introduction & Executive Summary
- II. Peer Communities
- III. General Demographic Information
- IV. Revenues
- V. Expenditures
- VI. Long-Term Liabilities & Fund Balances
- VII. Staffing
- VIII. Summary Recap

I. Introduction & Executive Summary

Introduction

PURPOSE

- Information presented on demographics, revenues, expenditures, financial results and financial position
- Framework for understanding Carol Stream's financial performance in the context of:
 - Historical results
 - Peer performance
- Basis for establishing guideposts for future planning and decision making
- Communications tool to aid public discussion

Introduction

SCOPE

- Includes activities of all Governmental Fund types
 - i.e. Those functions traditionally funded by general taxation.
 - General Fund, MFT and Capital Projects Fund, TIF Funds
- Excludes enterprise operations
 - i.e. Those functions primarily supported by user fees
 - Water/Sewer Utilities
 - Golf Courses
 - Parking Systems

Introduction

SCOPE

- Update of previous analysis presented in February 2011 which used data primarily from FY2010
 - Current look 3 years later using financial data from FY2013 (most currently available)
 - Identification of any changing trends
 - A refreshed view of financial data and indicators as we emerge from the Great Recession
- Source data derived from audited financial statements (CAFRs), budgets, US Census Bureau, County data.

Executive Summary

General Observations

- Carol Stream fits well in the selected peer group in terms of its size and demographics (population, area, income, home values) which forms a good basis for making comparisons.
- The composition of property values in CS are slightly more commercial/industrial in nature when compared to the mean of the peer group.
- Long-term property assessed values in CS have generally grown more slowly than most in the peer group

Executive Summary (cont'd)

Village Revenues

- From a long-term perspective, Carol Stream's **average annual governmental revenue growth** over the past 10 years is the slowest among the peer communities. Revenues generated on a per capita basis are also at the low end of the peer group. While this has presented challenges for Carol Stream in the past, from the taxpayer's perspective, the Village can provide quality core services at costs which are lower compared to our peers.
- Considering a shorter-term perspective, Carol Stream's recovery in total governmental fund revenues following the Great Recession (since 2010) is among the leaders in the peer group.
- Carol Stream remains unique in that its lack of a property tax increases its vulnerability to economic downturn.

Executive Summary (cont'd)

Village Revenues

Property Tax

- Carol Stream is singularly unique among the peer group in that it does not impose a local municipal property tax. Property tax revenues generated by peers ranged from \$50 to \$401 per capita in FY2013.
- Property taxes are a significant source of income within the peer group, averaging 31% of total governmental tax revenues.
- Considering total community property tax rate, Carol Stream falls in the middle, having a Village-wide rate about 2.7% below the peer average. This is slightly lower when compared to the FY10 study.

Executive Summary (cont'd)

Village Revenues

Sales Tax

- 9 out of 10 peer communities impose some form of home rule sales tax. Carol Stream remains competitive with peers and surrounding communities with respect to total sales tax rate.
- Carol Stream's local **sales taxes** per capita fall slightly below the average of the peer group and is in the lower 1/3 when considering revenues per value of commercial/industrial EAV.
- The FY2010 study showed that Carol Stream consistently ranked in the bottom 1/3 of the peer group in terms of growth in sales taxes, both long and short-term. This has improved significantly. The FY2013 review shows that Carol Stream ranked 9th of 10 for 1 year and 4 year increase in sales tax revenues. This is attributable to both rate increase and growth.

Executive Summary (cont'd)

Village Expenditures

- Similar to its low revenue production per capita, Carol Stream ranked among the leanest spenders over the long-term, with average annual spending increasing by 3.1%, which is 24% below the mean value of 4.1%.
- Governmental expenditures on a per capita basis ranked 3rd lowest out of 10, 19% below the average value of \$781 per capita.
- Further supporting its lean spending, Carol Stream's total staff to population ratio also ranks among the lowest, ranking 3rd lowest of the 10 communities studied.
 - General Government Employees = 2nd lowest of 10
 - Police Department Employees = 7th of 10 (slightly above the average)
 - Public Works Employees = 1st of 10 (**LOWEST**)

Executive Summary (cont'd)

Long-Term Liabilities & Fund Balances

Pensions

- Carol Stream has responsibly funded its pension obligations over the years as evidenced by its funded ratio of 70.9% (police), which ranks 9th of 10 in the peer group. IMRF ranked only 3rd of 10 in funded ratio, however the Village has consistently met its funding obligations.
- Funded status remains below that of 5 years ago for all communities in the peer group.
- Total unfunded pension liabilities on a per capita basis shows Carol Stream having the 2nd to lowest obligation.
- On a per capita basis, Carol Stream's annual pension costs are 3rd lowest.

Executive Summary (cont'd)

Long-Term Liabilities & Fund Balances

Debt

- Carol Stream is unique among the peer group in that it has no outstanding general obligation debt.

Fund Balances

- Total Governmental Fund Balances are at 64% of total expenditures at the conclusion of FY2013.
- Carol Stream ranks 9th of 10 in highest total fund balances per capita and as a percentage of total expenditures. This is important as Carol Stream is the only community which funds all programs on a pay-as-you-go basis.

II. Peer Communities

Peer Communities

- Selection criteria
 - Population, Footprint, EAV, Demographics
 - Included in labor market comparisons
 - Often considered along with Carol Stream by new home buyers
- Nine peers selected (All are Home Rule communities)

Addison

Bartlett*

Bloomingtondale

Glendale Heights

Hanover Park*

Streamwood

Wheaton

Wheeling*

Woodridge*

(* Multi-County)

Peer Comparisons Can Be Tricky

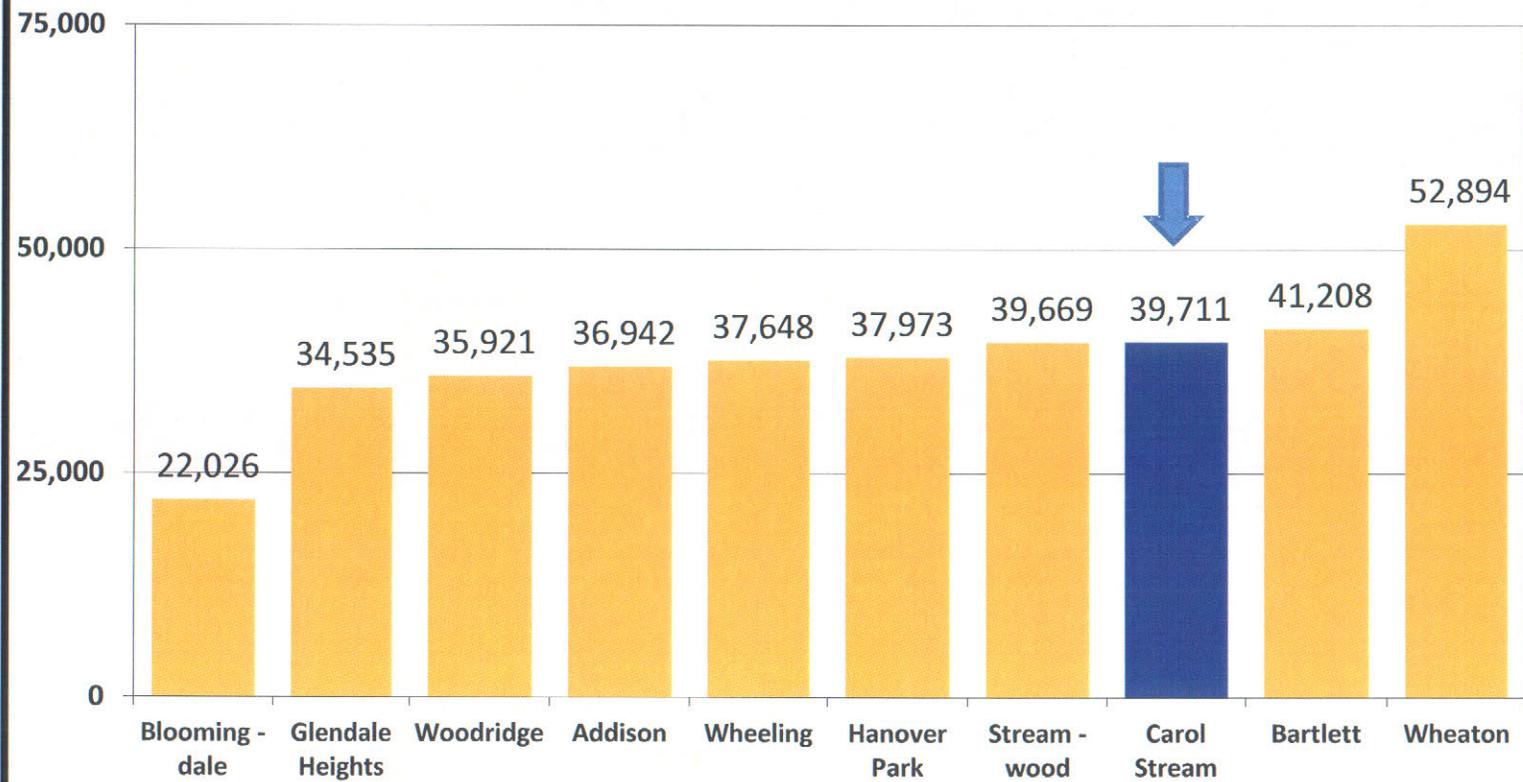
- Different sizes
- Different service offerings
 - Municipal Fire Departments in Hanover Park, Streamwood, Wheaton, Wheeling
 - Parks & Recreation included in Glendale Heights
 - Varying accounting practices, fund and department structures
- Different mix of residential and commercial property
- Different methods for calculating property taxes
- Different real estate values
- Different fiscal periods

III. General Demographic Information

Note:  or  used to show change in relative ranking from peer review conducted 3 years ago (where applicable).

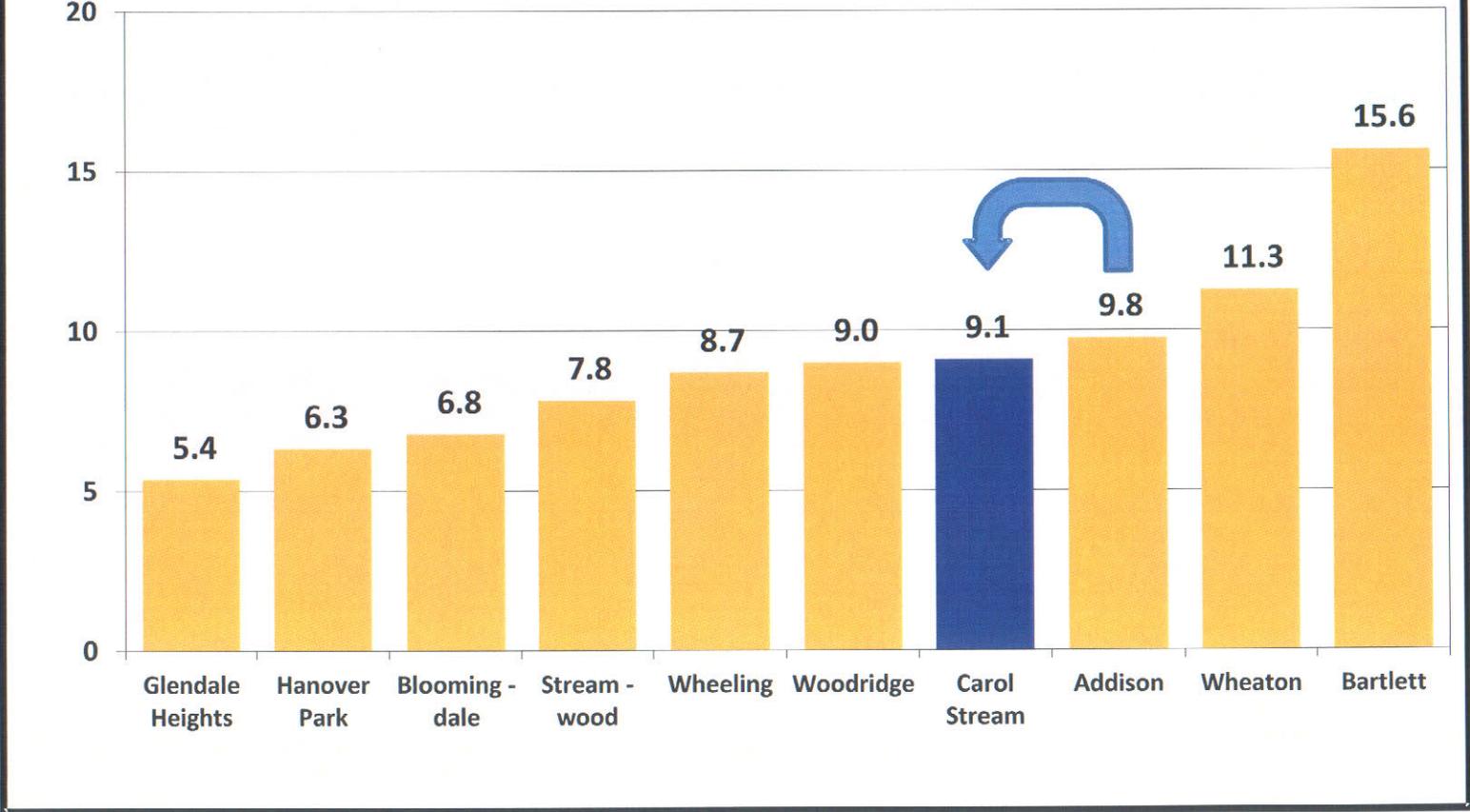
Population

FY 2013



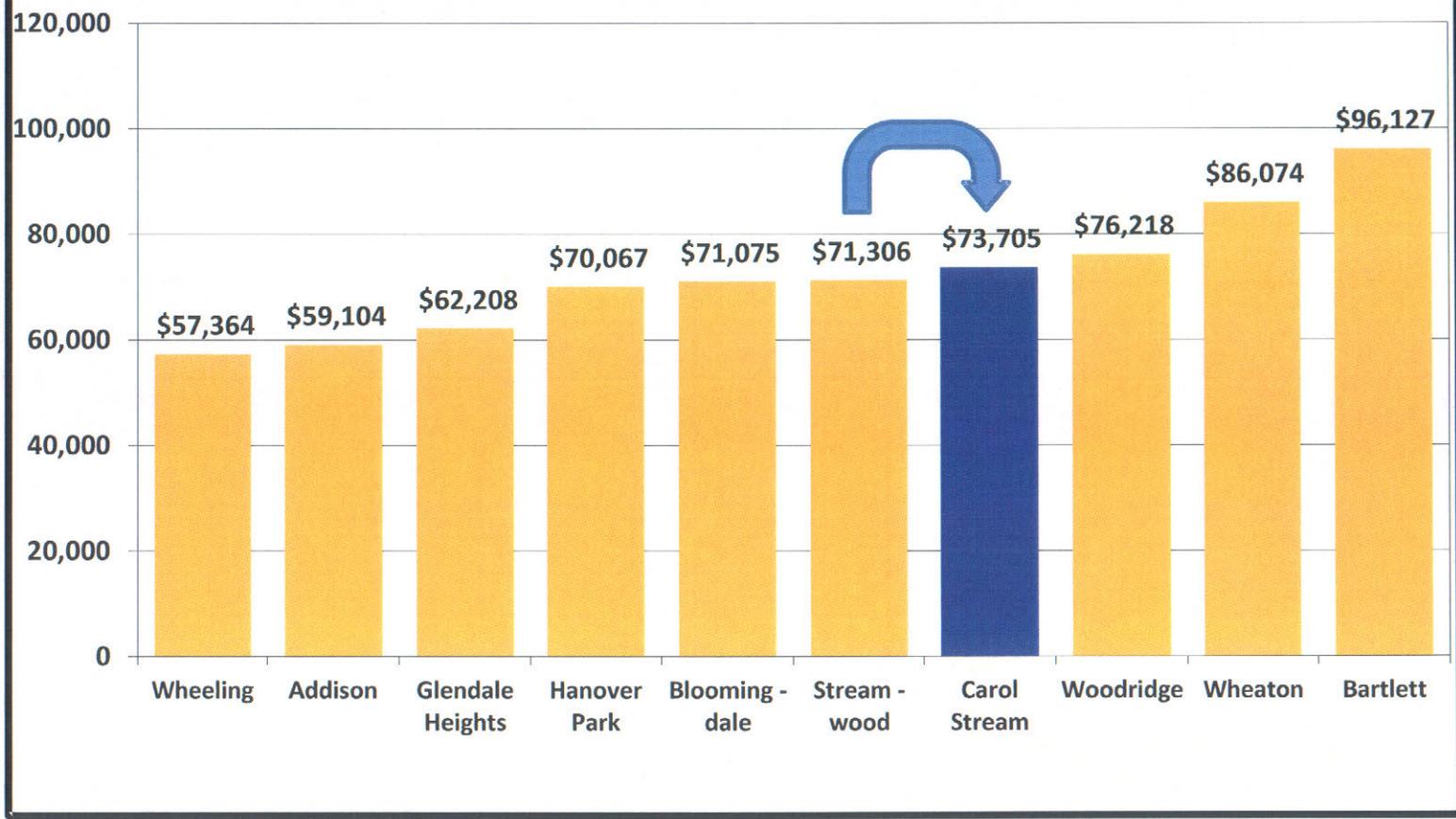
Source: Comprehensive Annual Financial Report

Footprint Square Miles



Source: US Census Bureau 2008-2012. www.quickfacts.census.gov

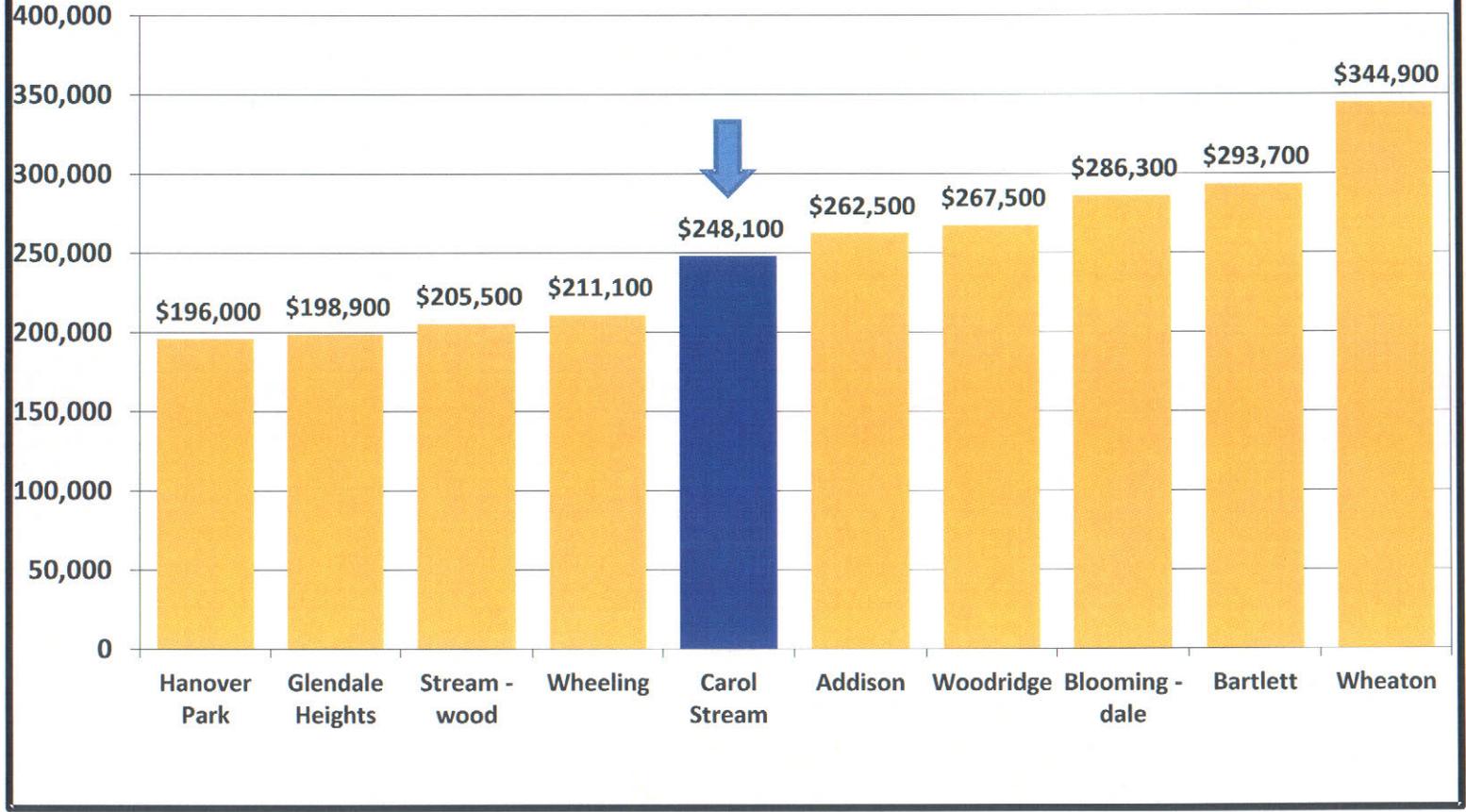
Median Family Income



Source: US Census Bureau 2008-2012. www.factfinder.census.gov

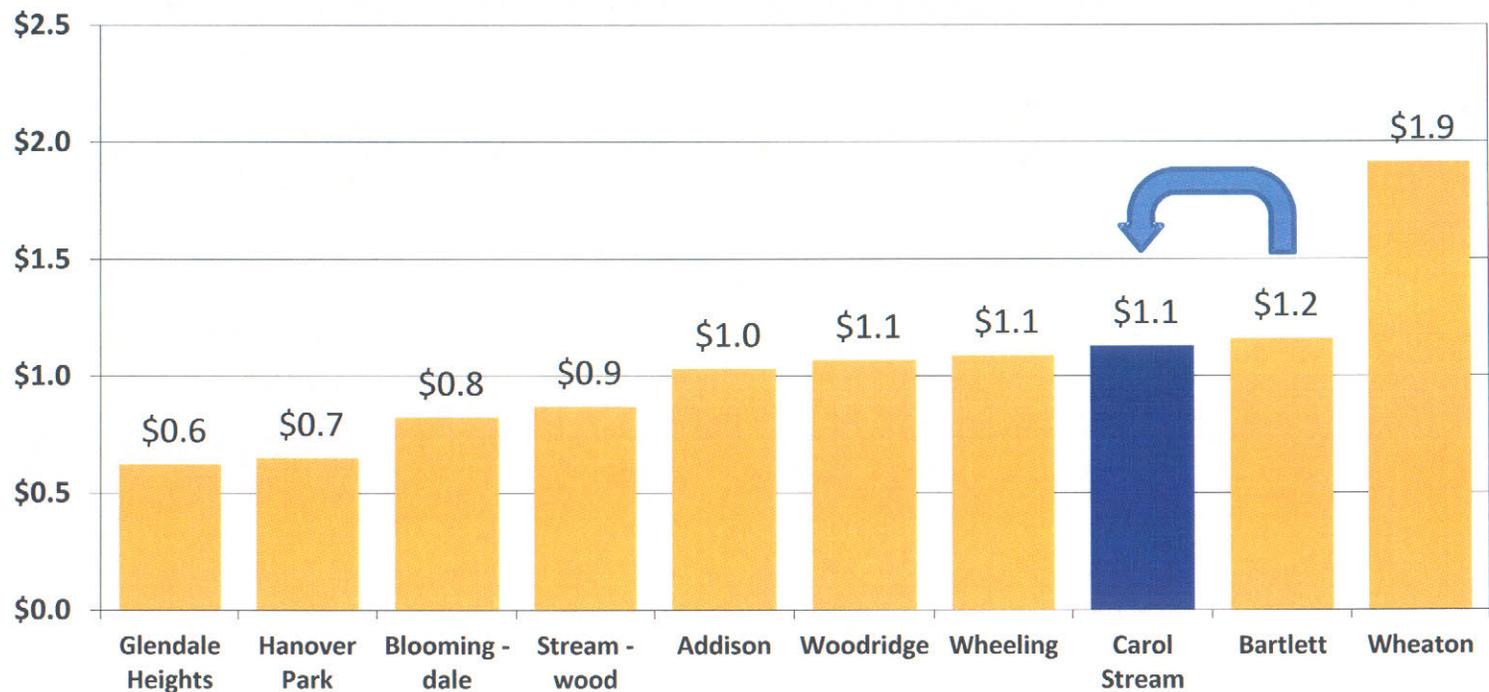
Median Home Value

(Owner-Occupied)



Source: US Census Bureau 2008-2012. www.factfinder.census.gov

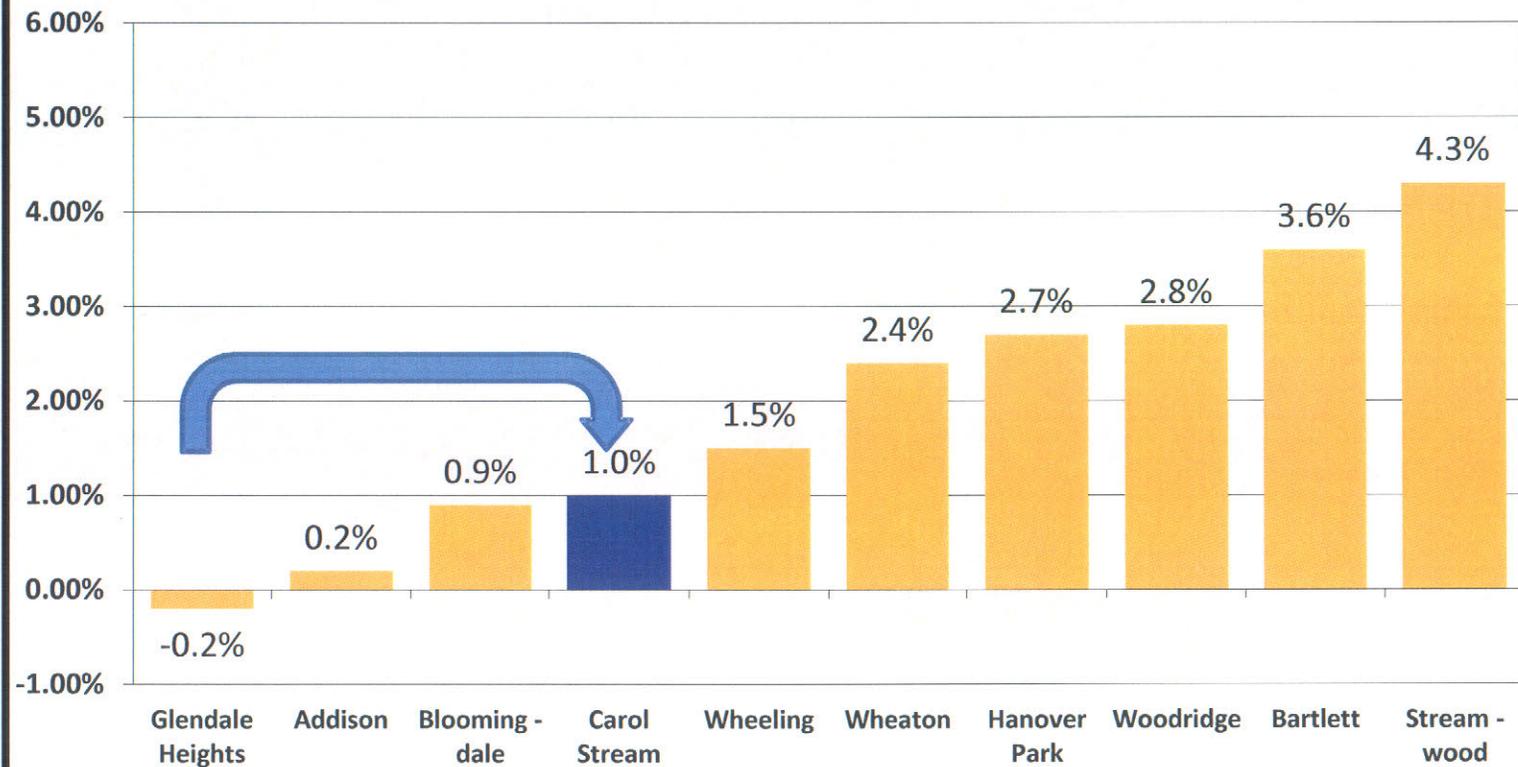
Total Equalized Assessed Value* (EAV) 2012 (in Billions)



Source: Comprehensive Annual Financial Reports

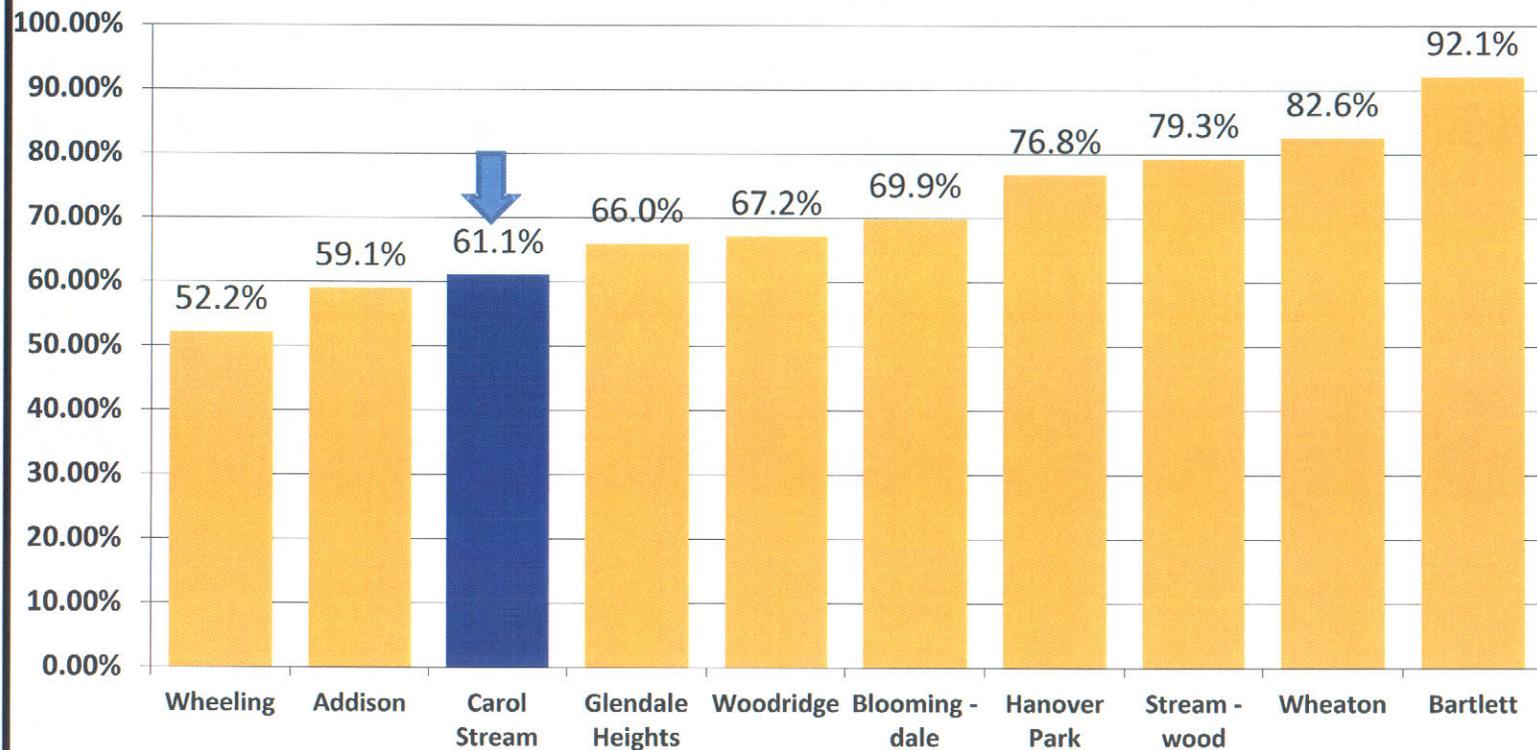
* Assessed Value - The value placed on property for tax purposes and the basis for determining what portion of the overall tax burden each property owner will bear. The EAVs reported represent community-wide values for 2012 property tax bills which are issued and paid in 2013.

Average Annual Growth in EAV 2003 - 2012



Source: Comprehensive Annual Financial Reports

Residential Property % of Total EAV 2012



Source: Comprehensive Annual Financial Reports

The balance of EAV which is not residential is generally categorized as commercial/industrial.

IV. Revenue

Key Revenue Matrix - 4/30/13

	Property Tax	Sales Tax	Income Tax*	Motor Fuel Tax*	Added Sales Tax	Food & Beverage Tax	Real Estate Transfer Tax ²	Utility Tax - Telecom	Utility Tax - Electric ³	Utility Tax - Gas	Local Motor Fuel Tax ⁴	Video Gaming 4/30/13 ⁵	Video Gaming 4/30/14 ⁵
Addison	0.6543	X	X	X	1.00%		\$2.50	6.0%				N/A	35
Bartlett	0.7820	X	X	X			\$3.00	6.0%	.285¢	5.0¢		12	28
Bloomington¹	0.2241	X	X	X	0.50%			5.0%			2.0¢	N/A	N/A
Carol Stream	-	X	X	X	0.75%		\$3.00	6.0%	.564¢	2.5¢		11	40
Glendale Heights	1.1368	X	X	X	1.00%	1.0%	\$3.00	6.0%	.488¢	5.0¢		N/A	15
Hanover Park	1.6245	X	X	X	0.50%	3.0%	\$3.00	6.0%	.252¢	1.5¢		N/A	20
Streamwood	0.6383	X	X	X	1.00%	2.0%	\$3.00	5.0%	.449¢	3.25¢		N/A	5
Wheaton	0.8094	X	X	X	1.00%		\$2.50	6.0%	.61¢	3.0¢		N/A	N/A
Wheeling	1.0040	X	X	X	1.00%	1.0%		6.0%	.61¢	5.0¢		9	28
Woodridge	0.2960	X	X	X	0.50%		\$2.50	6.0%	.567¢	5.0%	2.5¢	N/A	N/A

* Per capita based State distribution.

¹ In addition to home-rule sales tax, a 1.00% business district tax applies to sales in Stratford Square Mall and Indian Lakes Resort.

² Per \$1,000 of contract sales price.

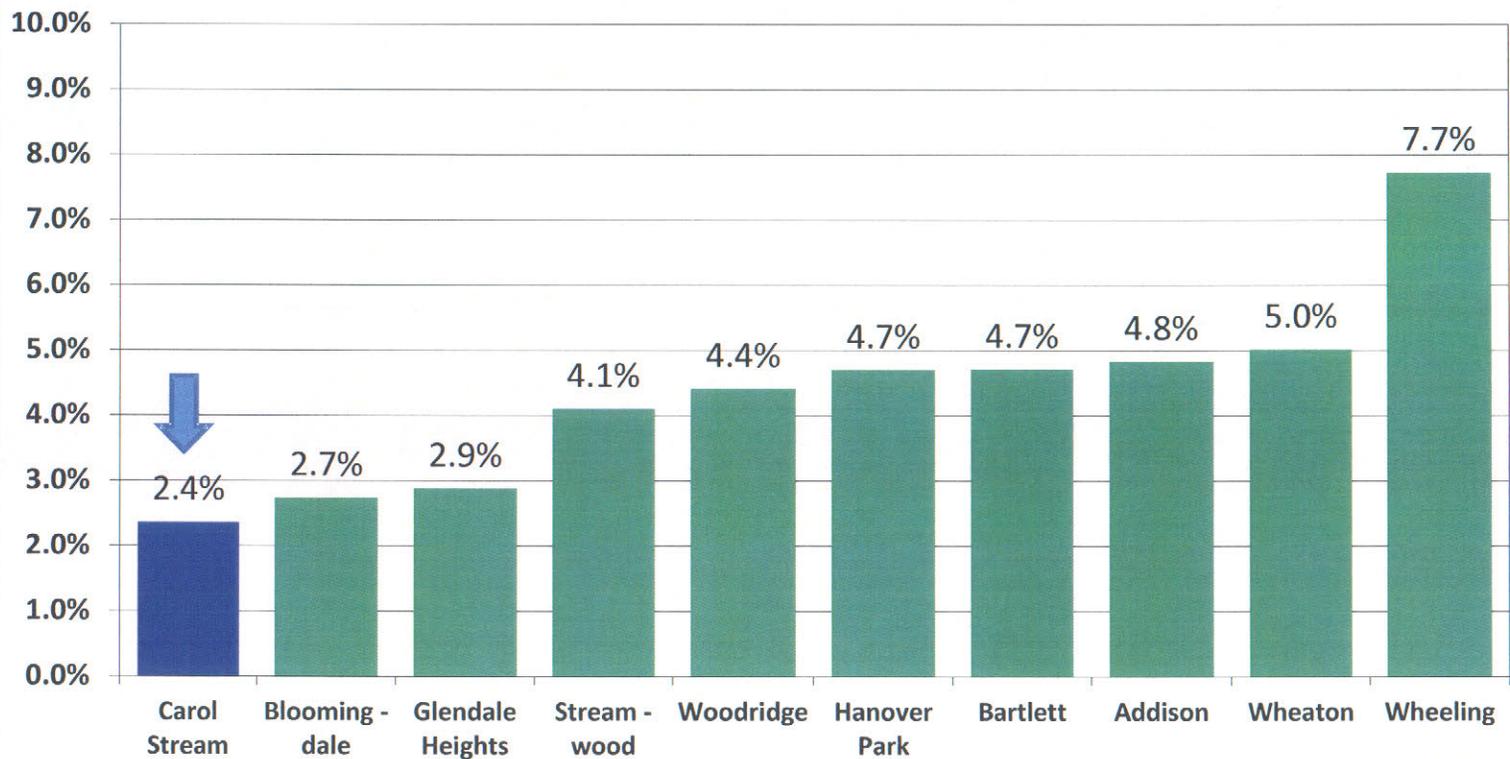
³ Variable - Rate is for the first 2,000 kwh consumption.

⁴ Per gallon.

⁵ Number of terminals installed.

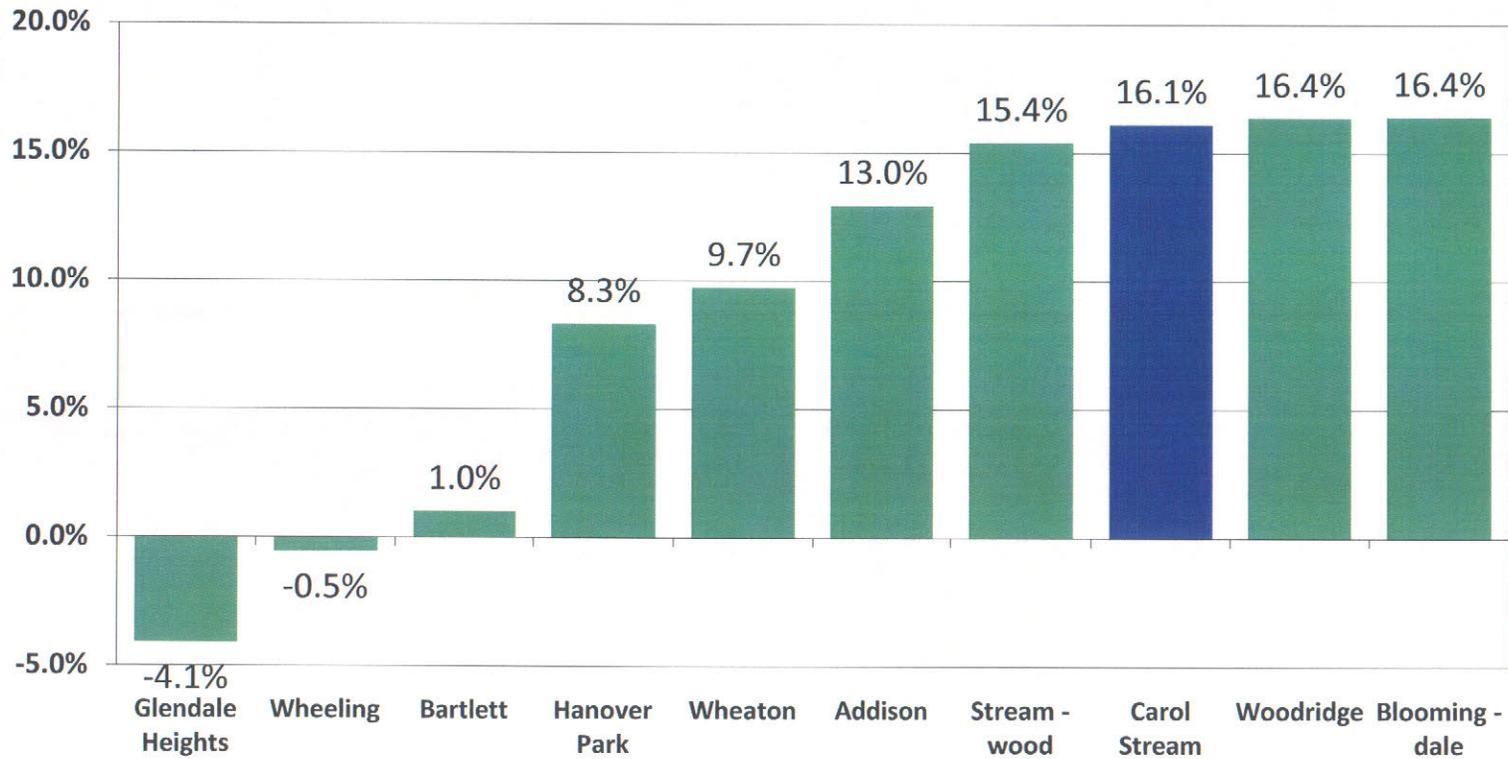
 Represents a change from 2010.

Average Annual Revenue Growth FY2004 to FY2013



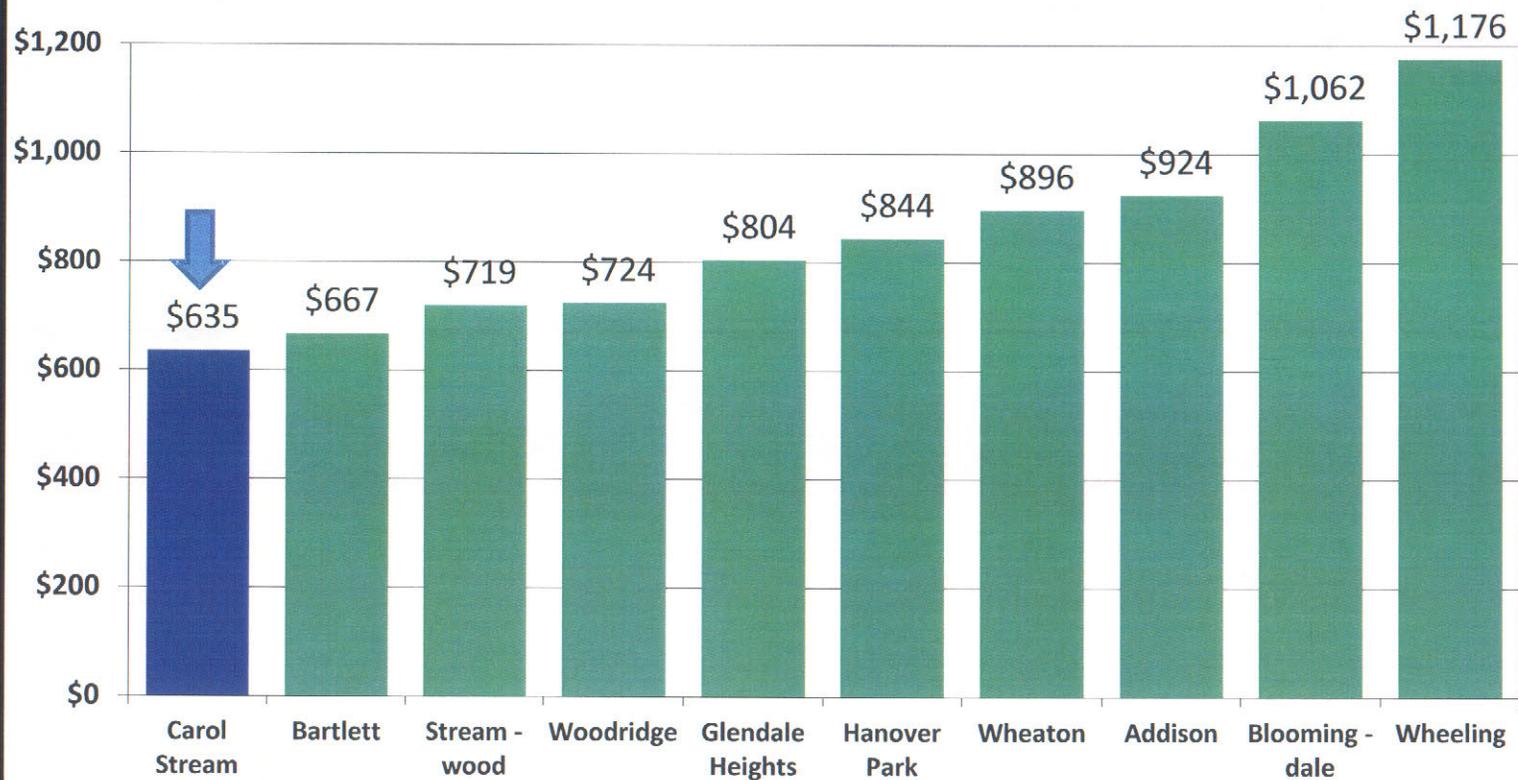
Source: Comprehensive Annual Financial Reports/Budgets
All Government Funds.

3 Year Change in Total Revenues FY2010 to FY2013



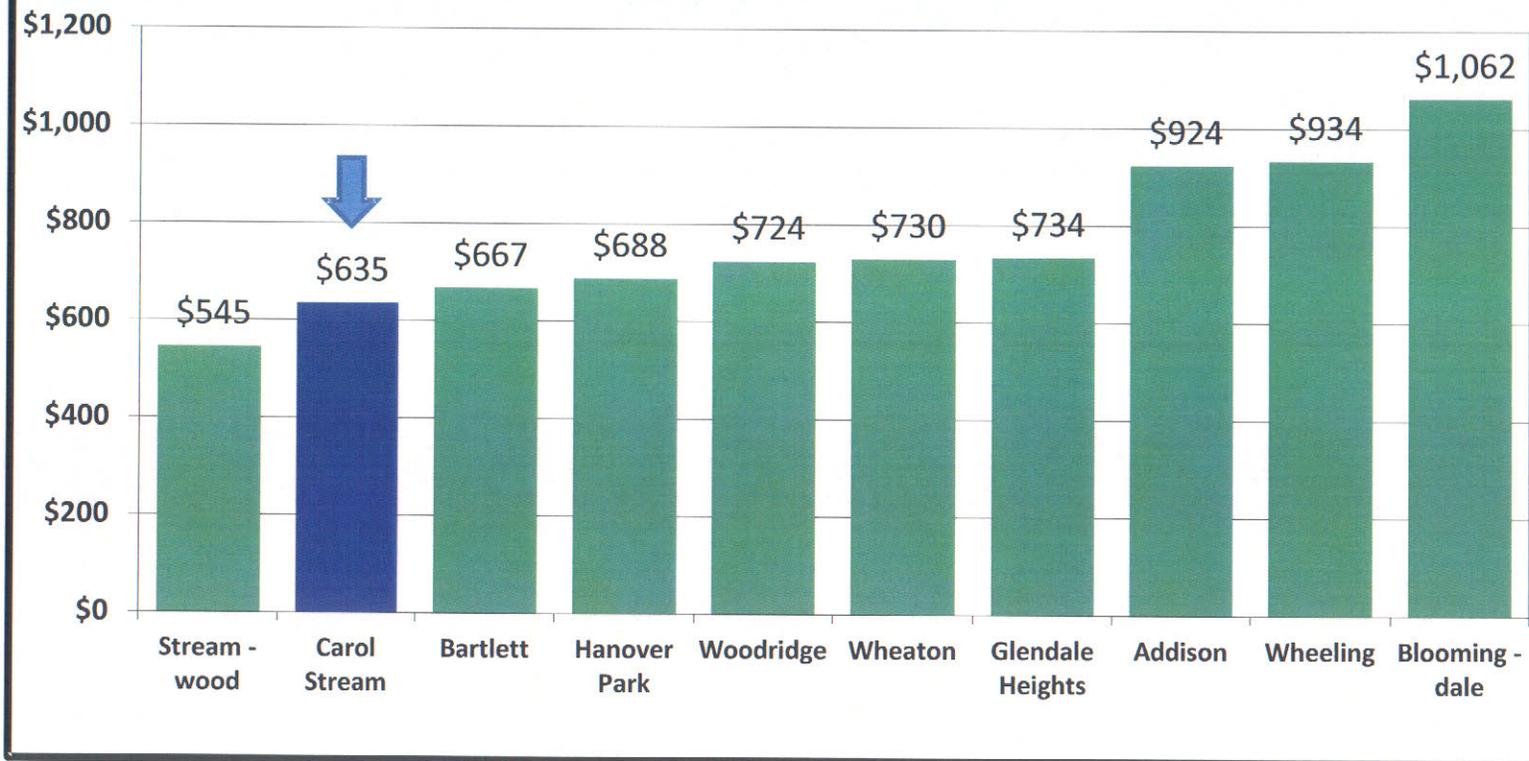
Source: Comprehensive Annual Financial Reports/Budgets
All Government Funds.

Governmental Fund Revenues per Capita FY 2013



Source: Comprehensive Annual Financial Reports/Budgets

Governmental Fund Revenues per Capita (Adjusted) - FY 2013

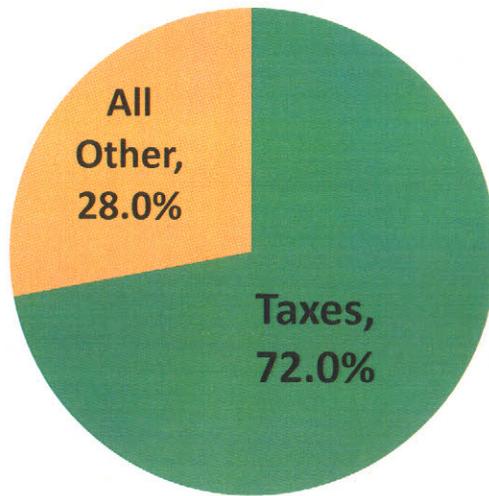


Source: Comprehensive Annual Financial Reports/Budgets

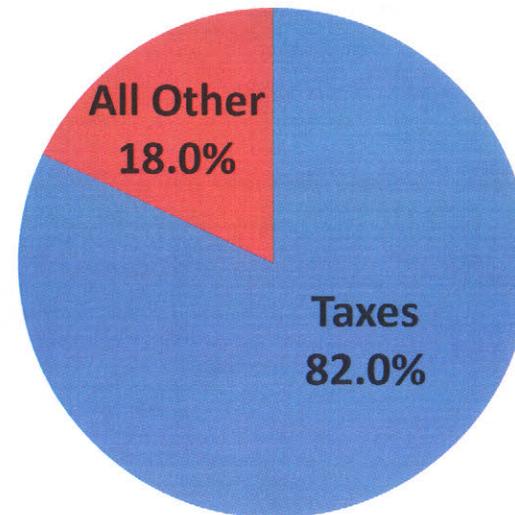
Total Governmental Revenues adjusted for Fire services and recreation functions. Gross revenues have been reduced by total fire service expenditures (Hanover Park, Streamwood, Wheaton, Wheeling) and total park/recreation revenues (Glendale Heights).

All Governmental Fund Revenues by Type - FY15

Carol Stream



Peer Group



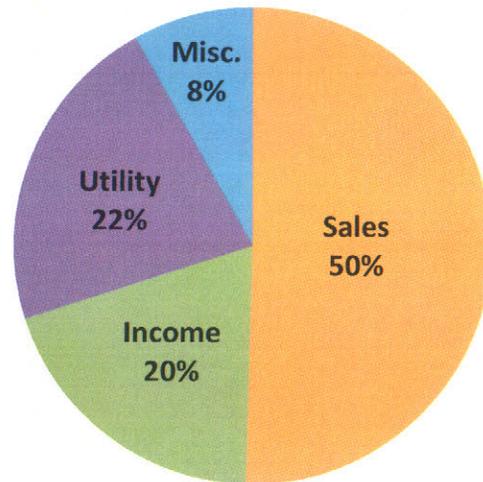
Taxes Include: Property, Sales, Income, Utility, and Miscellaneous.

All Other Revenues Include: Licenses, Permits, Fines, Intergovernmental, Grants, and Charges for Services.

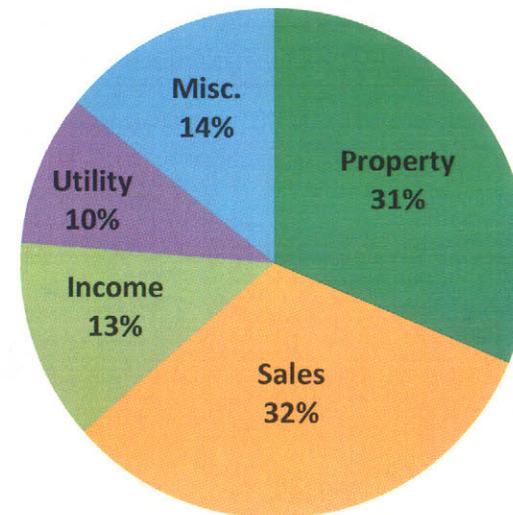
Source: Comprehensive Annual Financial Reports/Budgets

Governmental Fund Tax Revenues by Type - FY15

Carol Stream

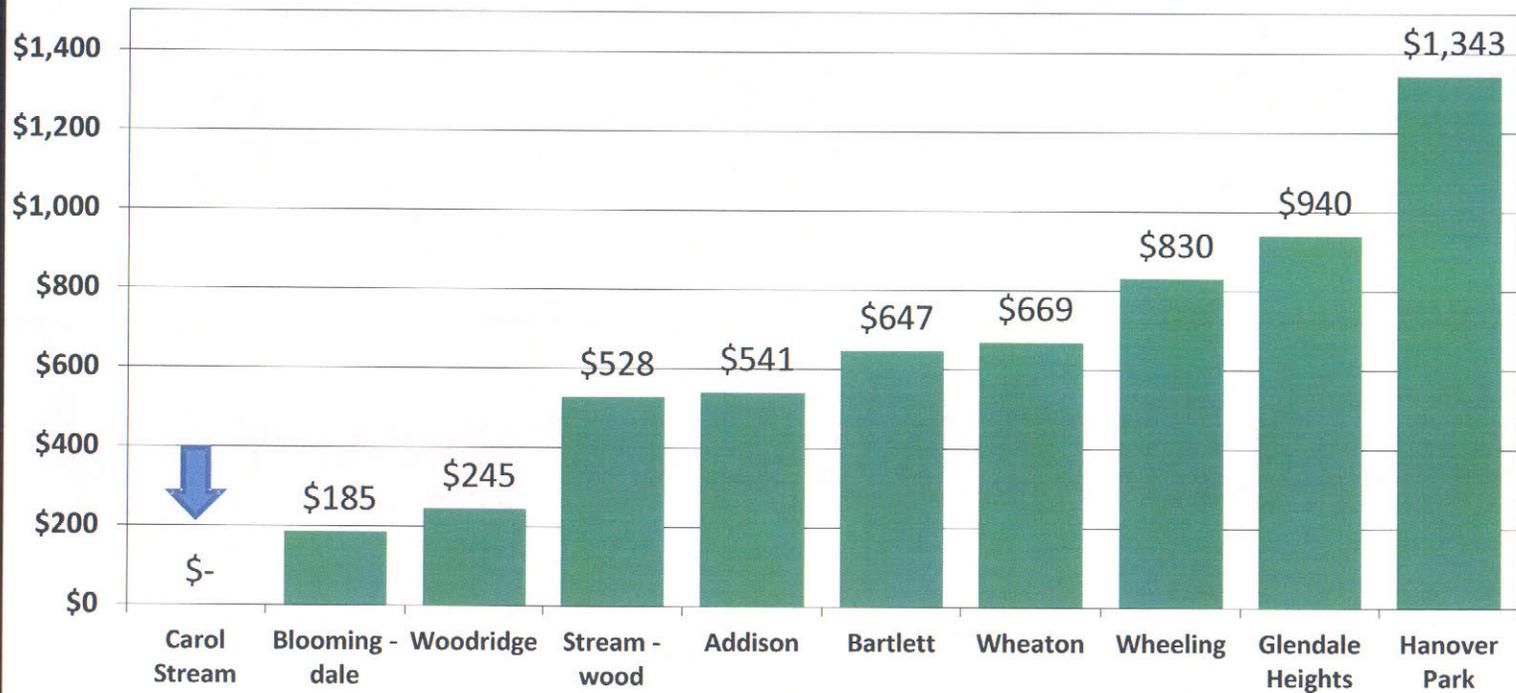


Peer Group



Source: Comprehensive Annual Financial Reports/Budgets

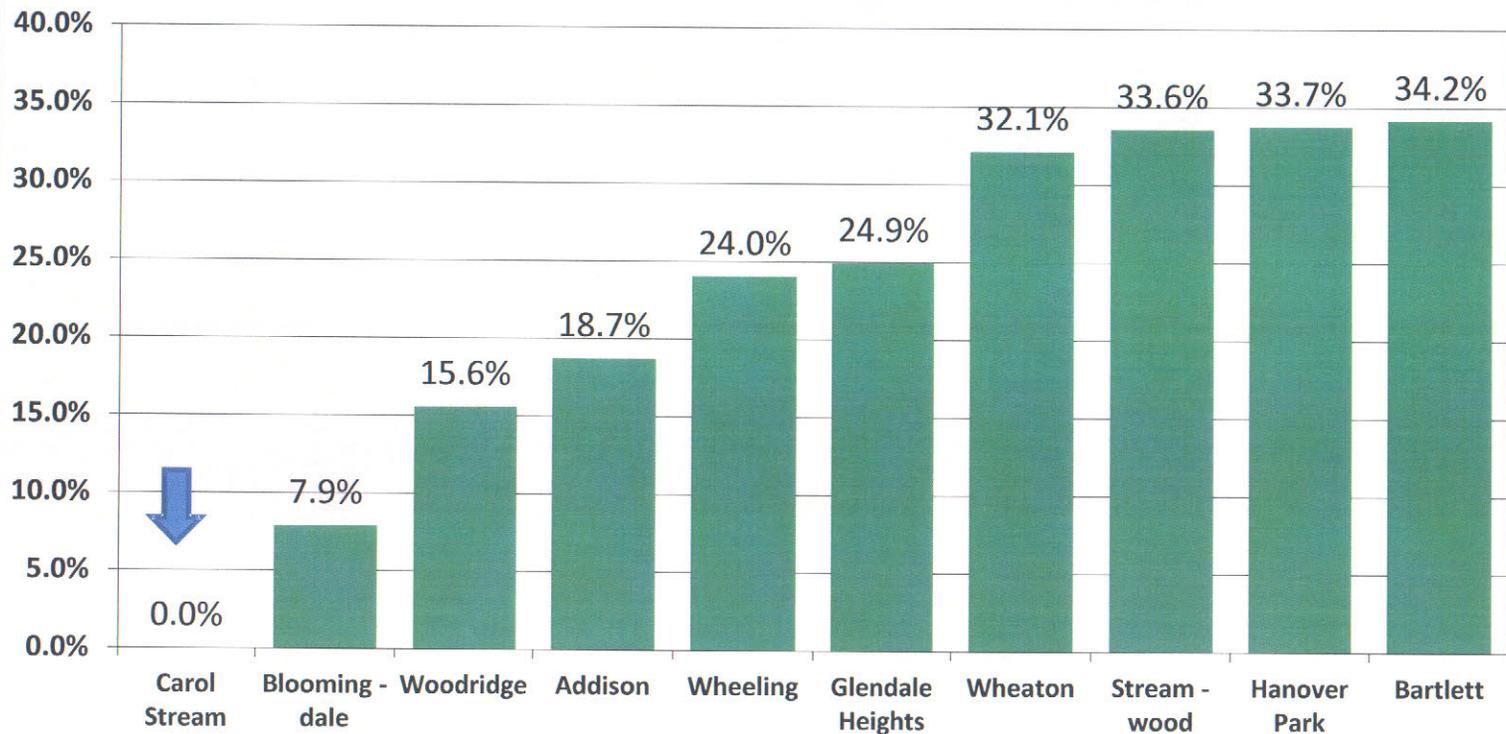
Estimated Municipal Property Tax Bill \$248,100 Home Market Value



Source: Comprehensive Annual Financial Reports/Budgets

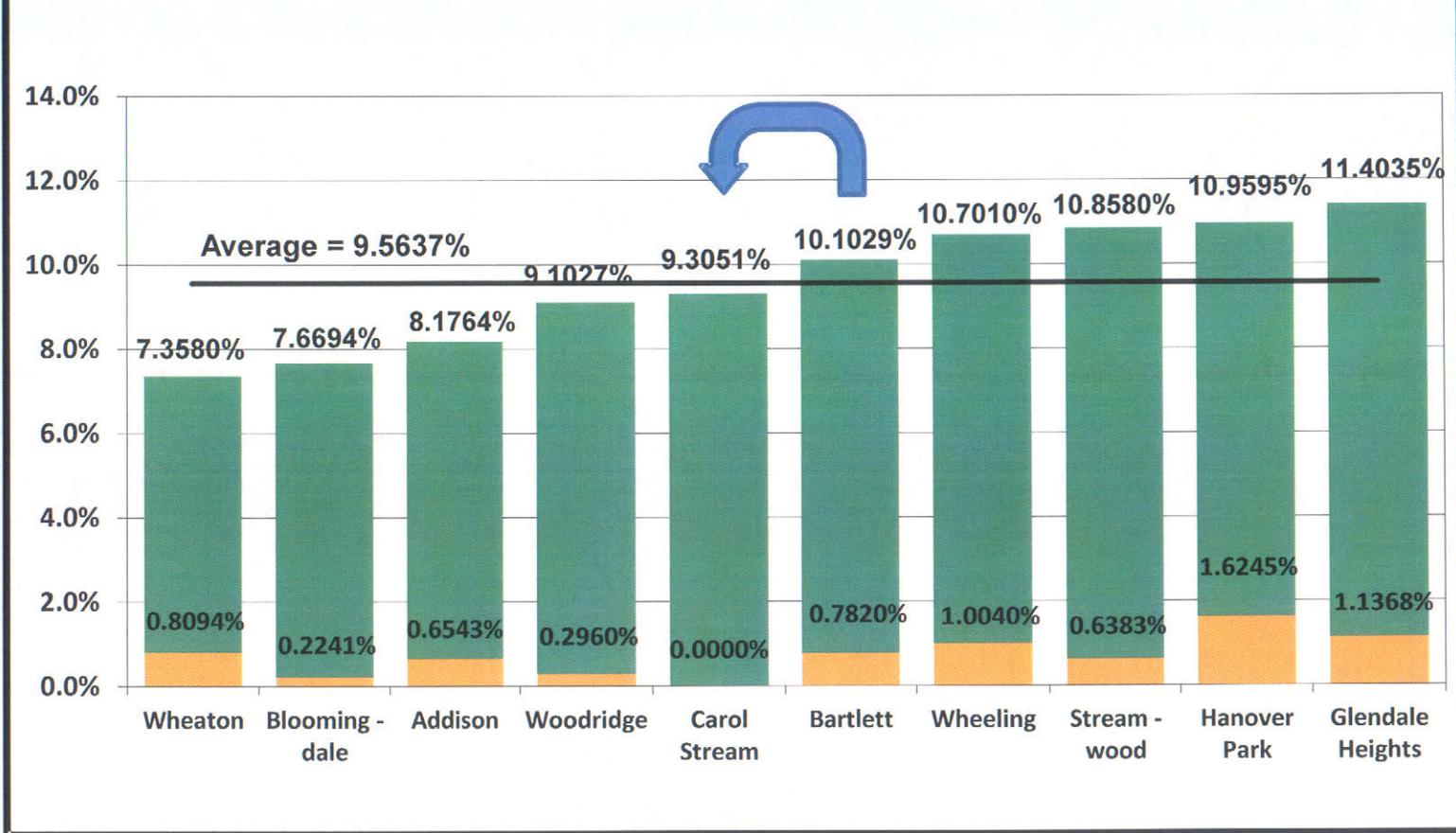
Estimated property taxes collected was determined by multiplying the total EAV by the direct tax rate for the municipality. Amount presented represents estimated payments to the municipality only for 2012 taxes (2013 tax bill).

Property Tax as a % of Total Governmental Revenues - FY2013



Source: Comprehensive Annual Financial Reports/Budgets

Total 2012 Community Property Tax Rate

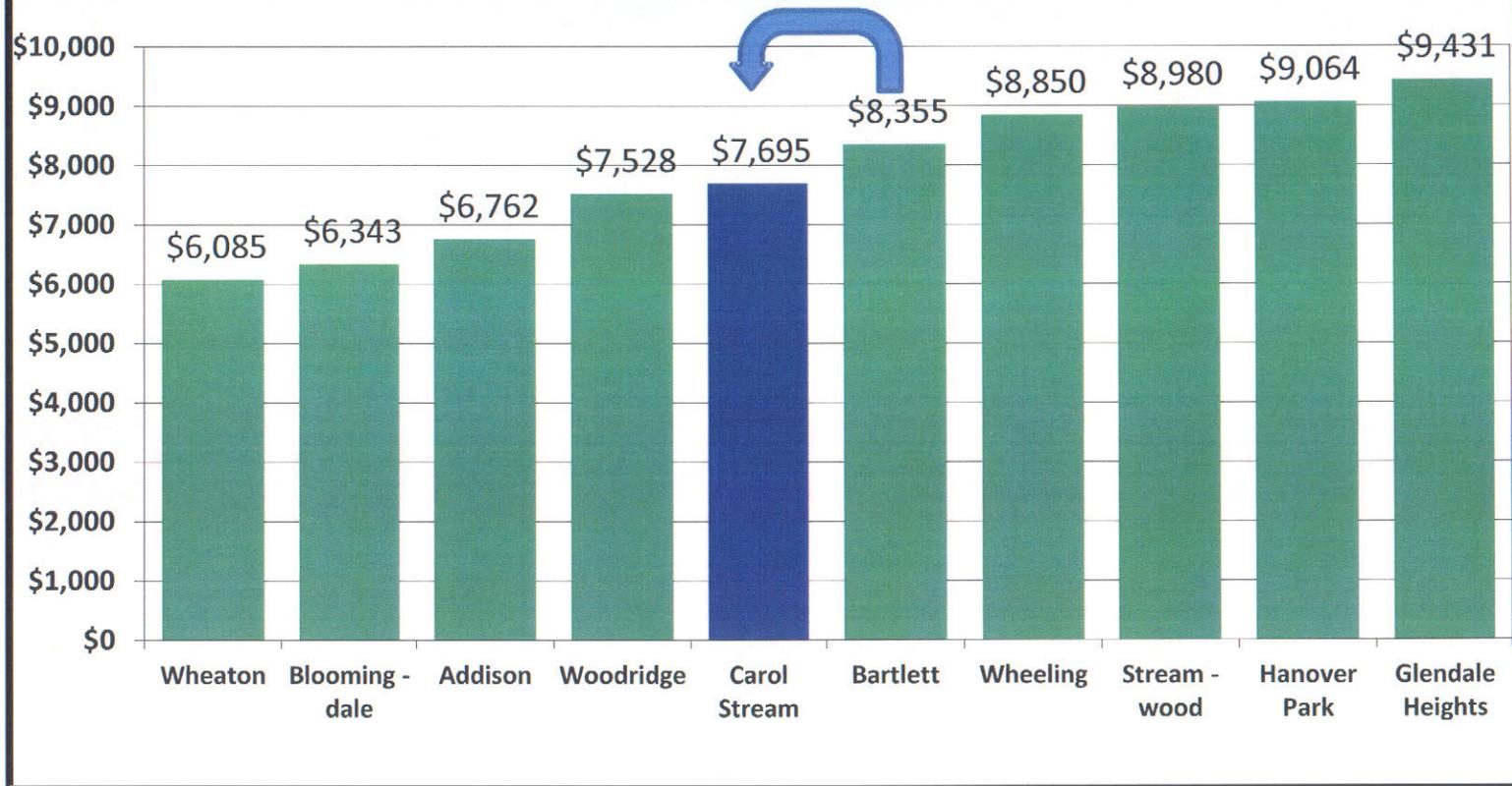


Source: Comprehensive Annual Financial Reports/Budgets

Rates used are for portion of municipality within DuPage County (Cook County for Streamwood and Wheeling).

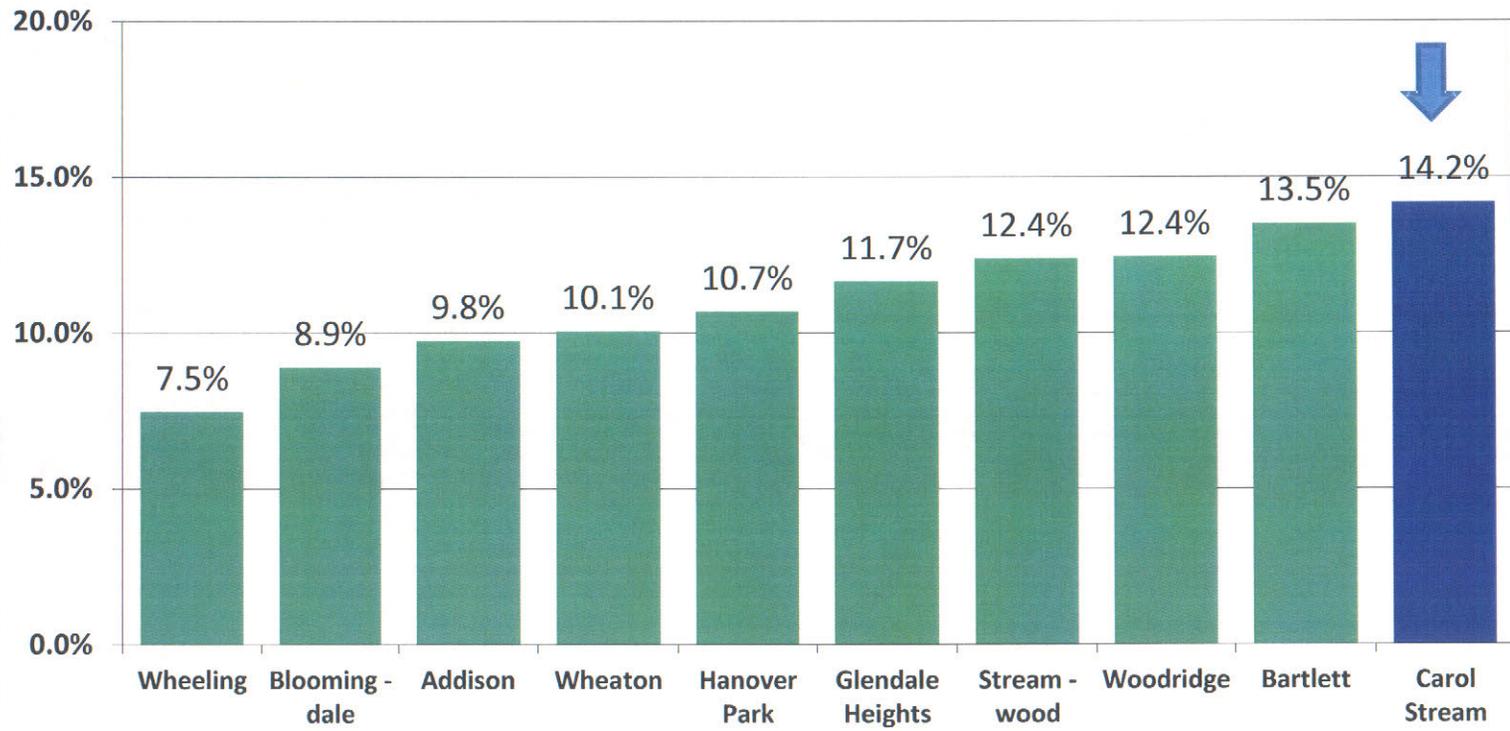
Amounts in orange indicate municipal tax rate. Amounts in green indicate all other taxing jurisdictions.

Estimated TOTAL Property Tax Bill \$248,100 Home Market Value



Source: Comprehensive Annual Financial Reports/Budgets

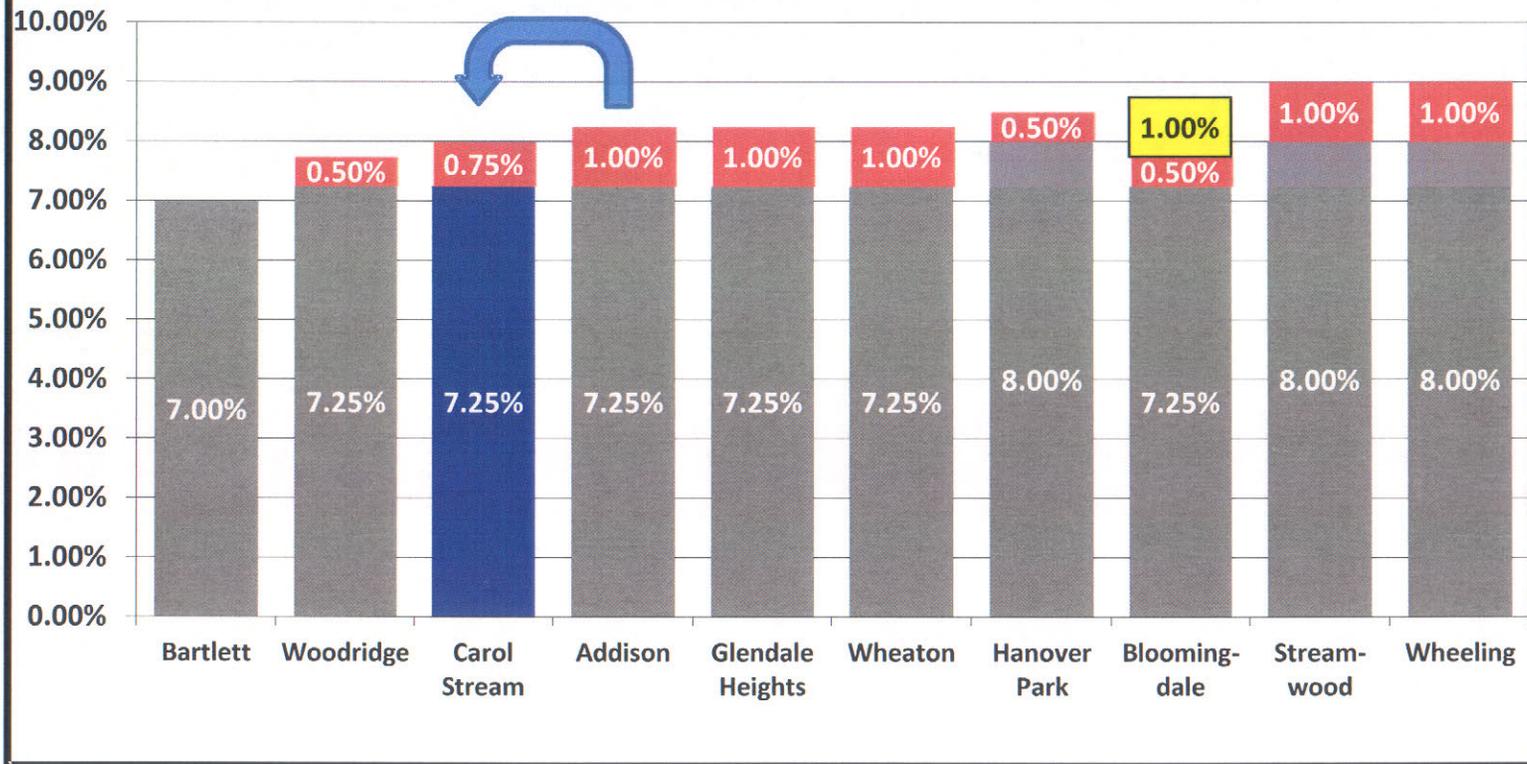
State Income Tax as a % of Total Governmental Revenues - FY2013



Source: Comprehensive Annual Financial Reports/Budgets

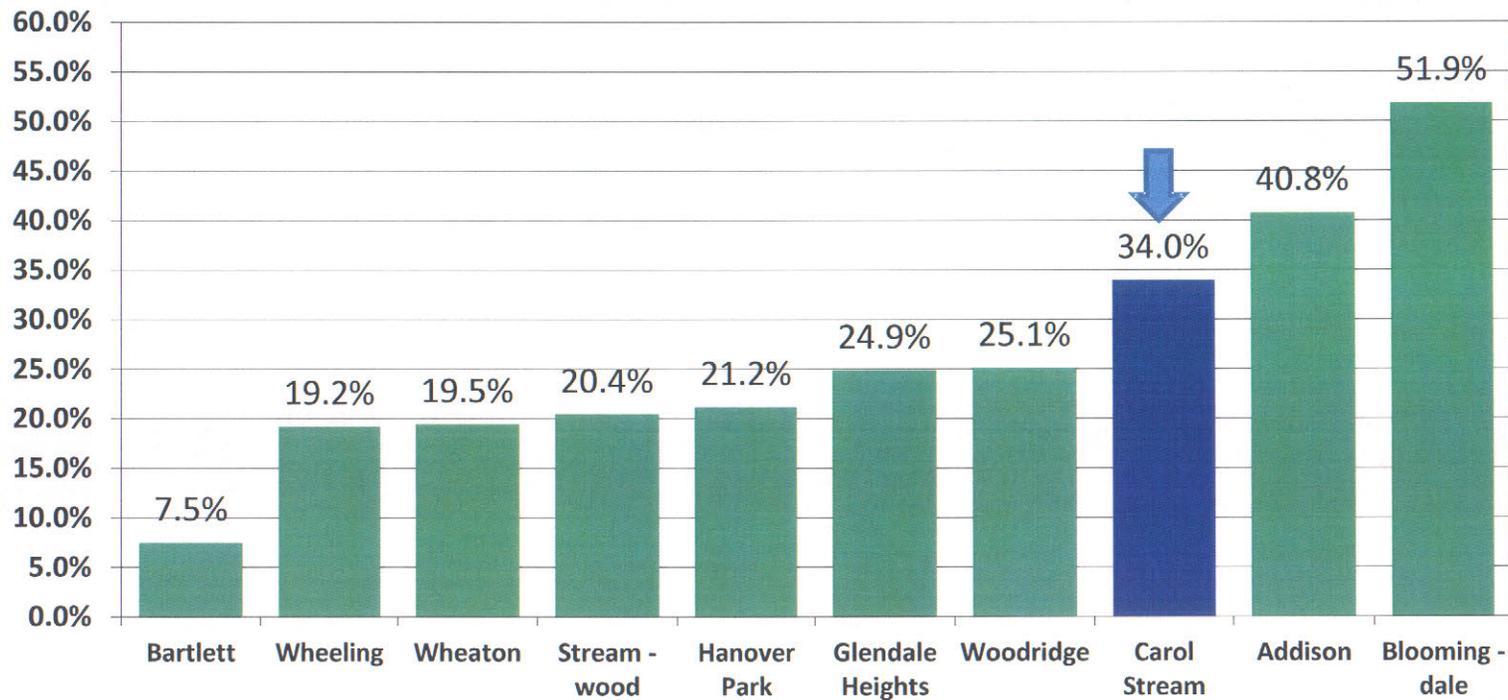
Current Sales Tax Rates

As of April 30, 2013



Note: Base rates differ due to County of origin. Multi County jurisdictions include Bartlett, Hanover Park, and Woodridge (rate shown is for County where largest portion of sales taxes are collected). Amounts above base rates (shown in red and yellow) are municipally imposed additions. The portion of sales taxes received by municipalities does not vary based on county of origin. Bloomingdale collects an additional 1.00% business district tax at Stratford Square and Indian Lakes Resort.

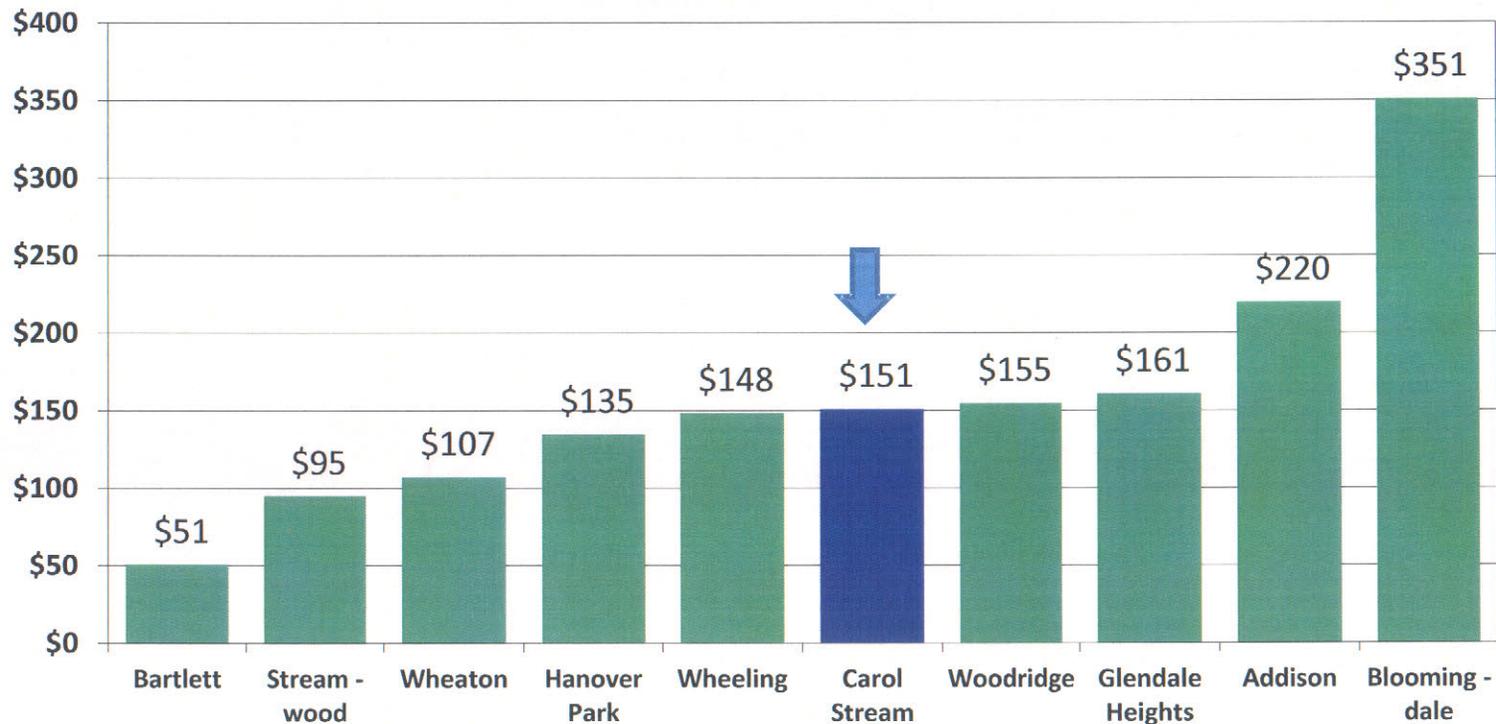
Sales Tax as a % of Total Governmental Revenues - FY2013



Source: Comprehensive Annual Financial Reports/Budgets

Includes Sales Taxes from all sources, including home rule sales tax and special business district taxes, where applicable.

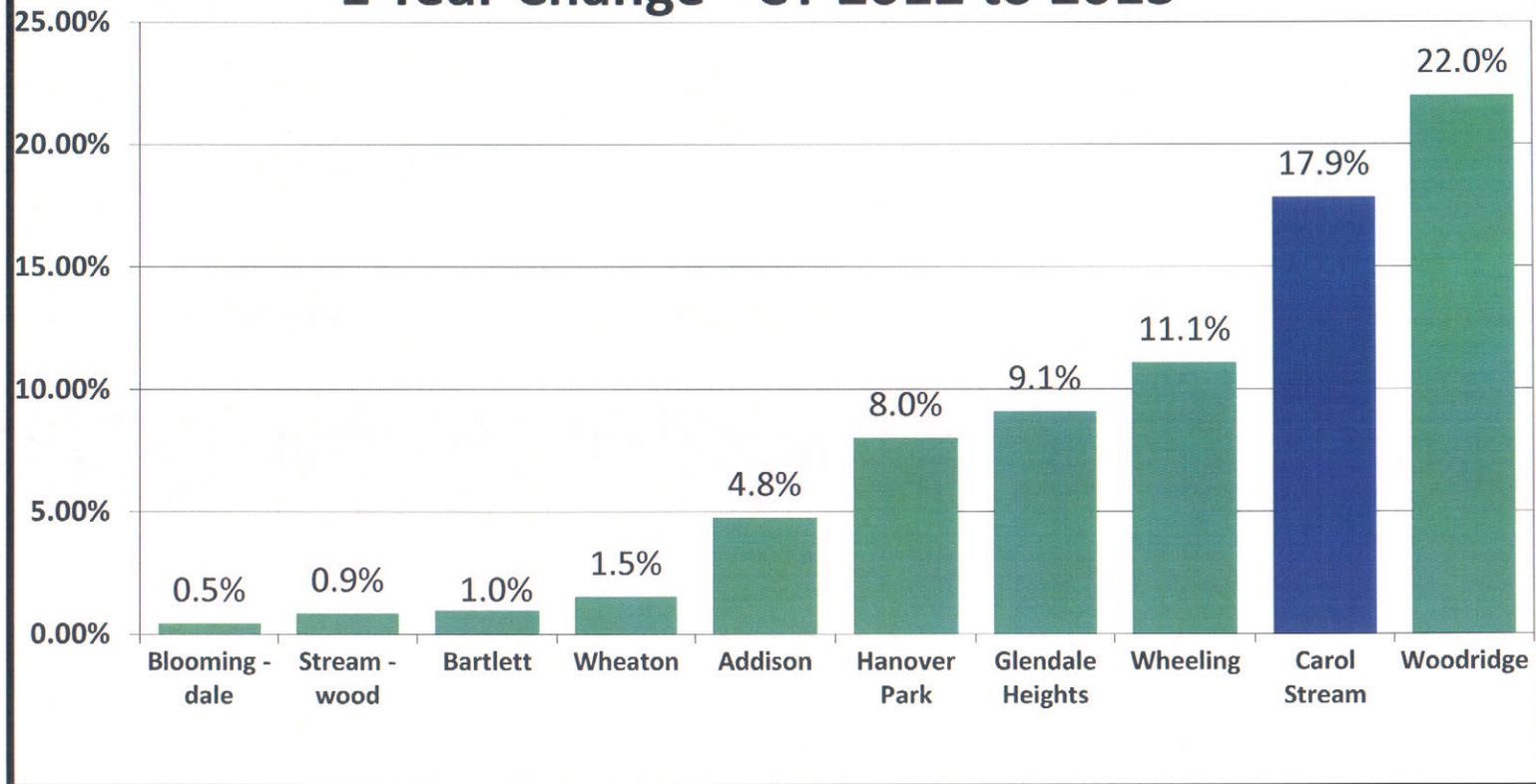
Sales Tax Revenue per Capita Calendar Year 2013



Source: Comprehensive Annual Financial Reports/Budgets

Data presented includes the 1% local government share of the 6.25% State base sales tax rate on general merchandise. Does not include any home rule or other additional sales tax imposed by the municipality.

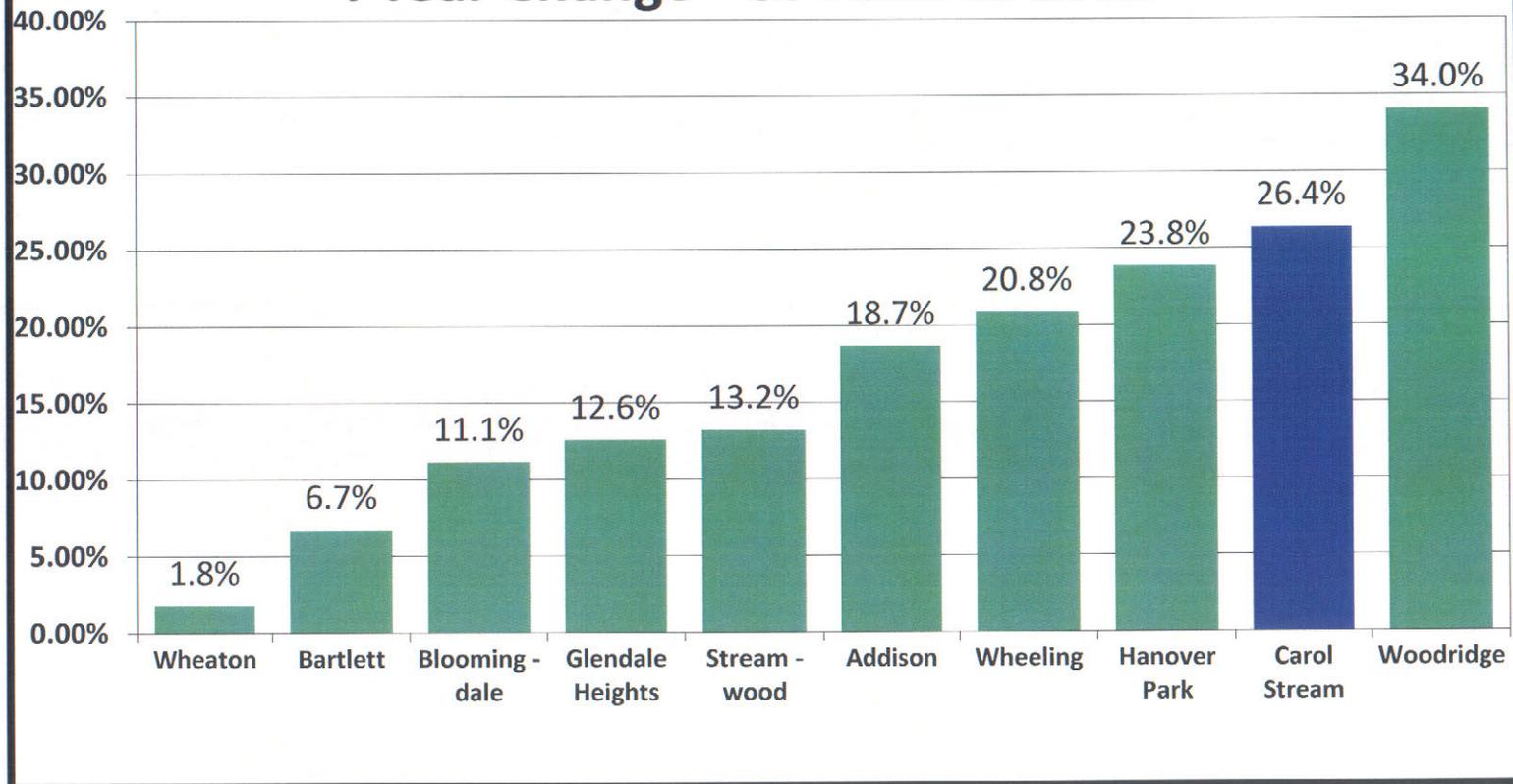
Sales Tax Revenues 1 Year Change - CY 2012 to 2013



Source: Illinois Department of Revenue

Data presented includes the 1% local government share of the 6.25% State base sales tax rate on general merchandise. Does not include any home rule or other additional sales tax imposed by the municipality.

Sales Tax Revenues 4 Year Change - CY 2009 to 2013



Source: Illinois Department of Revenue

Data presented includes the 1% local government share of the 6.25% State base sales tax rate on general merchandise. Does not include any home rule or other additional sales tax imposed by the municipality.

Sales Tax Revenue per \$100 of Commercial/Ind. Property Assessed Value

Calendar Year 2013



Source: Illinois Department of Revenue (sales taxes). Comprehensive Annual Financial Reports (assessed values)

Data presented includes the 1% local government share of the 6.25% State base sales tax rate on general merchandise. Does not include any home rule or other additional sales tax imposed by the municipality.

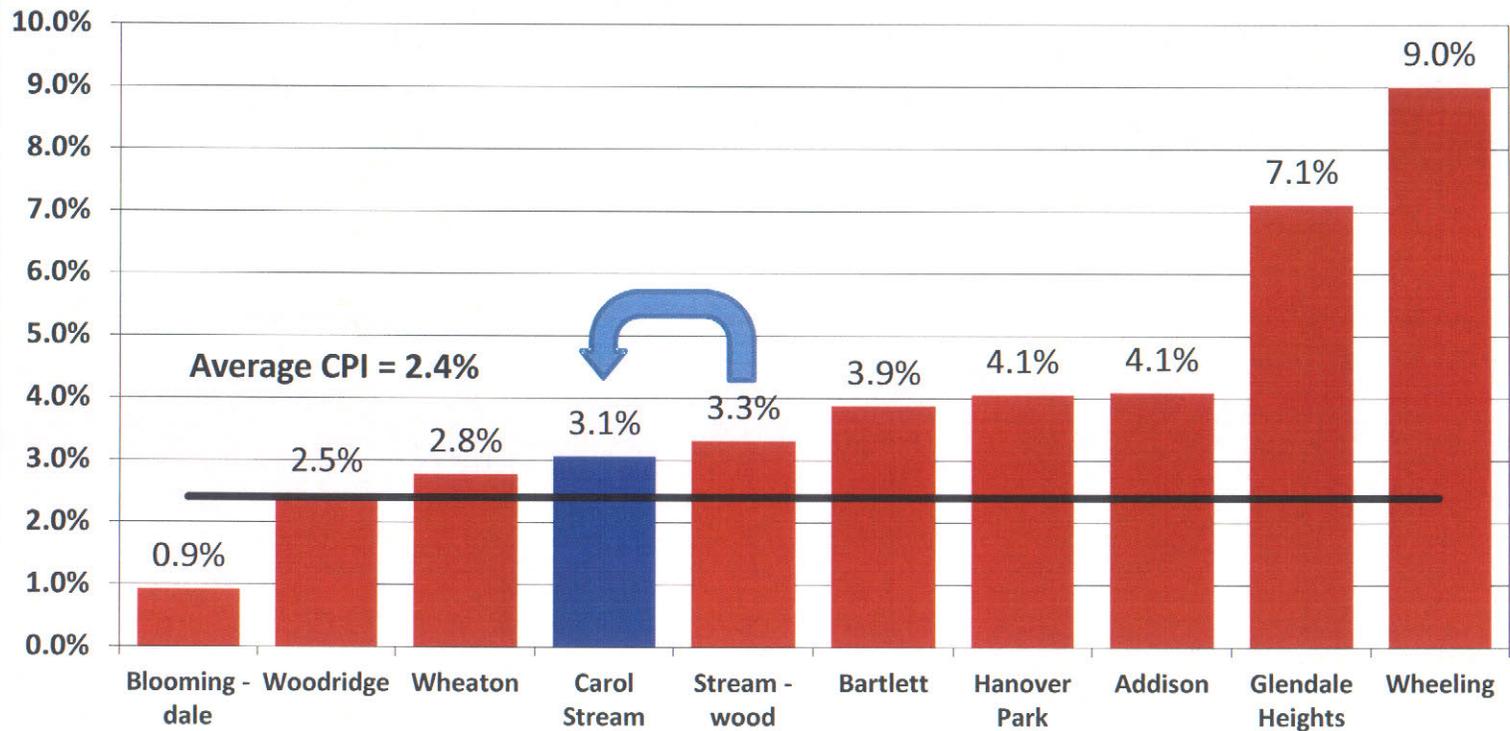
V. Expenditures

Expenditure Categories

- **General Government**
 - Village Management, Finance, HR, IT, Legal, Planning & Development, Building Maint., and all others not included elsewhere.
- **Police**
- **Public Works (operations [including Engineering], capital spending and debt service)**

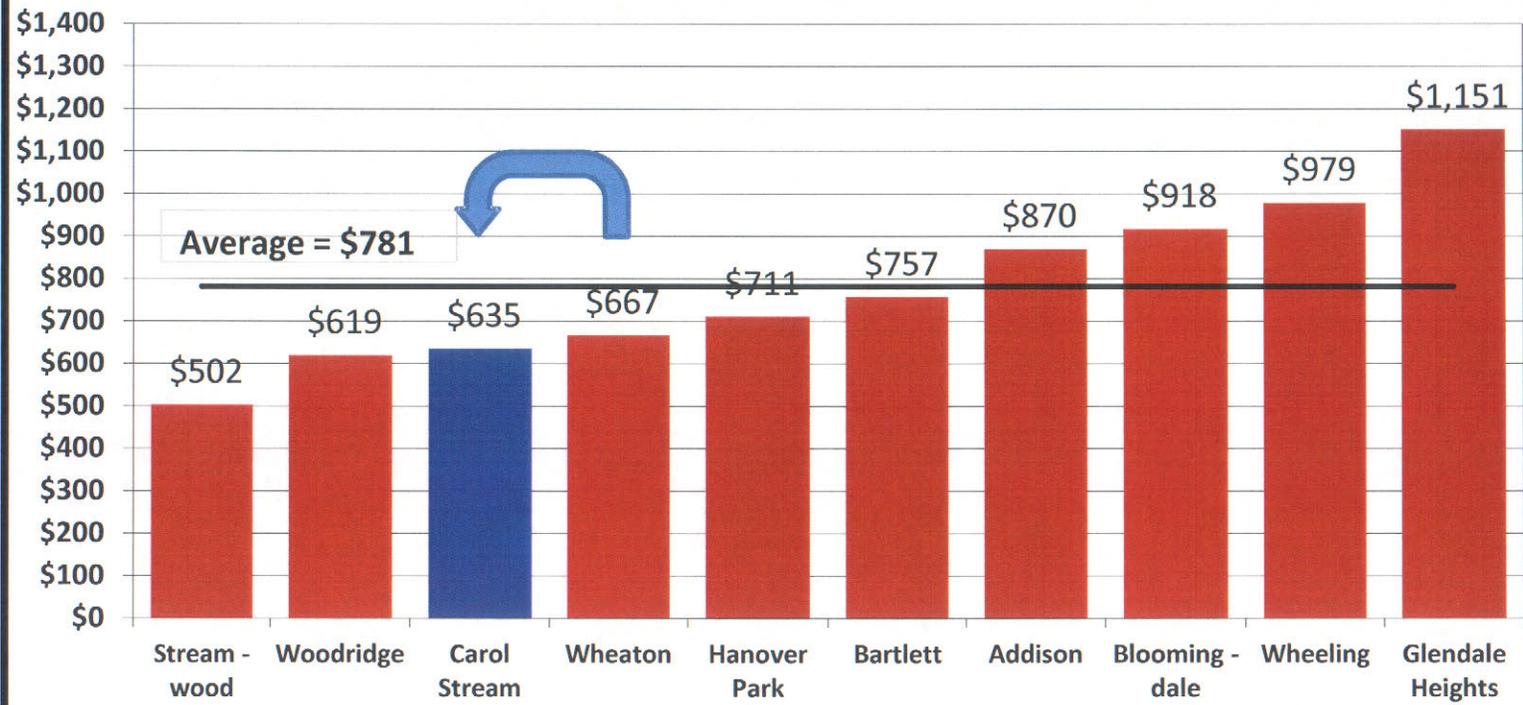
(Non-comparable services were excluded where relevant/feasible)

Average Annual Expenditure Growth FY2004 to FY2013



Source: Comprehensive Annual Financial Reports/Budgets
All Government Funds.

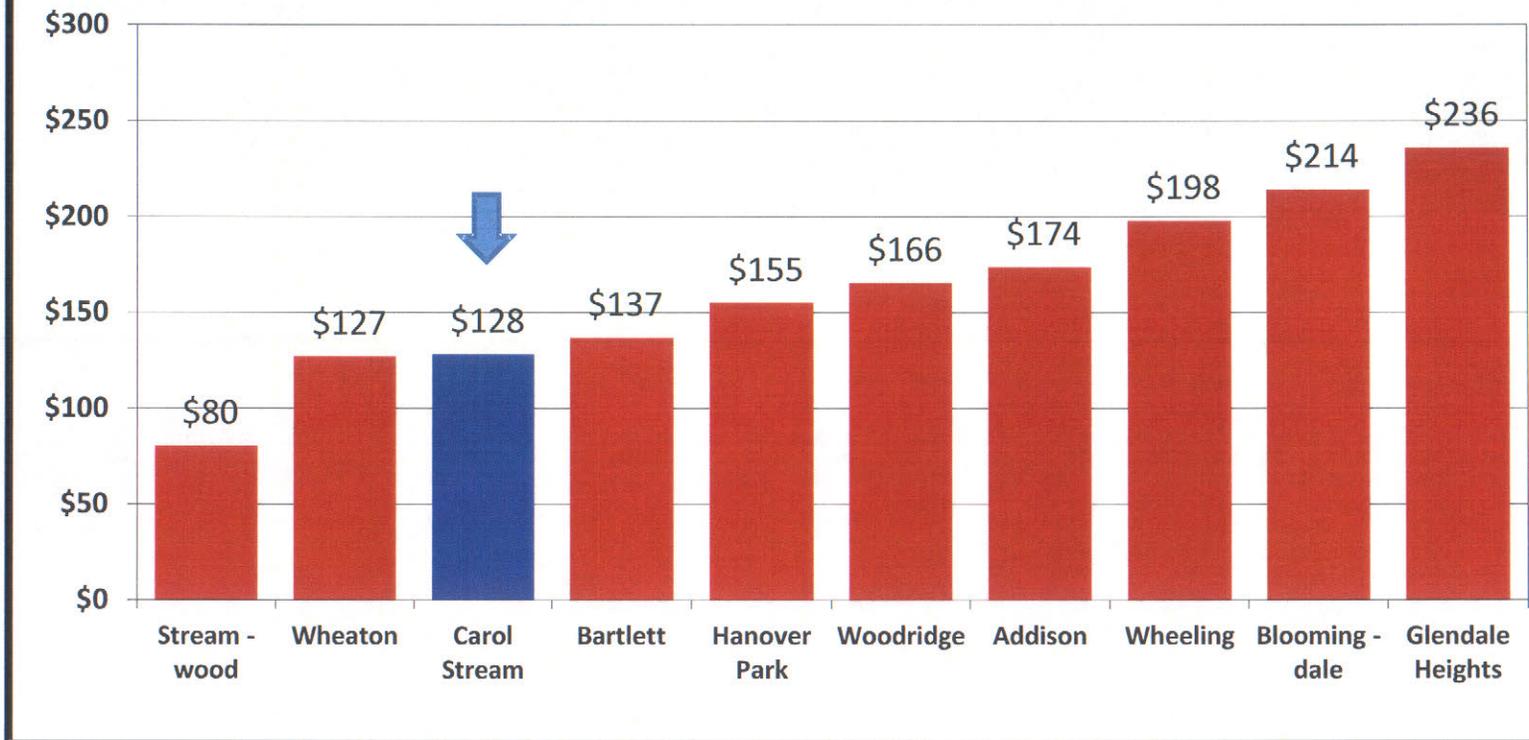
Total Expenditures per Capita FY2013



Source: Comprehensive Annual Financial Reports/Budgets

All Governmental Funds. For purposes of providing a more balanced comparison, expenditures related to Fire protection and Parks & Recreation were removed from communities providing those services.

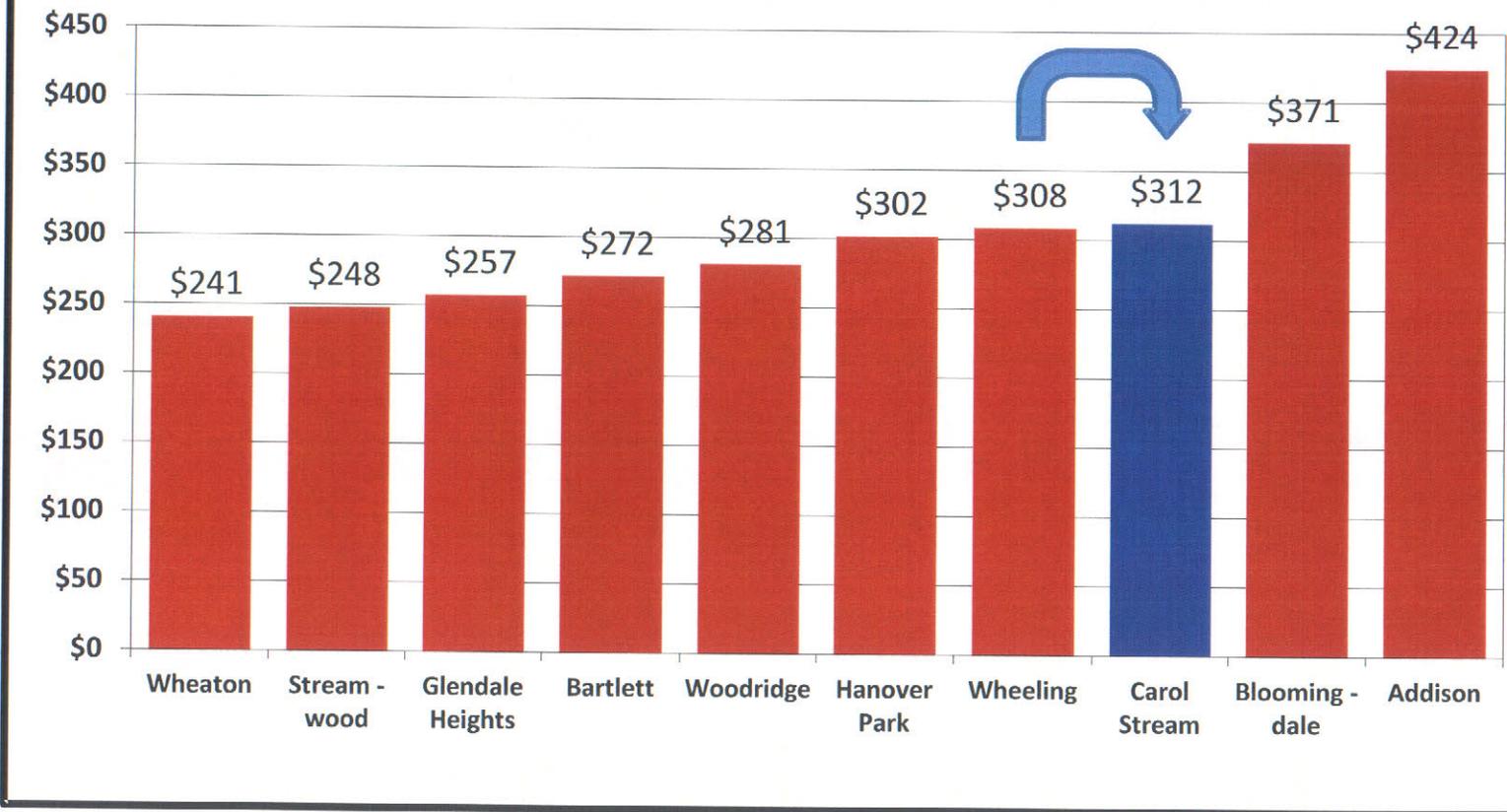
General Government Expenditures per Capita FY2013



Source: Comprehensive Annual Financial Reports/Budgets

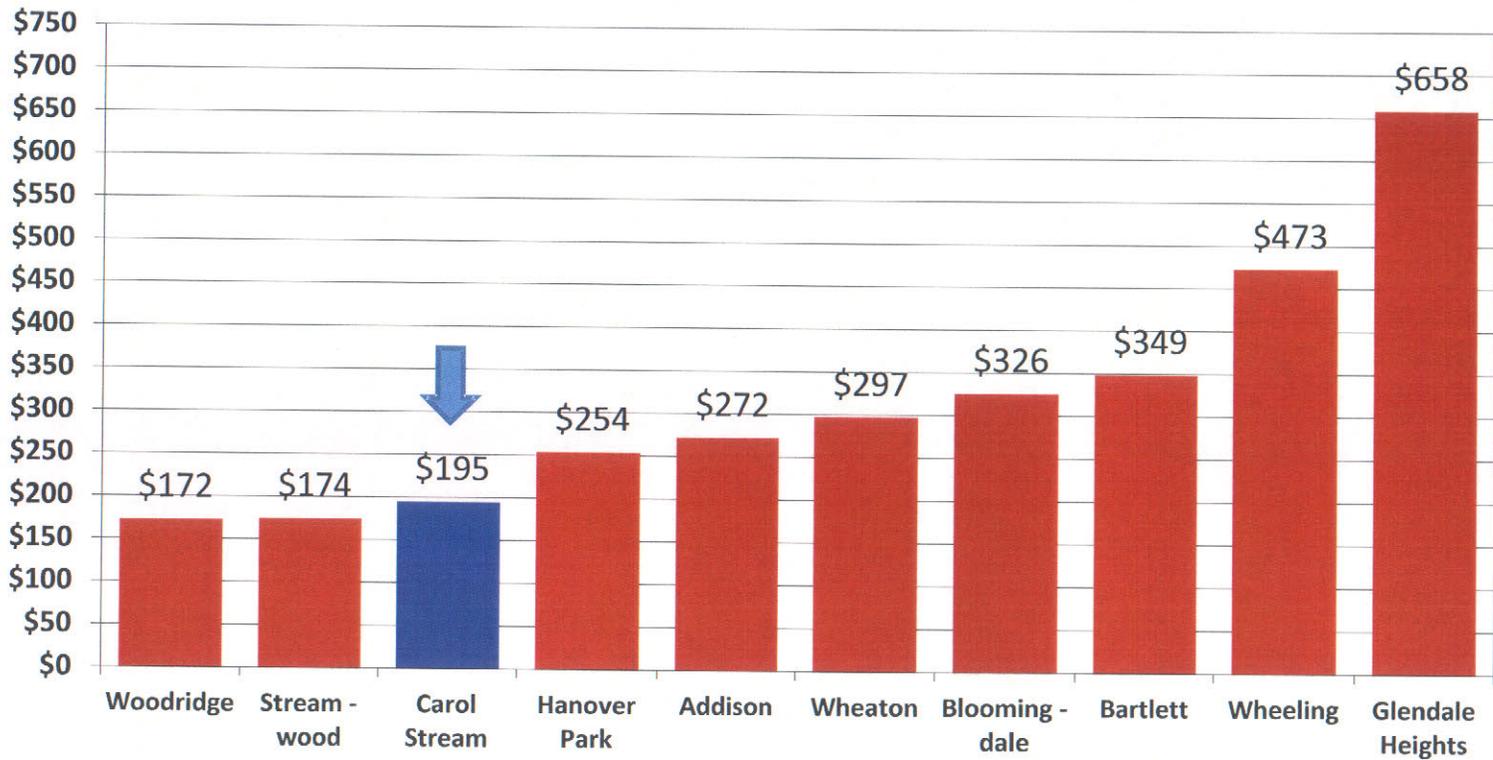
General Government functions include, but are not limited to: Legislative, Village Administration, Finance, Building Maintenance, Information Technology, Communications, Human Resources, Community Relations, Community Development (Planning/Building), and Legal services.

Police Expenditures per Capita FY2013



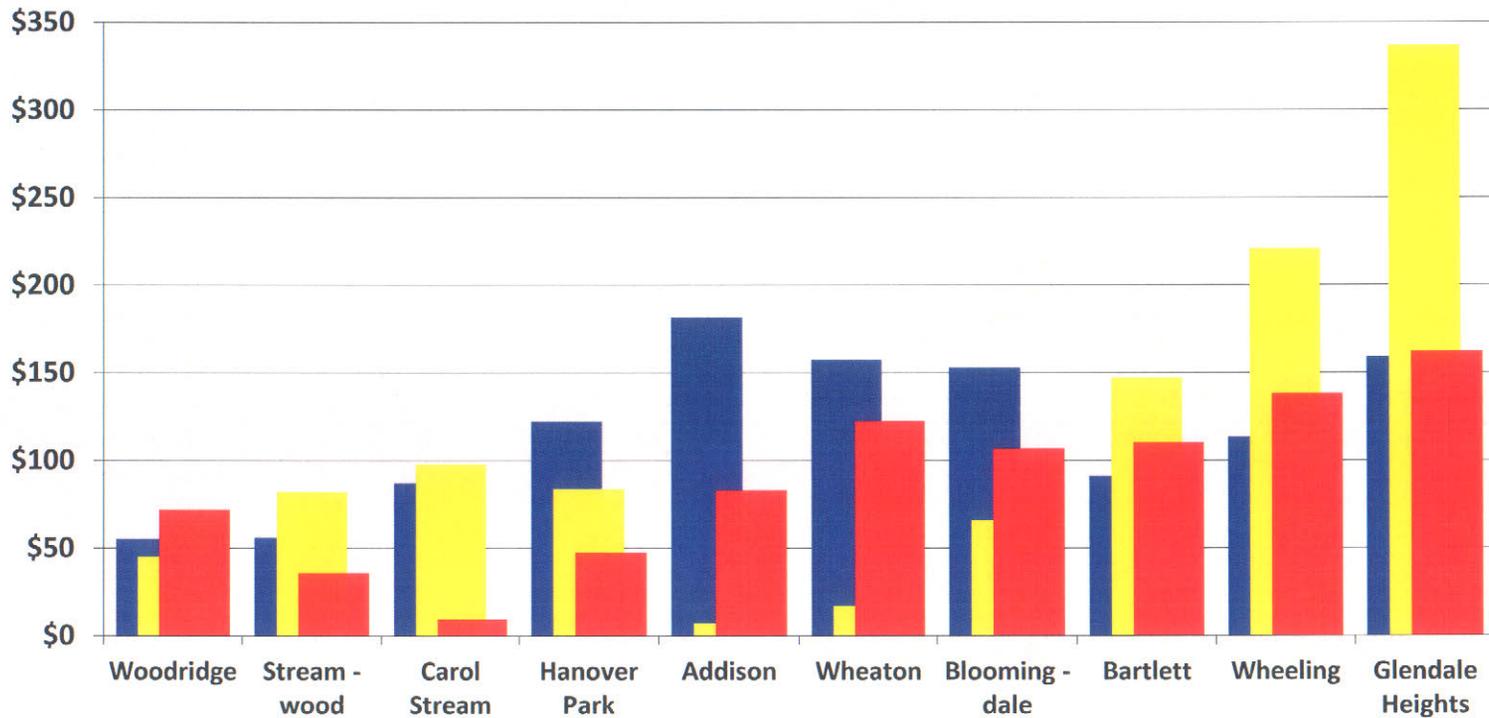
Source: Comprehensive Annual Financial Reports/Budgets

Public Works / Capital / Debt Expenditures per Capita - FY2013



Source: Comprehensive Annual Financial Reports/Budgets

Public Works / Capital / Debt Expenditures per Capita - FY2013

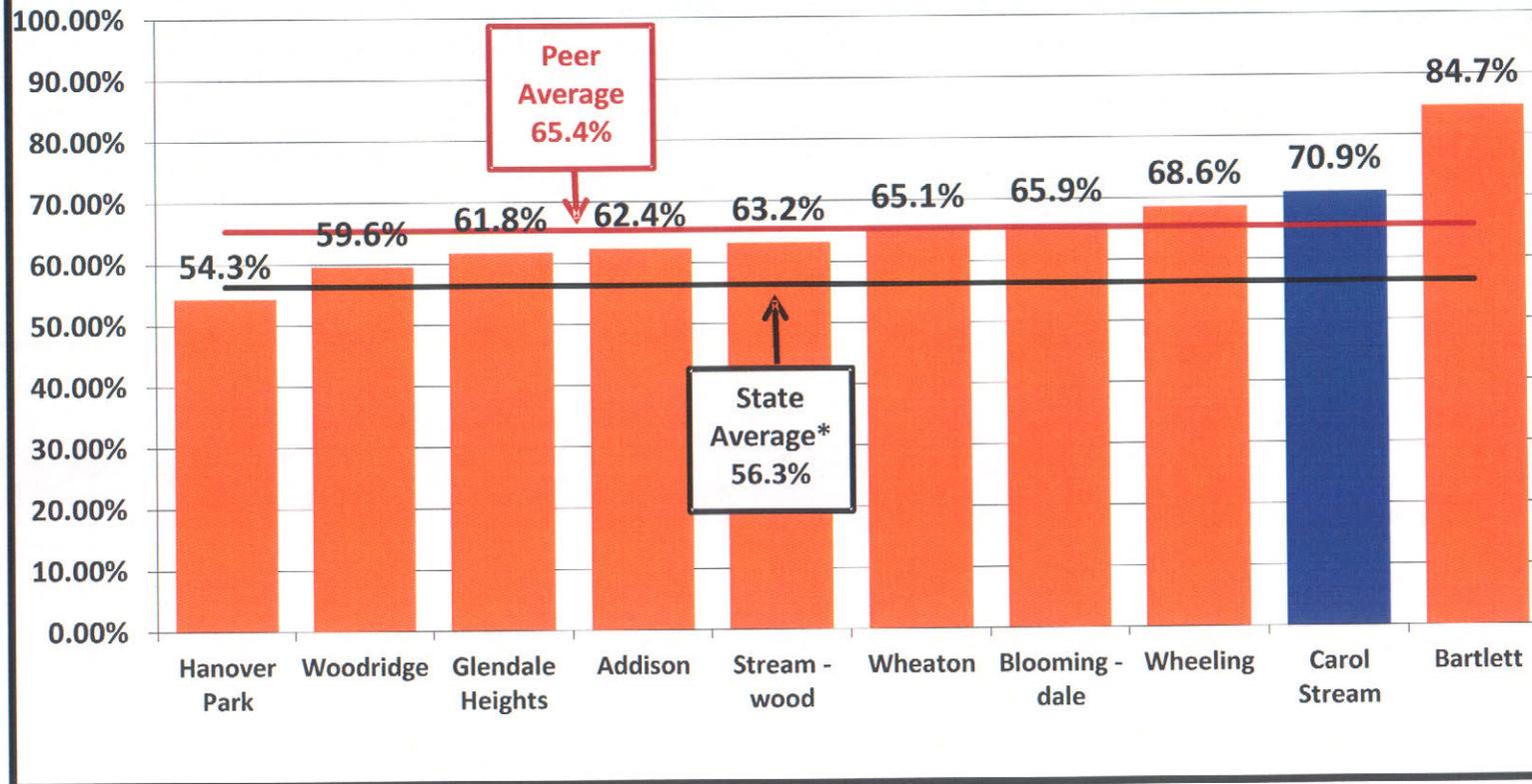


Source: Comprehensive Annual Financial Reports/Budgets

Blue = PW Operating Yellow = Capital Red = Debt

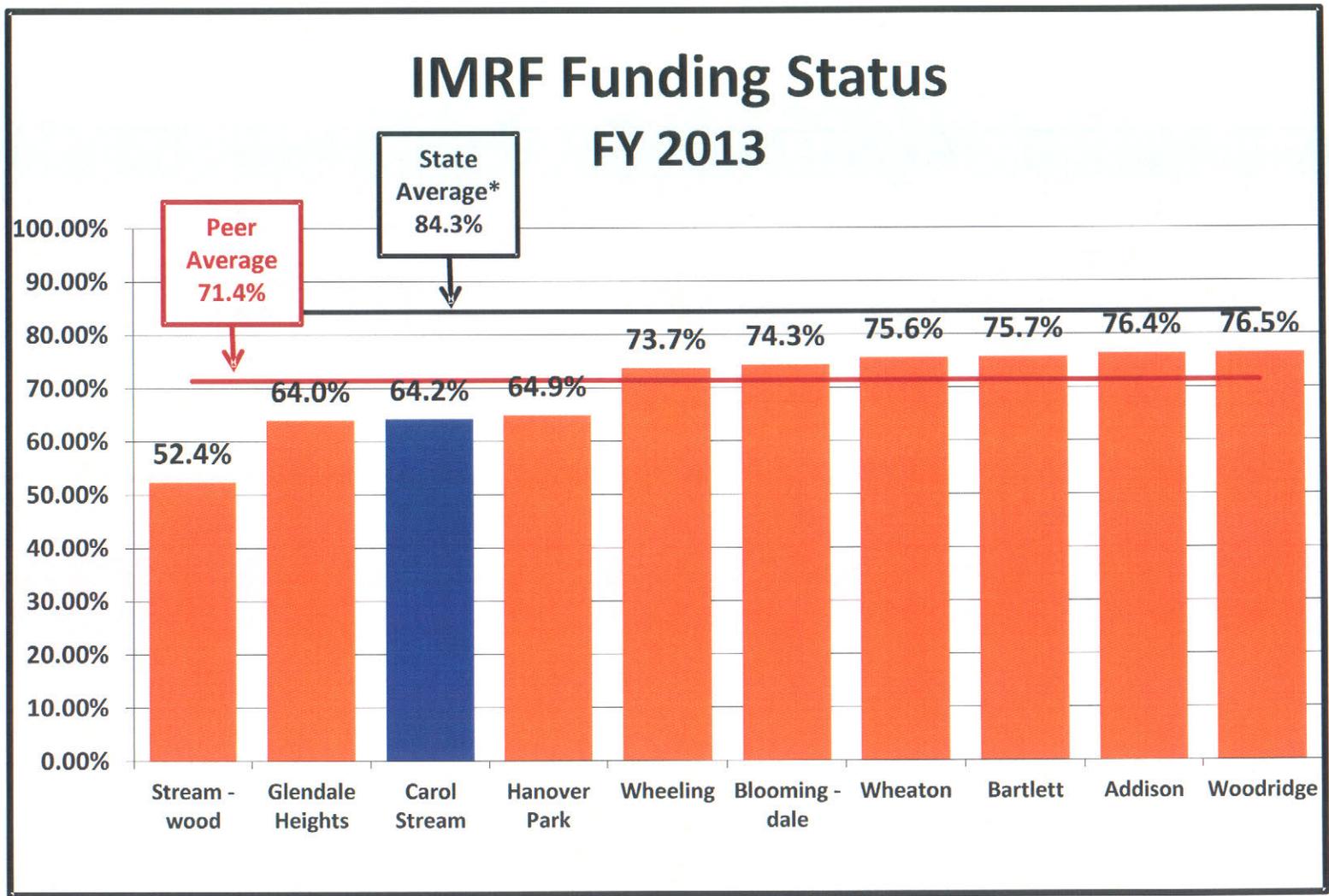
VI. Long-Term Liabilities and Fund Balances

Police Pension Funding Status FY 2013



Source: Comprehensive Annual Financial Reports

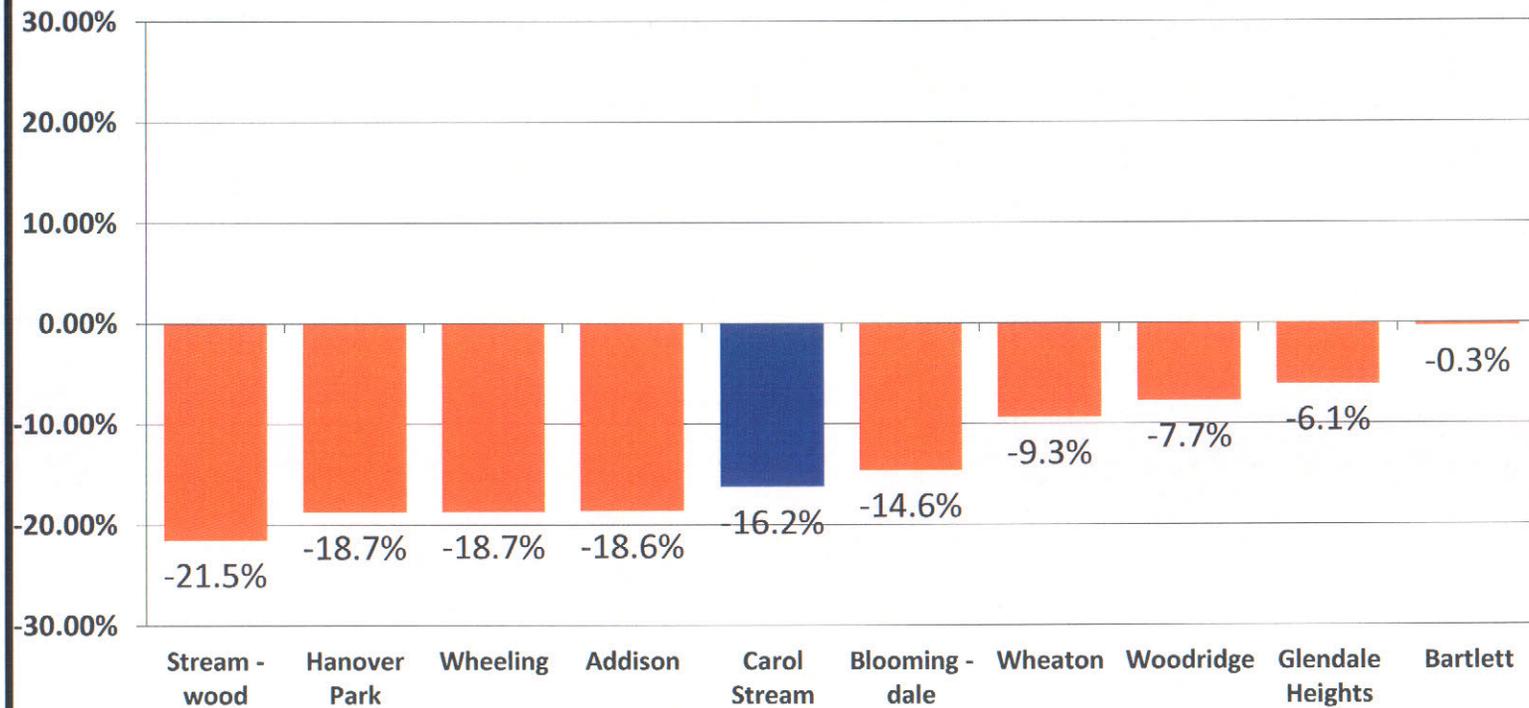
* State average for all Downstate Police Pension Funds for FY12 (most current data available)
Per Illinois Department of Insurance - Pension Division.



Source: Comprehensive Annual Financial Reports

* State average for all IMRF employers as of 12/31/2012.
Per Illinois Municipal Retirement Fund.

Change in Pension Funding Status FY 2013 vs 5 Years Ago



Source: Comprehensive Annual Financial Reports

Includes police and Illinois Municipal Retirement Fund retirement plans.

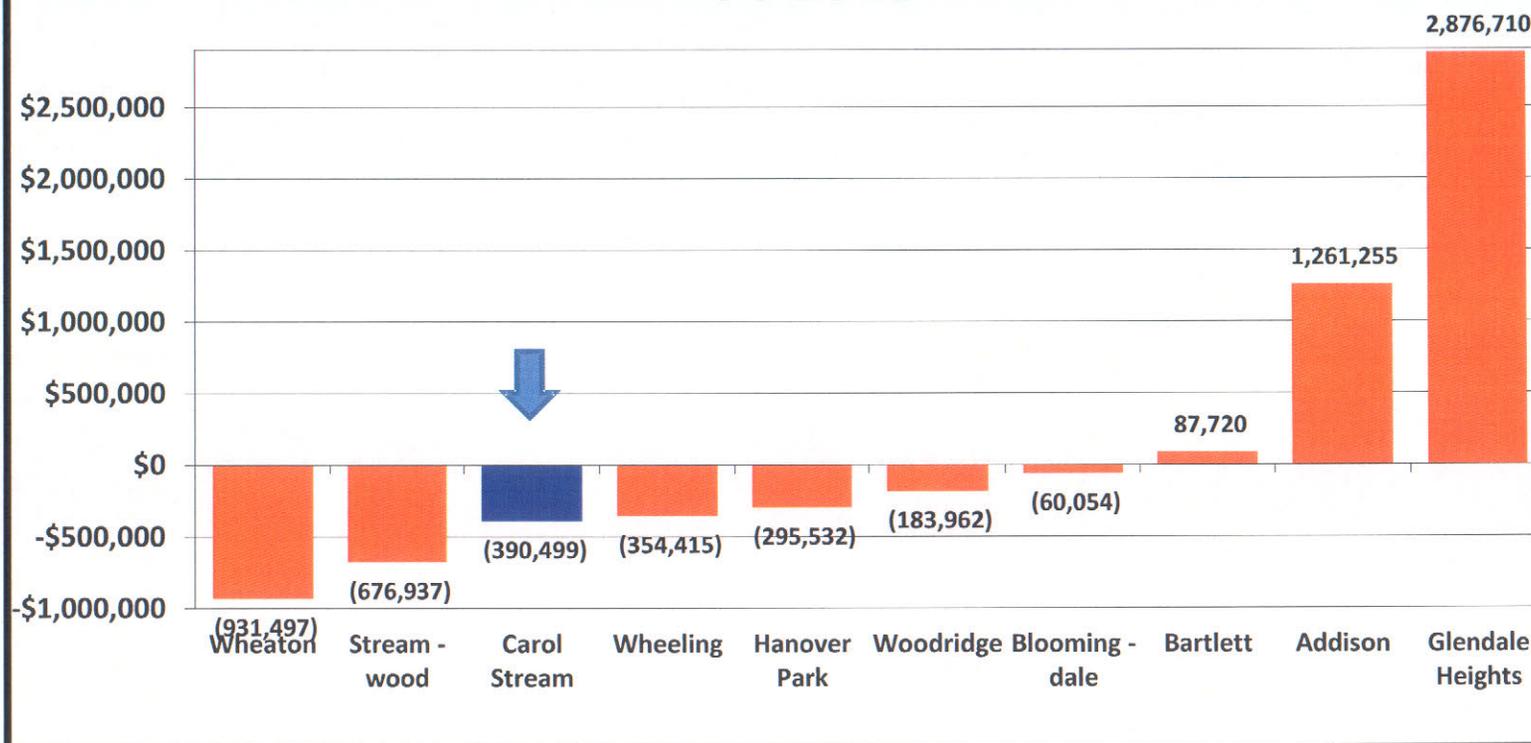
Pension Fund Liability (UAAL)* per Capita FY 2013



Source: Comprehensive Annual Financial Reports

* The AAL or Actuarial Accrued Liability is the actuarial present value of future projected benefits payable which has accrued at the end of the fiscal period. The UAAL or Unfunded Actuarial Accrued Liability represents the amount of accrued liabilities which exceed the actuarial value of plan assets at the end of the fiscal period. This presentation includes the blended UAAL per capita for police and Illinois Municipal Retirement Fund retirement plans.

Net Police Pension Obligation* (Asset) FY 2013



Source: Comprehensive Annual Financial Reports

* The Net Pension Obligation (NPO) represents the cumulative amount by which annual pension costs (the amount of funding required as calculated by an actuary) exceed municipal contributions actually made. A negative number indicates a Net Pension Asset or municipal contributions which have exceeded the annual pension cost. Values shown are for the Police Pension Fund.

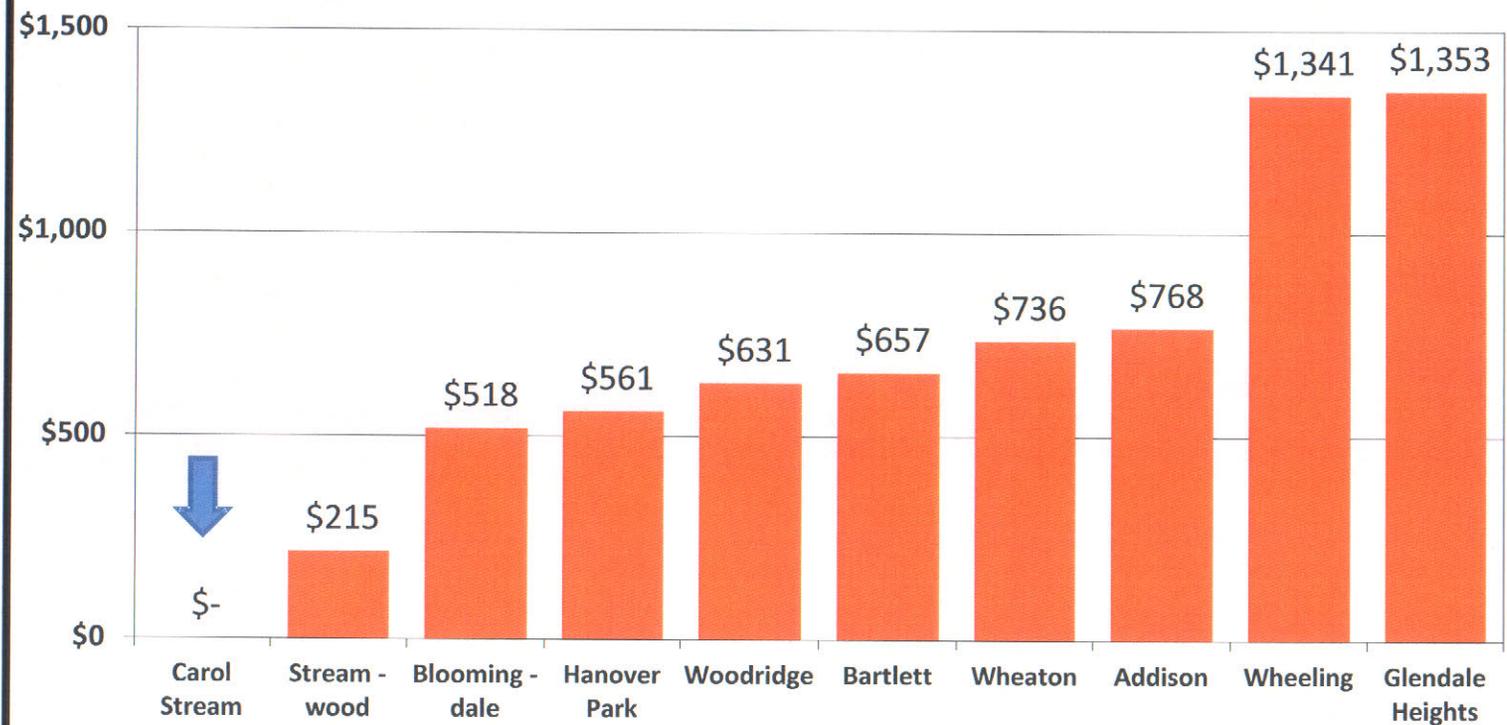
Required Pension Contributions per Capita FY 2013



Source: Comprehensive Annual Financial Reports

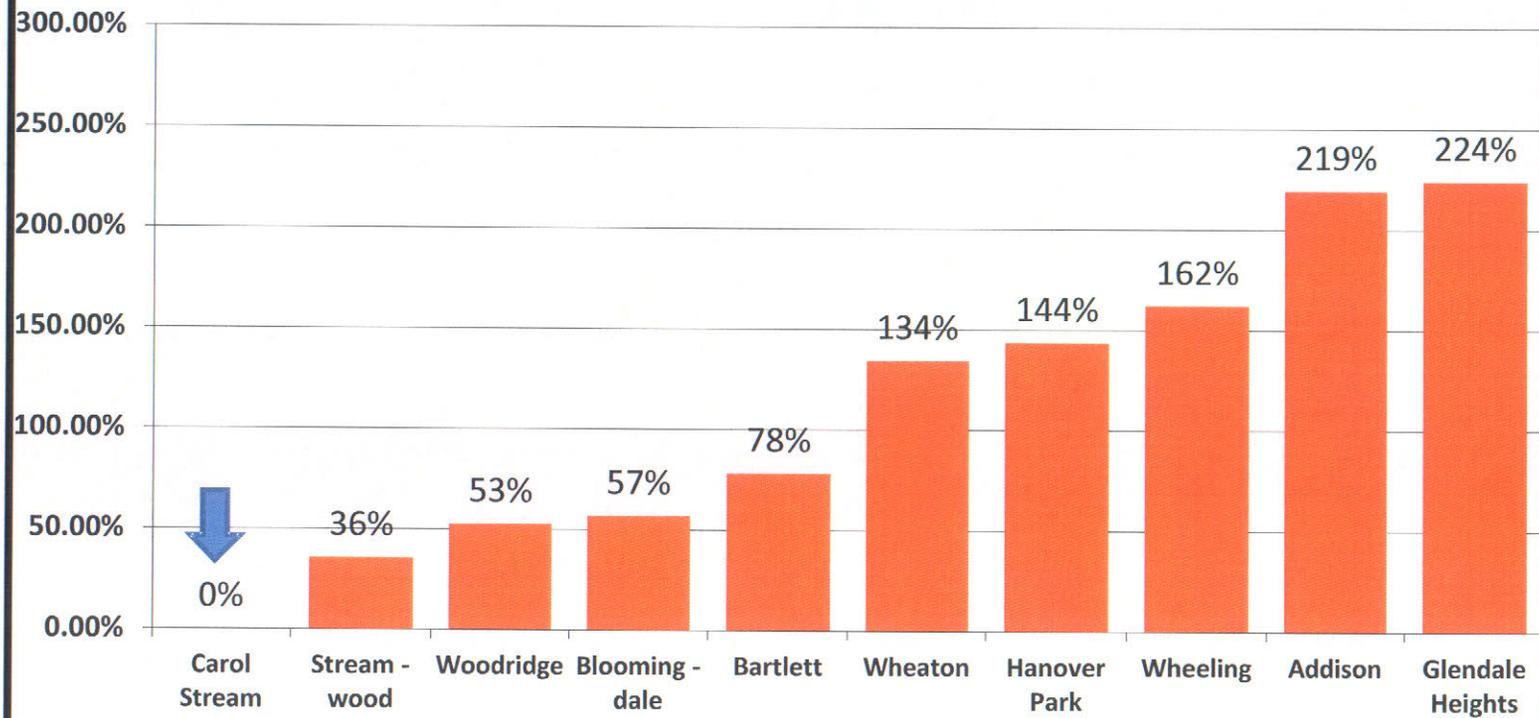
Based on Annual Required Contribution (ARC) reported in notes to the financial statements. Includes police and Illinois Municipal Retirement Fund retirement plans.

General Obligation Debt per Capita FY 2013



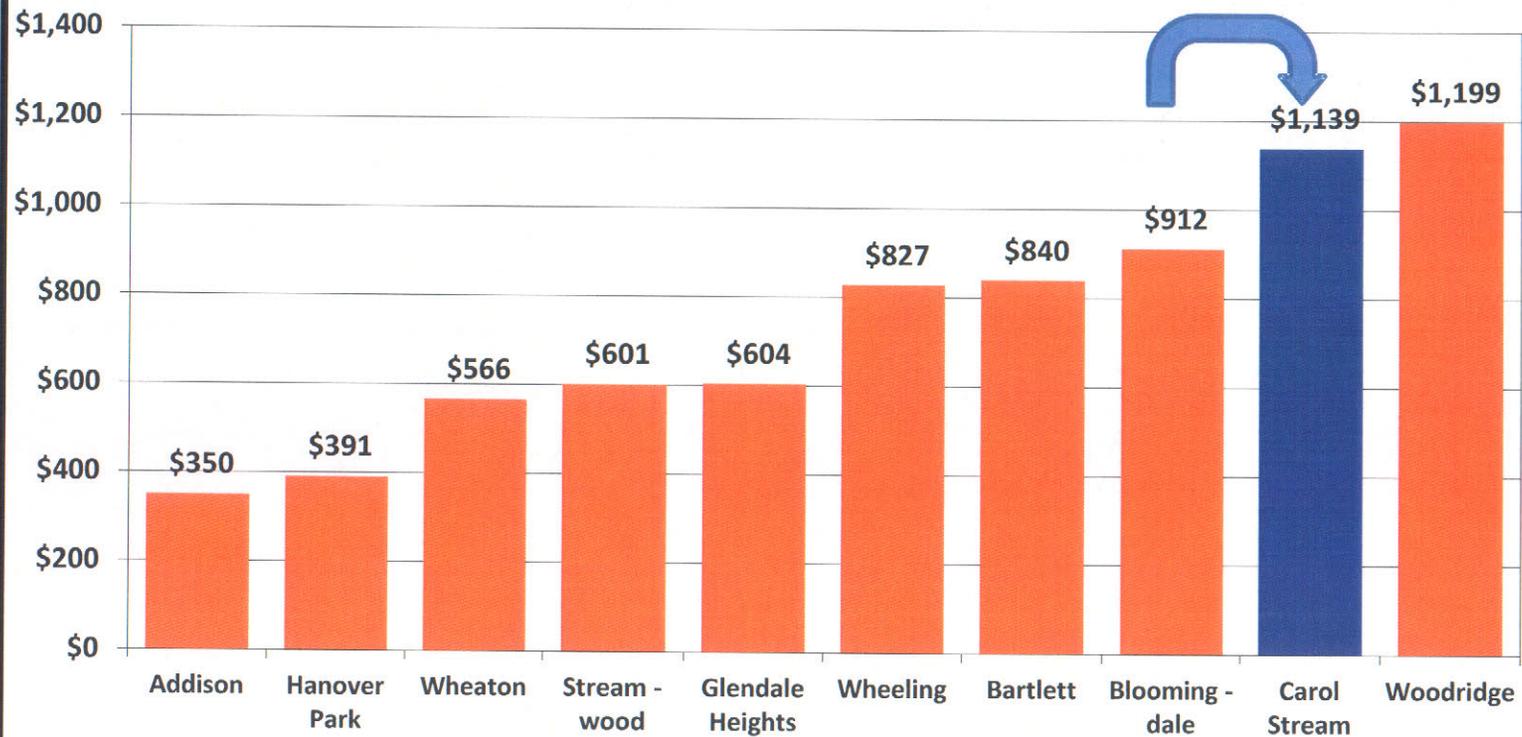
Source: Comprehensive Annual Financial Reports
All Government Funds.

GO Debt to Equity (Fund Balance) FY 2013



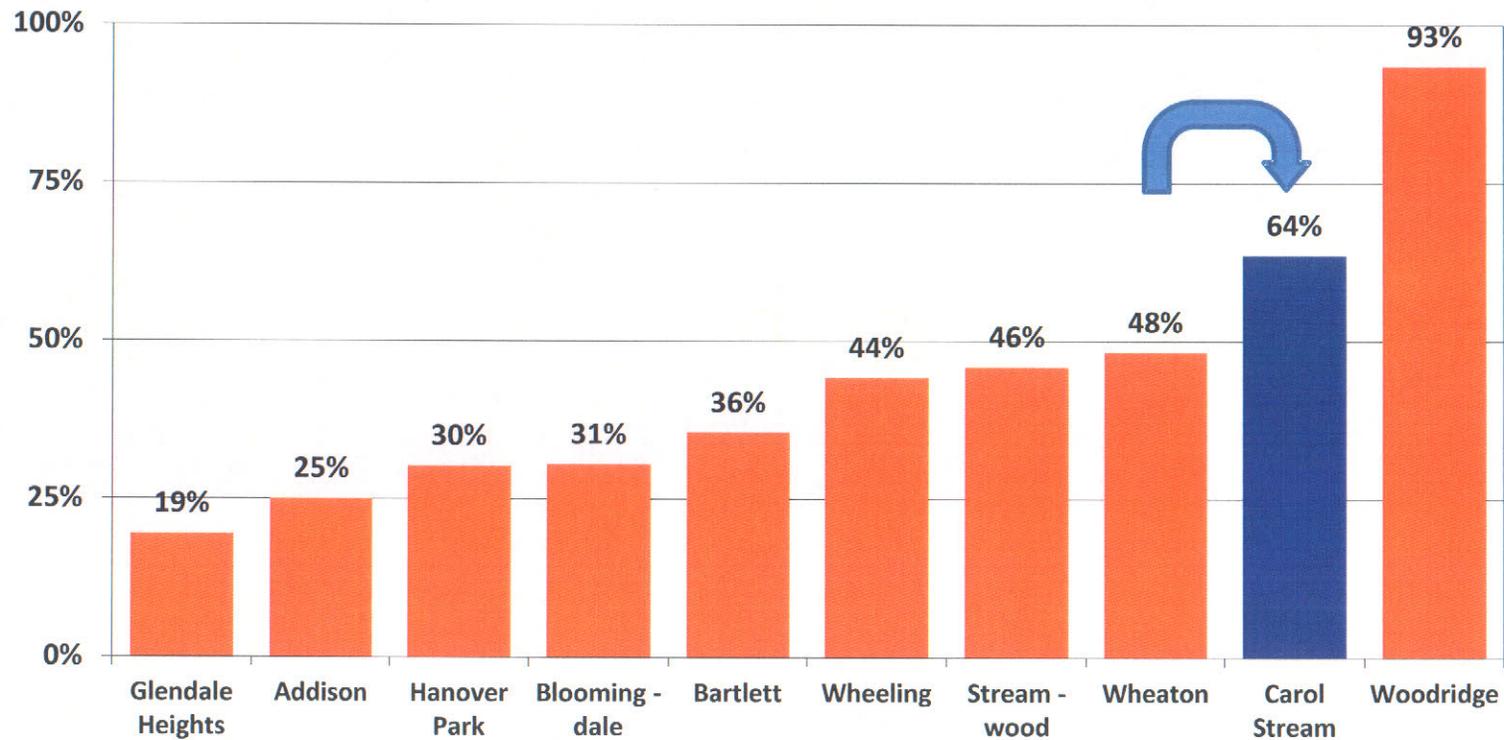
A debt to equity ratio shows the relationship between how much debt the jurisdiction is carrying relative to its total fund balances or net assets. In the private sector, this ratio is often used by lenders to determine creditworthiness or credit risk. A low debt to equity ratio generally indicates that business activities are primarily financed through current available financial resources.

Fund Balance per Capita FY 2013



Source: Comprehensive Annual Financial Reports
All Government Funds.

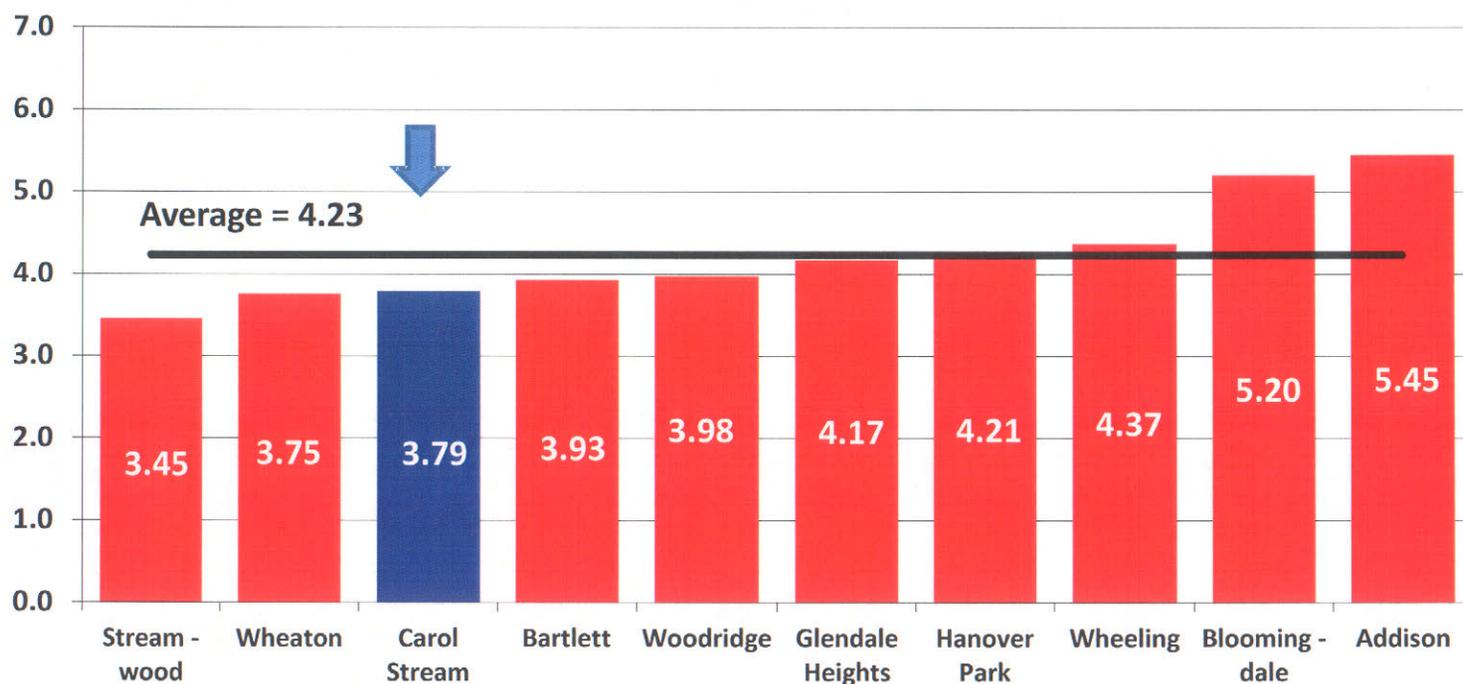
Unreserved Fund Balances as a % of Total Expenditures - FY 2013



Source: Comprehensive Annual Financial Reports
All Government Funds.

VII. STAFFING

Total Employees per 1,000 Residents FY 2015



Source: Comprehensive Annual Financial Reports/Budgets

Note: To support a more accurate comparison, Recreation/Parks Department employees (Glendale Heights), Golf Course Employees (Bartlett, Glendale Heights) and Fire Department Employees (Hanover Park, Streamwood, Wheaton, Wheeling) were deducted from this presentation as these services are not provided by all members of the peer group.

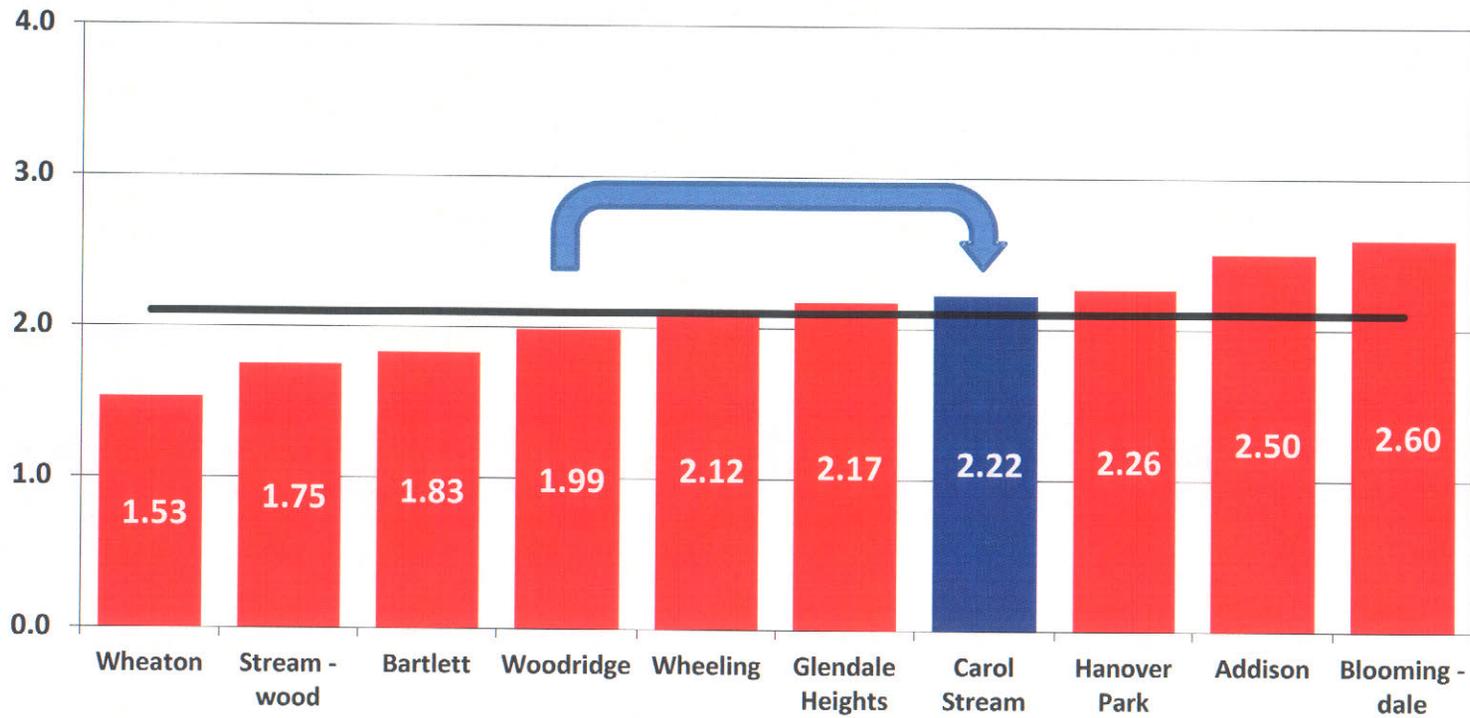
General Government Employees per 1,000 Residents - FY 2015



Source: Comprehensive Annual Financial Reports/Budgets

Note: Includes all positions not associated with Police or Public Works functions. Functions include, but are not limited to: Legislative, Village Administration, Finance, Building Maintenance, Information Technology, Communications, Human Resources, Community Relations, Community Development (Planning/Building).

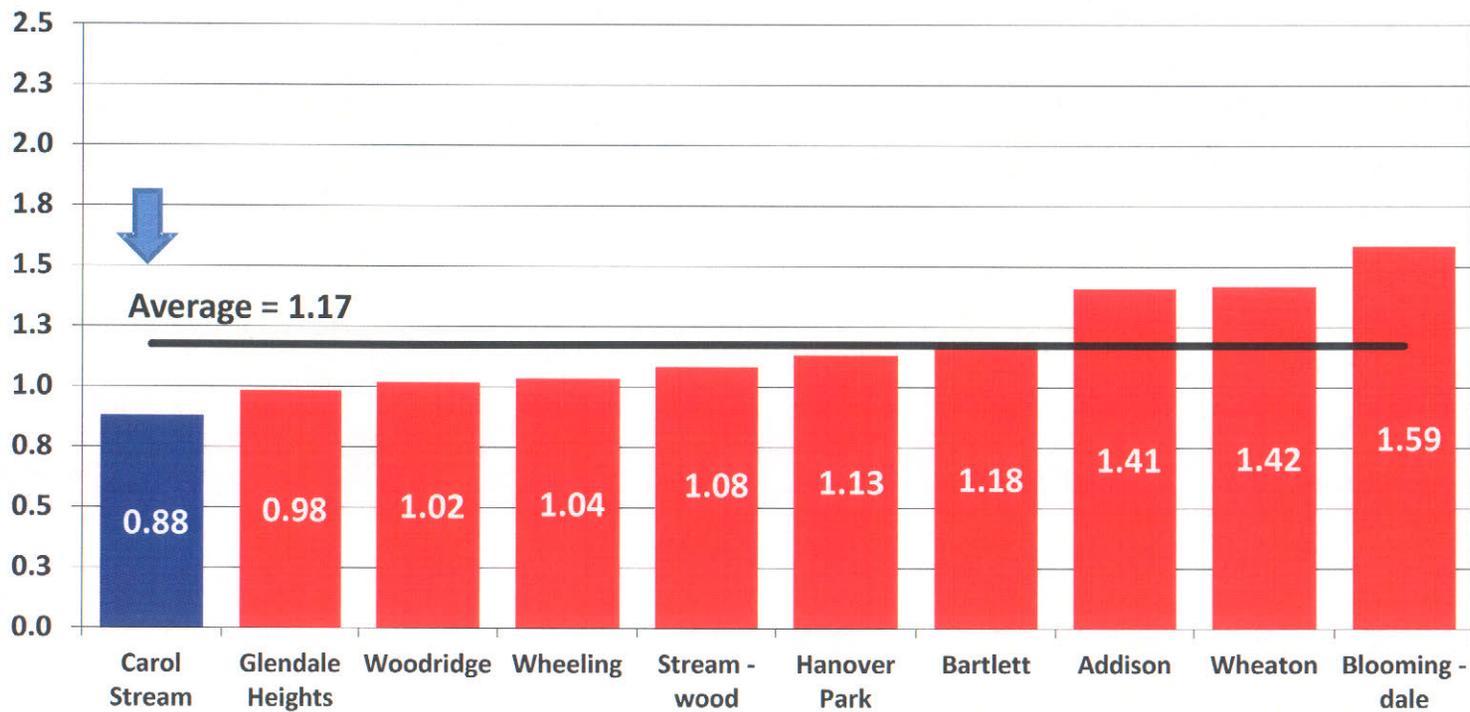
Police Department Employees per 1,000 Residents - FY 2015



Source: Comprehensive Annual Financial Reports/Budgets

Note: Includes sworn and civilian positions. Excludes crossing guards and centralized dispatch services.

Public Works Employees per 1,000 Residents - FY 2015



Source: Comprehensive Annual Financial Reports/Budgets

Note: Includes Engineering services employees as identified in budget staffing schedules, whether or not incorporated into the Public Works Department. Excludes, where applicable, wastewater treatment plant employees.

VIII. Summary Recap

Summary Recap

1. The Village provides service to the community in an efficient manner and at an excellent value to residents (**no property tax!, no debt!**), and in most cases, at a lower cost than peer group communities.
2. Carol Stream has emerged from the Great Recession in as good, if not better, financial condition than in FY2010.
3. Recovery in Carol Stream's governmental fund revenues, particularly sales tax generation has been more pronounced than many of its peer communities.
4. Reserve balances continue to be strong, and are near the healthiest compared to our peers on both a per capita basis and as a percentage of annual expenditures.
5. The Village continues to responsibly meet its long-term pension obligations without funding holidays.
6. Village **staffing levels are among the leanest** among the peer group while still meeting the needs of the community.