

Village of Carol Stream

SPECIAL WORKSHOP MEETING

MONDAY, FEBRUARY 5, 2018

6:00 P.M.

CAROL STREAM FIRE PROTECTION DISTRICT

FIRE STATION 28

365 KUHN ROAD

CAROL STREAM, ILLINOIS 60188

TRAINING ROOM

AGENDA

1. CALL TO ORDER
2. ATTENDANCE
3. FY 19 BUDGET WORKSHOP – GENERAL FUND OVERVIEW
4. OTHER BUSINESS
5. ADJOURNMENT



Village of Carol Stream

FY 19

Budget Workshop #3

GENERAL FUND OVERVIEW

February 5, 2018



Agenda

GENERAL FUND OVERVIEW

- **Current Year FY18 Budget Projections**
 - FY18 Estimated Year-End Revenues
 - Summary of FY18 Revenue Declines
 - Actions Taken to Stabilize FY18
 - Projected FY18 year-end surplus
- **FY19 General Fund Overview**
 - FY19 Revenue Projections
 - Discussion of New Revenues
 - Reductions Recommended to Balance FY19
- **Next Steps / Important Dates**

Current Year FY18 Revenues

- FY18 Revenues are projected to end the year \$2.7 million or 9.4% below our original budget projections.

Original FY18 Budget	\$ 29,018,000
Estimated FY18 Year-End	<u>26,281,700</u>
Revenue Shortfall	<u>\$ 2,736,300</u>

- FY18 Estimated Revenues \$928,000 or 3.4% less than FY17 actual revenues.
- 89% of the revenue shortfall is in one of two categories:

Sales Tax	\$ 2,079,000
State Income Tax	<u>350,000</u>
	<u>\$ 2,429,000</u>

Primary Drivers of FY18 Revenue Declines

- **Sales Tax** **\$ (2,079,000)**

Loss of Major Retailers:

Office Depot / Village Marketplace

New State of Illinois "collection fee"

2% of Home Rule Sales Taxes (began August 2017)

Budgeted growth was less than anticipated.

- **Income Tax** **\$ (350,000)**

As part of the State of Illinois July 2017 budget process, a commitment was made to close income tax payment lag by 2 months, resulting in 14 distributions in the State's FY18.

But ... the state would reduce payments to municipalities by 10%. The REALITY is a 10% cut in our funding, an economic loss.

General Fund Revenues FY18 Year-End Projections

	<u>FY17</u> <u>Actual</u>	<u>FY18</u> <u>Budget</u>	<u>FY18</u> <u>Estimate</u>	FY18 Est. Over/ (Under) <u>Budget</u>
Sales Tax	\$ 7,688,493	\$ 8,400,000	\$ 7,155,000	(1,245,000)
State Income Tax	3,753,675	3,865,000	3,515,000	(350,000)
Home Rule Sales Tax	4,533,481	4,872,000	4,038,000	(834,000)
Utility Tax - Telecomm.	1,128,321	1,085,000	1,070,000	(15,000)
Utility Tax - Electricity	1,884,848	1,870,000	1,853,000	(17,000)
Natural Gas Use Tax	536,590	570,000	580,000	10,000
Real Estate Transfer Tax	679,592	825,000	1,167,000	342,000
Hotel Tax Receipts	337,907	346,000	313,000	(33,000)
Other Taxes	<u>1,520,493</u>	<u>1,544,500</u>	<u>1,565,200</u>	<u>20,700</u>
Total Taxes	22,063,400	23,377,500	21,256,200	(2,121,300)
Licenses and Permits	1,264,459	1,704,200	1,156,300	(547,900)
Grants	101,658	122,600	120,000	(2,600)
Charges for Services	1,786,542	1,699,700	1,728,300	28,600
Fines and Forfeitures	1,401,056	1,457,000	1,443,000	(14,000)
Interest Income	39,914	45,000	89,000	44,000
Miscellaneous Revenue	<u>552,229</u>	<u>612,000</u>	<u>488,900</u>	<u>(123,100)</u>
 Total Revenues	 \$ 27,209,258	 \$ 29,018,000	 \$ 26,281,700	 \$ (2,736,300) -9.4%

Stabilizing the FY18 Budget

FY18 Budgeted Surplus	\$ 1.5	Million
Projected Sales / Income Tax Loss	<u>(2.4)</u>	
Projected Deficit	(0.9)	
Projected Expenditures Below Budget	0.9	
Additional Cuts Proposed by Staff	<u>0.5</u>	Nov, 2017
Projected Surplus	0.5	
FY18 Vehicle Sticker Deferred Rev.	<u>(0.4)</u>	
Current Estimate of FY18 Surplus	<u><u>\$ 0.1</u></u>	Million *

* Significant probability of no transfer to Capital Projects Fund this year.

FY18 Expenditure Comparison

FY18 Budgeted Expenditures	\$ 29,018,000	
Less: Budgeted Surplus	<u>(1,474,429)</u>	
Revised FY18 Budget Exp.	\$ 27,543,571	
Estimated FY18 Expenditures	<u>\$ 26,138,000</u>	
Amount Under Budget	1,405,571	5.1%

Historical Expenditure Context

Estimated FY18 Expenditures	\$ 26,138,000	5.3%
Actual FY17 Expenditures	\$ 24,817,574	10.0%
Actual FY16 Expenditures	\$ 22,555,628	



Proposed FY19 General Fund Budget



General Fund FY19 Revenue Projections

- Without the introduction of new revenues, total GF revenues for FY19 are projected to be \$2.4 million below FY18 budgeted revenues, not surprising as our revenue base has been impacted by large taxpayer losses and new State fees.
- Perhaps a better comparison – without new revenues, projected revenue growth for FY19 is only \$350,000 or 1.3% compared to estimated FY18 revenues.
- In December 2017, a number of revenue alternatives were reviewed. At that time, an increase in our home rule sales tax and creating a local motor fuel tax appeared to be among the most viable alternatives.
- Due to the State requirement for earmarking roadway fees/taxes for related construction and maintenance activities, we would preliminarily view a local motor fuel tax as a dedicated revenue stream to our Capital Projects Fund.

General Fund

FY19 Revenue Projections

(without new revenues)

	FY18	FY18	FY19	FY19	FY19
	<u>Budget</u>	<u>Estimate</u>	<u>Projected</u>	Over/ (Under)	Over/ (Under)
				<u>FY18 Budget</u>	<u>FY18 Est.</u>
Sales Tax	\$ 8,400,000	\$ 7,155,000	\$ 7,370,000	\$ (1,030,000)	215,000
State Income Tax	3,865,000	3,515,000	3,805,000	(60,000)	290,000
Home Rule Sales Tax	4,872,000	4,038,000	4,159,000	(713,000)	121,000
Utility Tax - Telecomm.	1,085,000	1,070,000	974,000	(111,000)	(96,000)
Utility Tax - Electricity	1,870,000	1,853,000	1,870,000	-	17,000
Natural Gas Use Tax	570,000	580,000	570,000	-	(10,000)
Real Estate Transfer Tax	825,000	1,167,000	900,000	75,000	(267,000)
Hotel Tax Receipts	346,000	313,000	355,000	9,000	42,000
Other Taxes	<u>1,544,500</u>	<u>1,565,200</u>	<u>1,626,200</u>	<u>81,700</u>	<u>61,000</u>
Total Taxes	23,377,500	21,256,200	21,629,200	(1,748,300)	373,000
Licenses and Permits	1,704,200	1,156,300	1,220,500	(483,700)	64,200
Grants	122,600	120,000	100,000	(22,600)	(20,000)
Charges for Services	1,699,700	1,728,300	1,774,000	74,300	45,700
Fines and Forfeitures	1,457,000	1,443,000	1,381,000	(76,000)	(62,000)
Interest Income	45,000	89,000	140,000	95,000	51,000
Miscellaneous Revenue	<u>612,000</u>	<u>488,900</u>	<u>387,000</u>	<u>(225,000)</u>	<u>(101,900)</u>
Total Revenues	\$ 29,018,000	\$ 26,281,700	\$ 26,631,700	\$ (2,386,300)	\$ 350,000
				-8.8%	1.3%

FY19 General Fund Budget Overview

- Before considering new revenue sources, Village departments were charged with crafting budget requests with the focus of maintaining Village services and keeping the organization's objectives in mind, notwithstanding the current financial climate.
- Given the above scenario, the initial budget looked like this:

Projected Revenues	\$ 26,631,700	1.3% growth over FY18 est.
Expenditure Requests	<u>28,191,700</u>	7.9% above FY18 est.
Projected Deficit	<u>\$ (1,560,000)</u>	
- Considering the mismatch of revenue and expenditure growth, balancing the budget would most likely need to involve a combination of revenue enhancements and expenditure cuts.

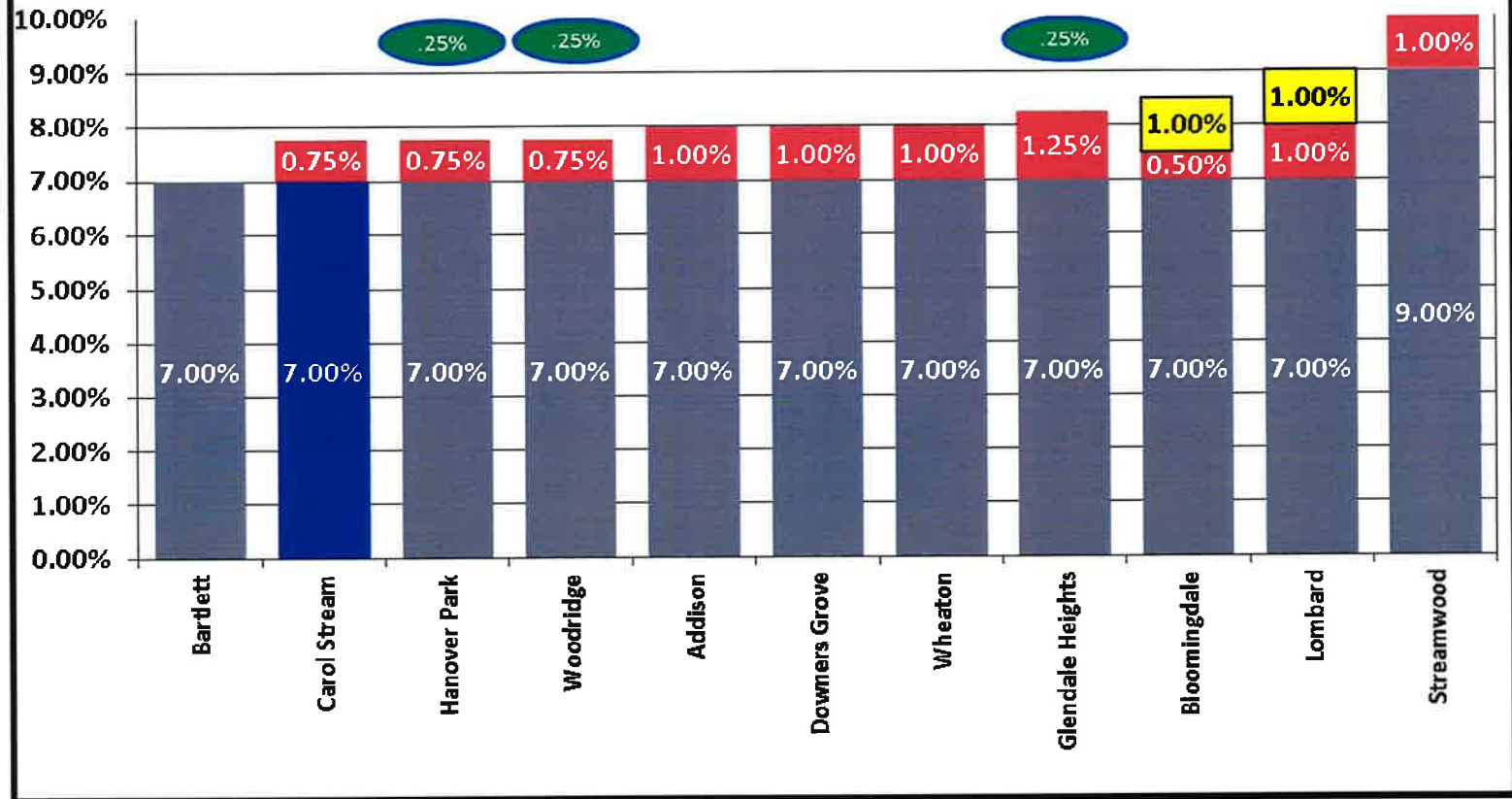


Proposed Increase in Home Rule Sales Tax

- Village's current rate at 0.75%
- Compares at the low end of our peer group.
- Increases allowed in 0.25% increments only.
- 0.25% increase keeps us in-line among peers and regionally.
- Ordinance adoption and filing with State by April 1, 2018 required for July 1, 2018 implementation.
- State Department of Revenue handles notification and collection (we pay for this from the new 2% fee).
- **FY19 budget impact = \$1,155,000**
 - Based on reduced sales base + 3% growth into FY19.
 - Annualized = \$1,386,000

Current Sales Tax Rates

As of July 1, 2017



Note: Base rate reflects sales tax reflected in DuPage County portion of each municipality (Streamwood is 100% Cook County). DuPage County base rate = 6.25% State of Illinois + 0.75% RTA = 7.00%. Municipalities receive 16% of the 6.25% State rate. Amounts above base rates (shown in red and yellow) are municipally imposed additions. Bloomingdale and Lombard collect an additional 1.00% business district tax at Stratford Square/Indian Lakes Resort and a portion of Yorktown Shopping Center.

 Denotes increase in rate since 2013.

FY19 General Fund Budget Overview

- Assuming approval of an increase in home rule sales tax rate, the revised budget looks like this:

Projected Revenues	\$ 27,786,700	5.7% growth over FY18 est.
Expenditure Requests	<u>28,191,700</u>	7.9% above FY18 est.
Projected Deficit	<u>\$ (405,000)</u>	

- Additional revenues or expenditure reductions are needed to bring the budget into balance for FY19.
- All department heads were charged with making lists of recommended budget reductions in their areas in prioritized order for a group exercise conducted on January 29th.
- **Recommended budget reductions follow on the next 2 pages.**

Cutbacks Recommended by Department Heads to Balance FY19 Budget

Staffing

Finance	Contract Accounts Clerk	Transfer to W/S Fund for Meter Change-out Program	\$	71,500
Police	Eliminate PT Records Clerk	Position first budgeted in FY14. Never filled		22,250
	2 Police Officer Positions	Hold 2 vacancies for 6 months. Equivalent to 1 FTE		87,138
Public Works	Facilities Technician	Fund but freeze pending improved financial results		N/A
	Seasonal Labor	Reduce seasonal help from 7 to 6 positions		5,229
Subtotal				\$ 186,117

Contractual Services/Commodities

Legislative Board	Community Svc. Programs	DuPage Senior Council meals program contribution		10,000
	Dues/Subscriptions	Chamber of Commerce Ad		1,300
Administration	Consultant	Arial video production		5,000
		Misc. video productions		1,000
	Insurance Deductibles	Update projection		5,000
	Various	Misc. supplies, printed materials, etc.		1,575
Human Resources	Personnel Hiring	Reduce allowance for possible executive retirements		5,000
	Dues/Subscriptions	Management Association membership		2,000
	Consultant	Development of administrative procedures manual		25,000
Community Dev.	Consultant	Multi-family / crime-free housing code consulting		10,000
		Arial video production		3,500
		Allowance for possible economic dev. Incentives		50,000
Engineering	Consultant	NPDES permit assistance		5,000
		DPC stormwater audit		8,000
	Telephone	Air cards for field devices		2,280
	Small Equipment	Stream Sensors - Klein Creek		4,000
Public Works	Salt	Update estimate based on favorable pricing		27,000
	Other Equipment	Brine storage		2,000
		Traffic attenuator		20,000

Cutbacks Recommended by Department Heads to Balance FY19 Budget

Contractual Services/Commodities (continued)

Public Works	Maintenance & Repair	Replace PW flag pole	2,000
		PWC light motion sensors	1,500
		PWC kitchen rehabilitation	50,000
	Property Maintenance	North Ave / Town Center mulch	30,000
		Town Center landscape	5,000
	Small Equipment	Defer aerator replacement	3,000
	Parkway Trees	Remove/Purchase/Replace - cut in 1/2	14,000
Muni. Building	Town Center Maint.	Recycling containers	2,000
	Maintenance Supply	Plantings - Daylily Park	3,500
Info Technology	Consultant	Scale back database manager contract	30,000
Various Depts.	Training / Dues	Eliminate department head national conferences and general training cut-backs.	41,750
			\$ 370,405

Capital Outlay

Police	Vehicles	Defer 2 Police vehicle purchases to FY20	\$ 90,000
Total Recommended Reductions to Balance FY19 General Fund Budget			<u>\$ 646,522</u>

FY19 General Fund Budget Overview

- After applying recommended budget reductions, the revised proposed FY19 budget is in balance and looks like this:

Projected Revenues	\$ 27,786,700	5.7% growth over FY18 est.
Expenditure Requests	<u>27,545,178</u>	5.4% above FY18 est.
Projected Surplus	<u>\$ 241,522</u>	

- A budgeted surplus is recommended to provide a small buffer for potential future adverse revenue developments or provide a head start for needed future transfers to the Capital Projects Fund.
- The above figures are subject to change slightly as we refine revenue estimates and last-minute expenditure adjustments (i.e. Emergency Management Budget).



FY19 General Fund Budget Overview

Other Notable Items Concerning Proposed FY19 General Fund Budget

- **Staffing**
 - One new position proposed in IT (IT Technician)
Salary and benefits for this position are budgeted as 100% reimbursed from the Library. If this is not the case, the position will not be hired.
 - Aside from the elimination of 1 PT vacant Records Clerk and 1 seasonal employee, there are no proposed staffing reductions.
 - Vacant positions may be held until approved for rehire, or frozen (i.e. Facilities Technician) until it is demonstrated that revenues have recovered to support recruitment.
- Funding has been identified for negotiated and projected salary adjustments.

Next Steps / Key Dates

- **Tuesday, February 20, 2018**
 - Anticipated sales tax data from IDOR (Aug. to Nov. sales)
 - 6:00 pm Budget Workshop – **General Fund Detail**
- **Monday, March 5, 2018**
 - 6:00 pm Budget Workshop – **Capital Improvement Program**
 - 7:30 pm Village Board Meeting – Ordinance Increasing the HRST
- **Monday, March 19, 2018**
 - 6:00 pm Budget Workshop – **Water and Sewer / Other Funds**
 - 7:30 pm Village Board Meeting – Ordinance Imposing Local Motor Fuel Tax
- **Friday, April 2, 2018**
 - Draft FY19 Budget distributed to Village Board and available for public review in the Village Clerk's Office and Village web site.
- **Monday, April 16, 2018**
 - 7:30 pm Village Board Meeting – Public Hearing and subsequent adoption of FY19 Budget and FY19-FY21 Financial Plan.



?QUESTIONS?