

Village of Carol Stream

SPECIAL MEETING

**TUESDAY, JANUARY 17, 2012
6:00 P.M.**

**GREGORY J. BIELAWSKI MUNICIPAL CENTER
500 N. GARY AVENUE
CAROL STREAM, ILLINOIS 60188**

AGENDA

1. CALL TO ORDER
2. ATTENDANCE
3. REPORT ON CURRENT YEAR FY12 BUDGET AND YEAR-END PROJECTION
4. FY13 BUDGET PLANNING UPDATE
5. DISCUSSION OF FISCAL POLICIES
6. OTHER BUSINESS
7. ADJOURNMENT



Village of Carol Stream

FY 2013

BUDGET WORKSHOP #1

January 17, 2012



Agenda

- **FY12 Budget - Year End Projection**
 - Bottom Line (Compare to FY11)
 - Revenue Summary and Review
 - Expenditure Projection
- **FY13 Budget - Planning Update**
- **FY13 Fiscal Policy Discussion**
 - Accounting for Reserves
- **Next Steps**

Village of Carol Stream

FY12 Budget Status Update - General Fund

Projected FY12 Revenues & Expenditures

	<u>FY10</u> <u>Actual</u>	<u>FY11</u> <u>Actual</u>	<u>FY12</u> <u>Budget</u>	<u>FY12</u> <u>Estimate</u>	Over/ (Under) <u>FY11 Actual</u>	Over/ (Under) <u>FY12 Budget</u>
Total Revenues	20,016,681	21,023,024	20,084,500	21,177,000	153,976 0.7%	1,092,500 5.4%
Total Expenditures	<u>(20,767,506)</u>	<u>(19,558,570)</u>	<u>(20,219,690)</u>	<u>(19,881,386)</u>	<u>322,816</u> 1.7%	<u>(338,304)</u> -1.7%
Net Increase / (Decrease)	<u>\$ (750,825)</u>	<u>\$ 1,464,454</u>	<u>\$ (135,190)</u>	<u>\$ 1,295,614</u>	<u>\$(168,840)</u>	<u>\$ 1,430,804</u>



FY12 Year End Projection

Bottom Line

- Adopted FY12 Budget anticipated use of reserves of \$135,000.
- Current estimates project a surplus of approximately \$1.3 million by 4/30/12.
- Largely attributable to some sizable “one-time” revenues and limiting expenditure growth to approx. 1.7% over FY11 actual expenditures.

Village of Carol Stream General Fund Revenues 4/30/12 Estimated Revenues

	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY12 Estimate</u>	Over/ (Under) <u>FY11</u>	Over/ (Under) <u>Budget</u>
Sales Tax	\$ 4,871,057	\$ 4,915,000	\$ 4,931,000	\$ 59,943	\$ 16,000
State Income Tax	3,176,206	3,140,000	3,050,000	(126,206)	(90,000)
Home Rule Sales Tax	2,526,086	2,654,000	2,845,000	318,914	191,000
Utility Tax - Telecomm.	1,635,122	1,558,000	1,610,000	(25,122)	52,000
Utility Tax - Electricity	1,857,274	1,750,000	1,830,000	(27,274)	80,000
Natural Gas Use Tax	573,560	525,000	600,000	26,440	75,000
Real Estate Transfer Tax	241,352	175,000	625,000	383,648	450,000
Hotel Tax Receipts	245,080	230,000	268,000	22,920	38,000
Other Taxes	<u>943,351</u>	<u>830,000</u>	<u>966,900</u>	<u>23,549</u>	<u>136,900</u>
Total Taxes	16,069,088	15,777,000	16,725,900	656,812	948,900
Licenses and Permits	1,131,110	1,089,300	1,107,000	(24,110)	17,700
Grants	330,640	75,000	195,000	(135,640)	120,000
Charges for Services	1,311,513	1,214,200	1,333,100	21,587	118,900
Fines and Forfeitures	1,806,014	1,768,000	1,544,000	(262,014)	(224,000)
Interest Income	38,408	40,000	32,000	(6,408)	(8,000)
Miscellaneous Revenue	<u>336,251</u>	<u>121,000</u>	<u>240,000</u>	<u>(96,251)</u>	<u>119,000</u>
Total Revenues	\$ 21,023,024	\$ 20,084,500	\$ 21,177,000	153,976 0.7%	1,092,500 5.4%



FY12 Year End Projection

FY12 Revenue Review

- Estimated FY12 Revenues expected to increase by less than 1% compared to FY11 actual revenues.
 - Considering FY12 is the first full year of increased sales tax rate (FY11 = 7 months), all other combined revenues declined in FY12 over FY11.
 - FY12 revenues versus 2 years ago (FY10) are up by approx. \$1.1 million, which only accounts for budgeted revenues from new sources (sales tax increase = \$725K and Towing Fee = \$350K), thus continued stagnation.
 - Forecast for next 3 years, less than 1% growth annually.

FY12 Year End Projection

FY12 Revenue Review

- Key revenue changes FY12 est. vs FY11 act.

◦ Sales Tax	UP	1.2%
◦ Income Tax	DOWN	(4.0%)
◦ Home Rule Sales	UP	12.6% (first full yr)
◦ Utility Tax – Electric	DOWN	(1.5%)
◦ Utility Tax – Telecom	DOWN	(1.5%)
◦ Ord./Court Fines	DOWN	(14.5%)
◦ Utility Tax – Gas	UP	4.6%

The above sources make up more than 80% of FY12 budgeted General Fund revenues.



FY12 Year End Projection

FY12 Revenue Review

- The good news. FY12 estimated revenues are \$1.1 million or 5.4% above budget. Why?
 - We do not budget revenues we cannot reasonably expect to receive.
 - Booming year for significant commercial real estate transfer tax transactions (project \$450,000 over budget. 13 commercial sales YTD > \$1 million. (We generally consider these “one-time” occurrences).
 - First full year of increased home rule sales tax is higher than anticipated (by \$191,000). Anticipate this to roll forward into new FY13 budget.
 - Good revenue experience in FY12 is key contributor to projected 4/30/12 budget surplus.

Village of Carol Stream

General Fund Revenue Expenditures

4/30/12 Estimated Expenditures

	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY12 Estimate</u>	Over/ (Under) <u>FY11</u>	Over/ (Under) <u>Budget</u>
Personal Services	\$ 10,101,920	\$ 9,802,662	\$ 9,703,893	(398,027)	(98,769)
Seasonal Help	42,158	56,500	40,760	(1,398)	(15,740)
Court Time	117,146	152,807	132,013	14,867	(20,794)
Overtime	597,116	652,900	720,486	123,370	67,586
Group Insurance	1,549,605	1,743,083	1,711,998	162,393	(31,085)
IMRF	631,327	621,311	596,778	(34,549)	(24,533)
FICA	773,091	748,502	759,617	(13,474)	11,115
Work Comp	359,435	249,188	257,435	(102,000)	8,247
Unemployment	24,113	20,000	18,300	(5,813)	(1,700)
Police Pension	<u>1,256,813</u>	<u>1,434,572</u>	<u>1,434,572</u>	<u>177,759</u>	<u>-</u>
Total Salaries	15,452,724	15,481,525	15,375,852	(76,872)	(105,673)
Contractual Services	3,771,631	3,966,824	3,734,657	(36,974)	(232,167)
Commodities	77,537	236,521	166,367	88,830	(70,154)
Capital Outlay	<u>256,678</u>	<u>534,820</u>	<u>604,510</u>	<u>347,832</u>	<u>69,690</u>
Total	<u>\$ 19,558,570</u>	<u>\$ 20,219,690</u>	<u>\$ 19,881,386</u>	<u>\$ 322,816</u>	<u>\$(338,304)</u>
				1.7%	-1.7%

FY12 Year End Projections

FY12 Expenditure Projections 1.7%

- FY12 estimated expenditures projected ~~1.5%~~ ahead of FY11 actual expenditures and below FY12 budget by 1.7%.
- Payroll savings continue compared to FY11 and against FY12 budget, even after voluntary separation program in 2010.
 - Reorganization of Administration Department.
 - Holding position vacancies where able.
 - Deployment of PT non-benefit positions where able.
- ~~1.5%~~ increase in total expenditures over FY11 due to needed vehicle replacements completed in FY12.

1.7%



FY12 Personnel Costs

- People costs make up more than 75% of FY12 budgeted expenditures.
- Payroll salaries for FY12 projected to end the year 3.9% below FY11 and 10.7% below FY10.
- Health insurance continues to trend upward, 10.5% over FY11.
- Police Pension contributions up 14.1% over FY11.
- Total salaries, including benefits down by 0.5% over FY11.

FY 13 Budget – Planning Update

- **November** - 5 Year departmental planning forecasts have been prepared and reviewed.
- **December** - Preparation and submission of departmental budget requests to budget team. First round of budget review meetings completed.
- **January** - First round of revenue projections for FY13 completed.
 - FY~~14~~¹³ projected revenues are 4.0% above FY~~13~~¹² budget.
 - Departmental budget expenditure requests exceed FY13 forecast of available revenues, necessitating cutbacks to requested programs to close gap and balance the budget.
 - We believe this gap will be manageable.
 - Follow-up meetings to be scheduled with operating departments to balance the budget.



FY13 Fiscal Policy Discussion

Reserve Balances

- **Brief Review of Existing Policies**
- **Proposed Changes to:**
 - Enhance Clarity - Operating vs. Capital Reserves
 - Improve Transparency and Accountability
 - Increase Reporting
 - Budget Document
 - Quarterly Financial Updates
 - Monthly Treasurer's Report
- **Prior to FY13 Budget Adoption:**
 - Updated recommended policy text (March)
 - Absorb Water/Sewer Replacement Fund into Water/Sewer Capital Reserves
 - Expanded presentation of Water/Sewer Capital Reserves
 - Closure of Water/Sewer Revolving Loan Program

E. Reserve Policy

1. The Village will maintain General Corporate Fund working capital and reserves. The balance of the fund will be maintained at a level at least equal to 50% of the total General Corporate fund annual budgeted expenditures. This reserve shall be created and maintained to provide the capacity to:
 - a. offset unexpected downturns or revision in any general corporate fund revenue.
 - b. provide a sufficient cash flow for daily financial needs at all times.
 - c. offset unexpected increases in general corporate fund expenditures.
 - d. to supplement the budget during a financial downturn.
2. The Village will maintain Water and Sewer Fund working capital and reserves. The balance of the fund will be maintained at a level at least equal to 25% of the total Water and Sewer Fund annual budgeted expenditures, excluding infrastructure expenditures.
3. The Village will maintain a Water and Sewer Replacement Fund. This fund will be used for equipment replacement. The Fund will be funded at the rate of \$100,000/year.
4. If fund balances are used to support one-time capital, one-time non-operating expenditures, and operating expenditure the funds must be specifically appropriated by the Village Board and a plan to replenish the reserves to the required level should accompany the request to use the funds.



Next Steps

- Monday January 30, 2012
 - 6:00 pm Special Village Board Workshop
 - **Capital Improvement Plan**
 - **Community Development Code Enforcement Initiatives**
- Monday, February 6, 2012
 - 6:00 pm Special Village Board Workshop
 - **FY13 Draft Budget Presentation – Part 1**
- Tuesday, February 21, 2012
 - 6:00 pm Special Village Board Workshop
 - **FY13 Draft Budget Presentation – Part 2**



Next Steps

- **March**
 - Reserved for Document Preparation.
 - Distribution of Draft Budget to Village Board, for public inspection and web site by March 16, 2012.
- **Monday, April 2, 2012**
 - Budget Public Hearing
 - Budget Adoption
- **May 1, 2012**
 - FY13 Begins