



VILLAGE OF CAROL STREAM

Financial Profile and Peer Comparison

November 20, 2017

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I. Introduction & Executive Summary



Introduction

PURPOSE

- Compare information on demographics, revenues, expenditures, financial results and financial position.
- Framework for understanding Carol Stream's financial performance considering:
 - Historical results
 - Peer performance
- Basis for establishing context 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 Fund
- Excludes enterprise operations
 - i.e. Those functions primarily supported by user fees
 - Water/Sewer Utilities
 - Golf Courses
 - Parking Systems

Introduction

SCOPE

- Update of previous analyses presented in:
 - October 2014 using data from FY2013
 - February 2011 using data from FY2010
- Most financial data drawn from FY2016 (most current for all peers).
- Identification of any changing trends.
- A refreshed view of financial data post-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.
- Median household income has fallen from 3 years ago in half of the peer group and has moderately increased in the other half.
- Median home values have fallen by an average of 10% from 3 years ago across the peer group.
- Community Equalized Assessed Values (EAVs) are still below values seen 5 years ago in 2010.

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 at the low end of peer communities.
- Considering a shorter-term perspective (last 3-4 years), Carol Stream's average governmental fund revenue growth is among the leaders in the peer group. This is encouraging in the post-recessionary climate.
- **Total governmental revenues generated on a per capita basis** is among the **lowest** among peer communities. This remains consistent with prior editions of this report.
- 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 taxes paid to peer group communities in 2016 for the median home valued at \$228,500 ranged from \$232 to \$1,102, with an average of \$601.
- Property taxes are a significant source of income within the peer group, averaging 31% of total governmental tax revenues or 23% of ALL revenues.
- Considering total community property tax rate, Carol Stream falls in the middle, having a Village-wide rate about 3.0% above the peer average.

Executive Summary (cont'd)

Village Revenues

Sales Tax

- Sales taxes continue to play a critical role in funding Carol Stream's governmental activities. Sales taxes generated in Carol Stream are a larger component of total governmental revenues than 8 of 10 peers.
- 9 out of 10 peer communities impose some form of **home rule sales tax**. 7 peers impose a higher tax rate than Carol Stream, 2 have the same rate, and 1 has no home rule sales tax.
- Carol Stream's local **sales taxes** per capita fall in the middle of the peer group and is in the lower 1/3 when considering revenues per value of commercial/industrial EAV, likely due to the size of Carol Stream's industrial EAV.

Executive Summary (cont'd)

Village Revenues

Sales Tax

- The 2011 study that encompassed the Great Recession 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. The 2014 study showed considerable improvement with Carol Stream among the leaders in sales tax growth. This continues in the 2017 study with Carol Stream placing at the top end of the peer group with sales tax growth on both short, mid and long term growth. Carol Stream has the highest growth in post-recessionary sales taxes among the peer group as measured from 2009 through 2016.

Executive Summary (cont'd)

Village Expenditures

- Similar to its low revenue production per capita, Carol Stream ranked among the leanest spenders during 2016, with spending 17% below the peer average.
- When reviewing expenditures by general type (General Government, Police, and Public Works/Capital/Debt), Carol Stream is more heavily weighted toward Police operations (by approx. 10%) when compared to the peer average with less weighting (approx. 10%) toward Public Works/Capital/Debt. General Government expenditures track closely to peer communities when viewed as a percentage of total spending.
- The Village's lack of debt contributes significantly to its overall low cost of service.

Executive Summary (cont'd)

Village Expenditures

- Carol Stream's total staff to population ratio ranks among the middle 1/3 of peer communities, and about 2% below the peer group average.
- Total staffing per 1,000 residents has increased from both the 2010 and 2014 studies at which time Carol Stream was among the leanest organizations (lower 1/3 of peer group).
- Between the 2014 and 2017 studies about 1/2 of peer group communities had net staffing decreases and about 1/2 had net staffing increases. Carol Stream had the largest increase in staffing per 1,000 residents during this period.
 - General Government Employees = 3rd lowest of 11
 - Police Department Employees = 8th of 11 (similar to 2014 study)
 - Public Works Employees = 1st of 10 (tied for 3rd/4th lowest of 11)

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 59.4% (police), which ranks 8th of 11 in the peer group. Police Pension funding peer average has fallen from 65.4% (2014) to 58.4% (2017). IMRF ranked only 4th of 11 in funded ratio, however is 83.2% funded.
- On a per capita basis, Carol Stream's Net Pension Liability (long-term measure) ranks 5th lowest of 11 peer communities (Police and IMRF combined).
- Carol Stream's Actuarially Determined Contribution (ADC) per capita for 2016 (short-term measure) ranks in the lower 1/3 of the peer group (#3 of 11) and is 20% below the peer average. This position is consistent with prior year studies. Carol Stream's ADC has increased by 60% since 2010.

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 Balance per capita ranks 10th of 11 peer communities at the conclusion of 2016.
- Total Governmental Fund Balance as a percentage of total 2016 expenditures is 168%, the largest among the peer communities. 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
- Ten peers selected (All are Home Rule communities except Lombard)

Addison

Glendale Heights

Streamwood

Bartlett*

Hanover Park*

Wheaton

Bloomingtondale

Lombard

Woodridge*

Downers Grove

(* Multi-County)

Two are new to the group (Downers Grove and Lombard)

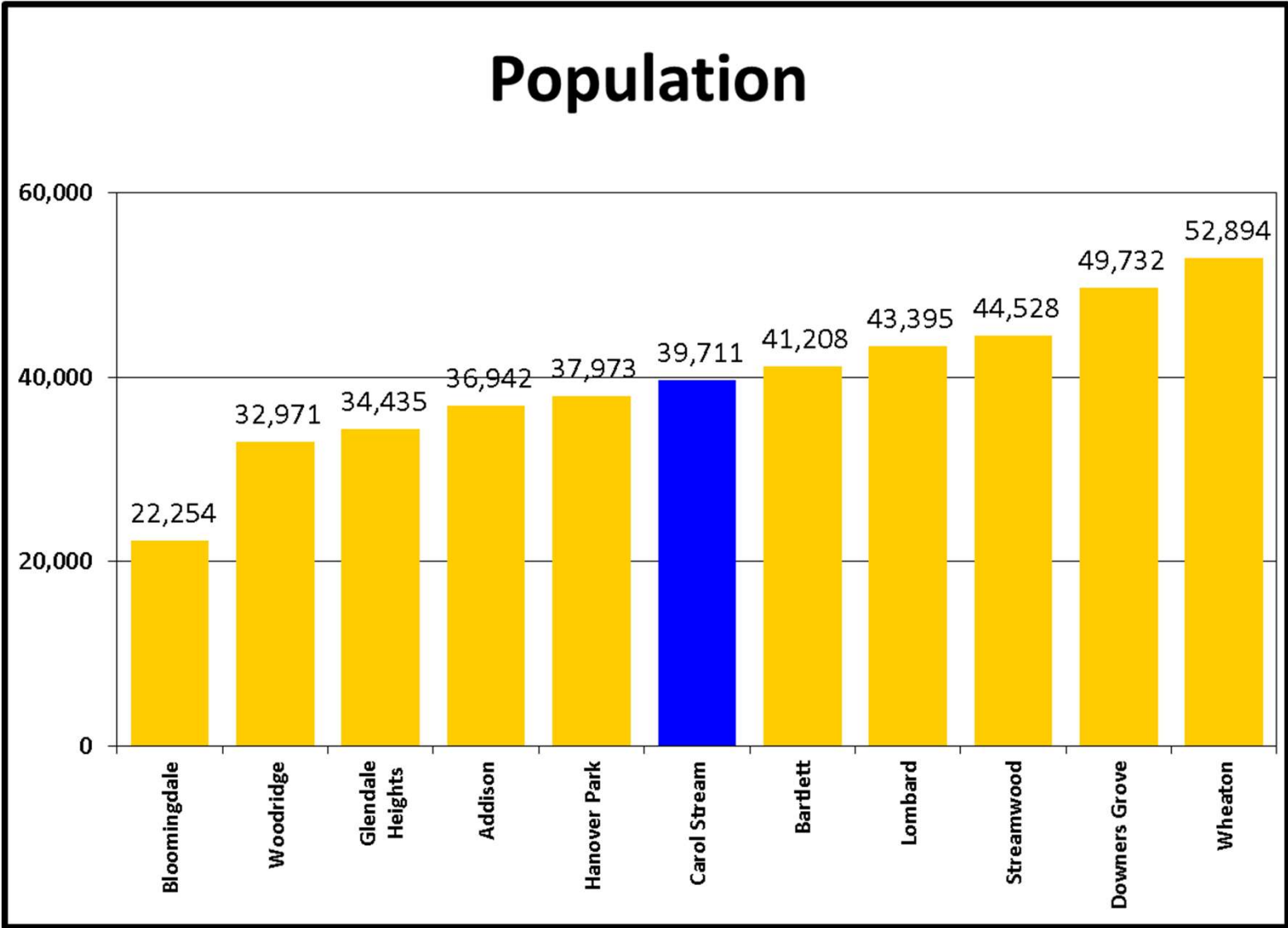
One eliminated (Wheeling) 100% Cook County and geographically dissimilar.

Peer Comparisons Can Be Tricky

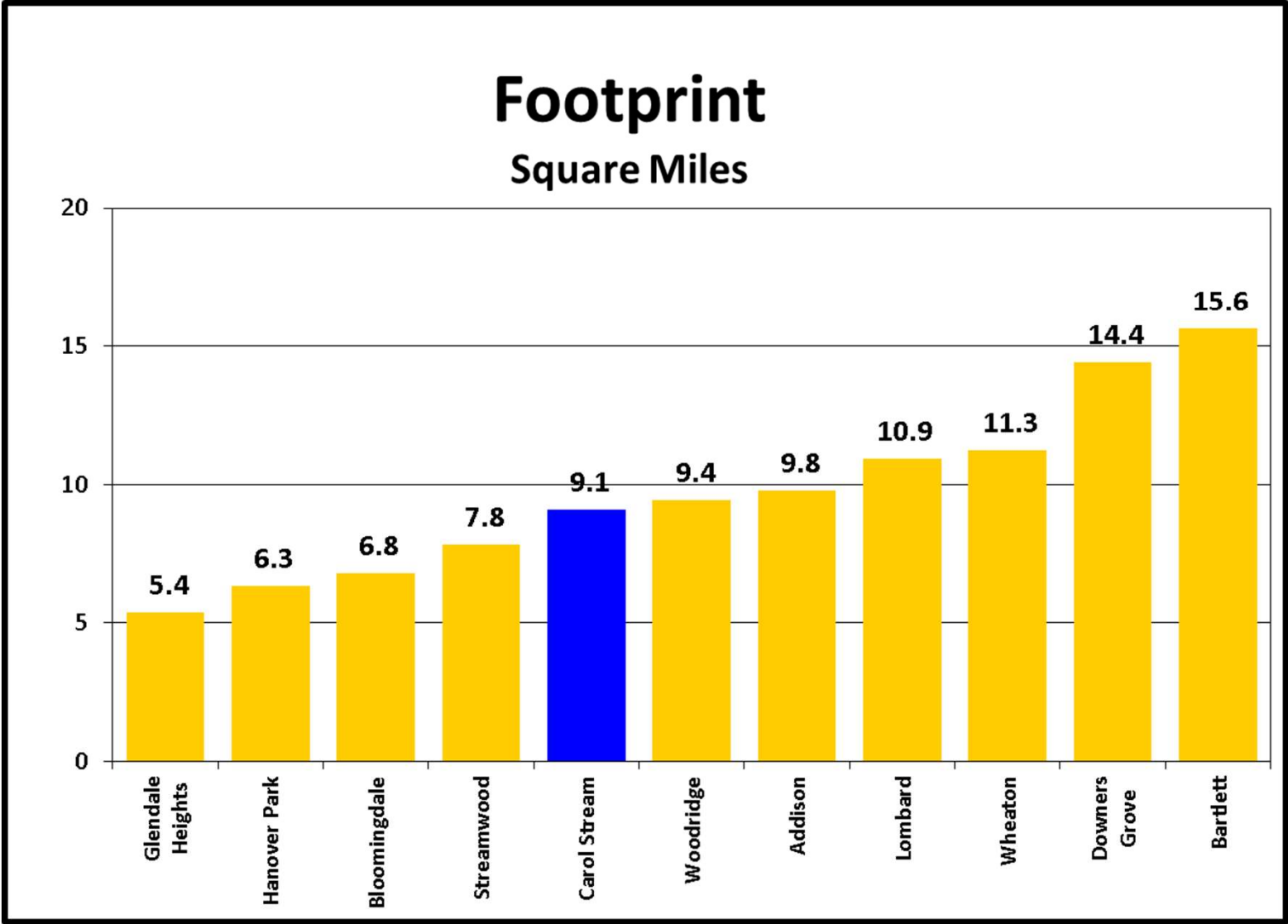
- Different sizes
- Different service offerings
 - 5 have Municipal Fire Departments (Hanover Park, Streamwood, Wheaton, Lombard, Downers Grove)
 - Parks & Recreation included in Glendale Heights
 - Varying accounting practices, fund and department structures
- Different mix of residential and commercial property and some multi-county.
- Different fiscal periods
 - 5 report on calendar year (Downers Grove, Hanover Park, Lombard, Streamwood, Woodridge) vs. fiscal year.

III. General Demographic Information



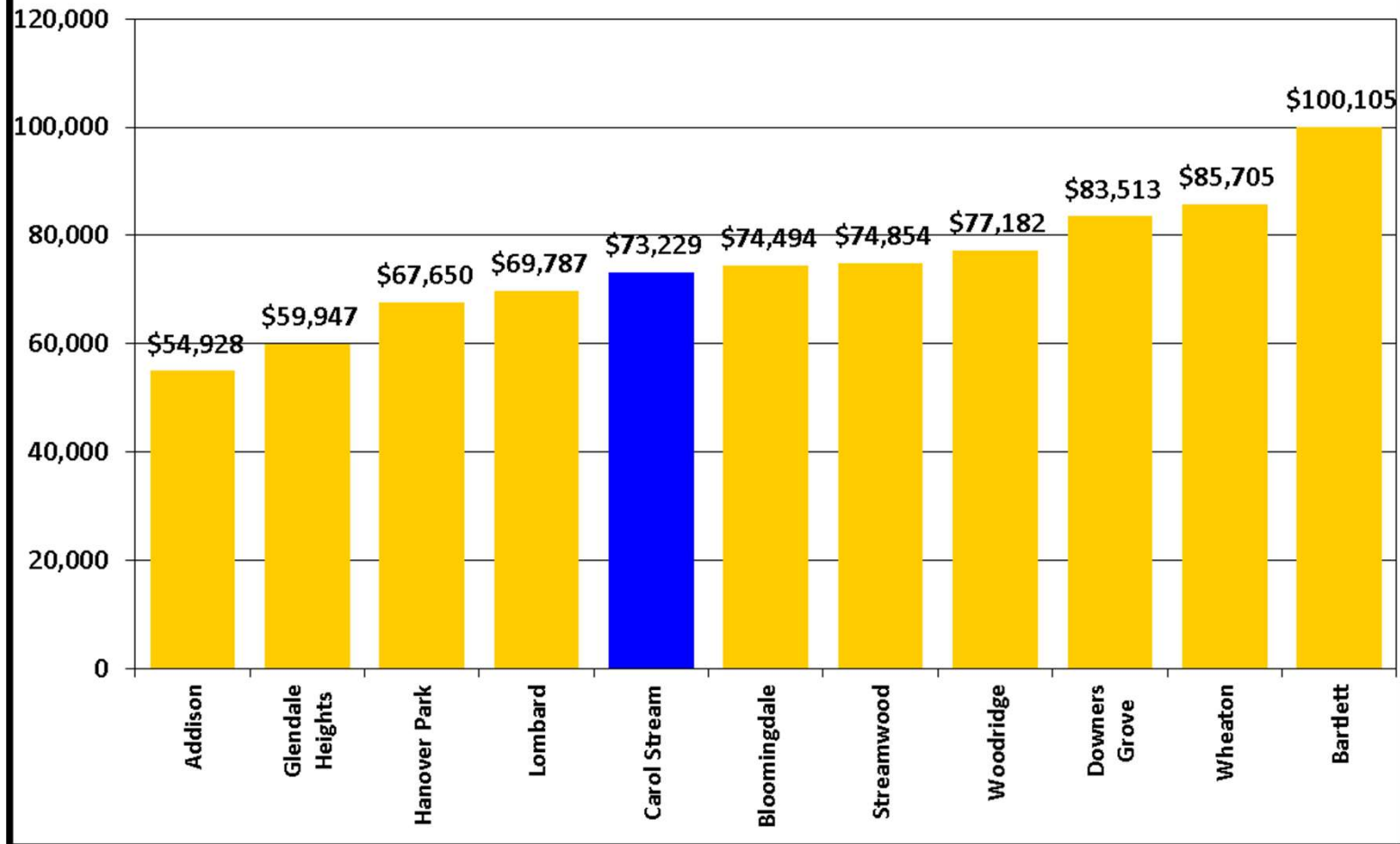


Source: Comprehensive Annual Financial Reports



Source: U.S. Census Bureau

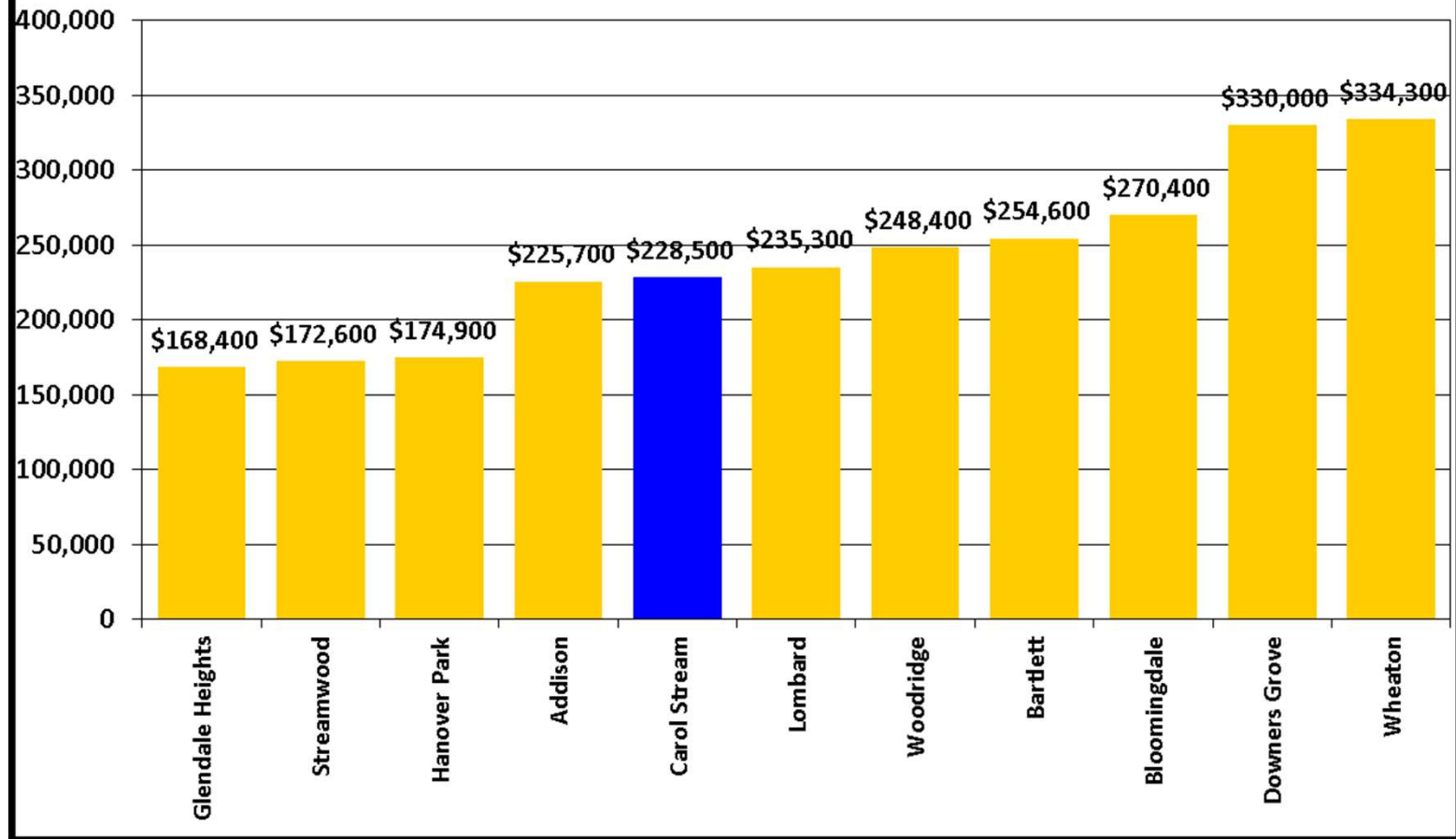
Median Household Income



Source: US Census Bureau 2011-2015. www.factfinder.census.gov

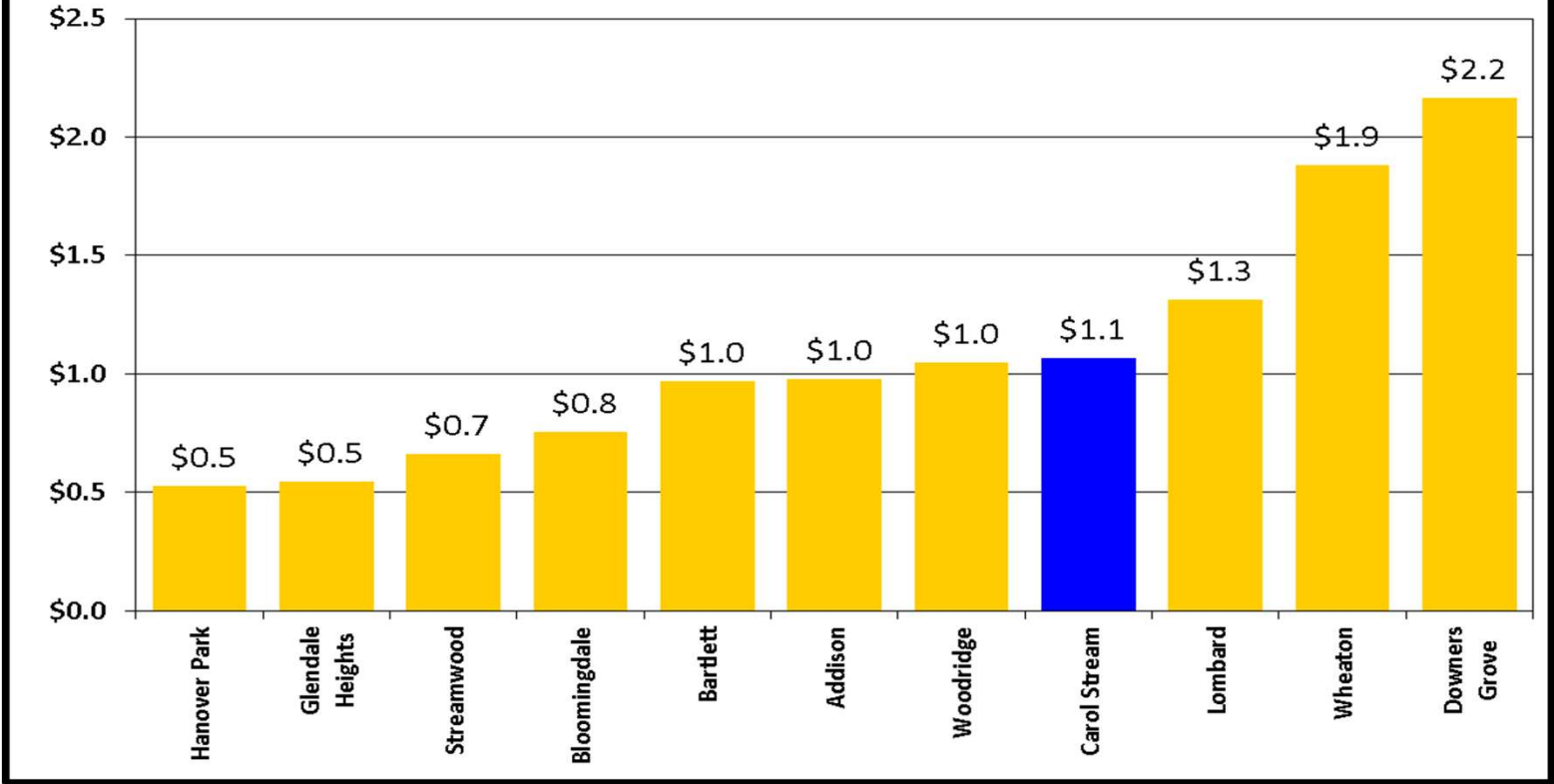
Median Home Value

(Owner-Occupied)



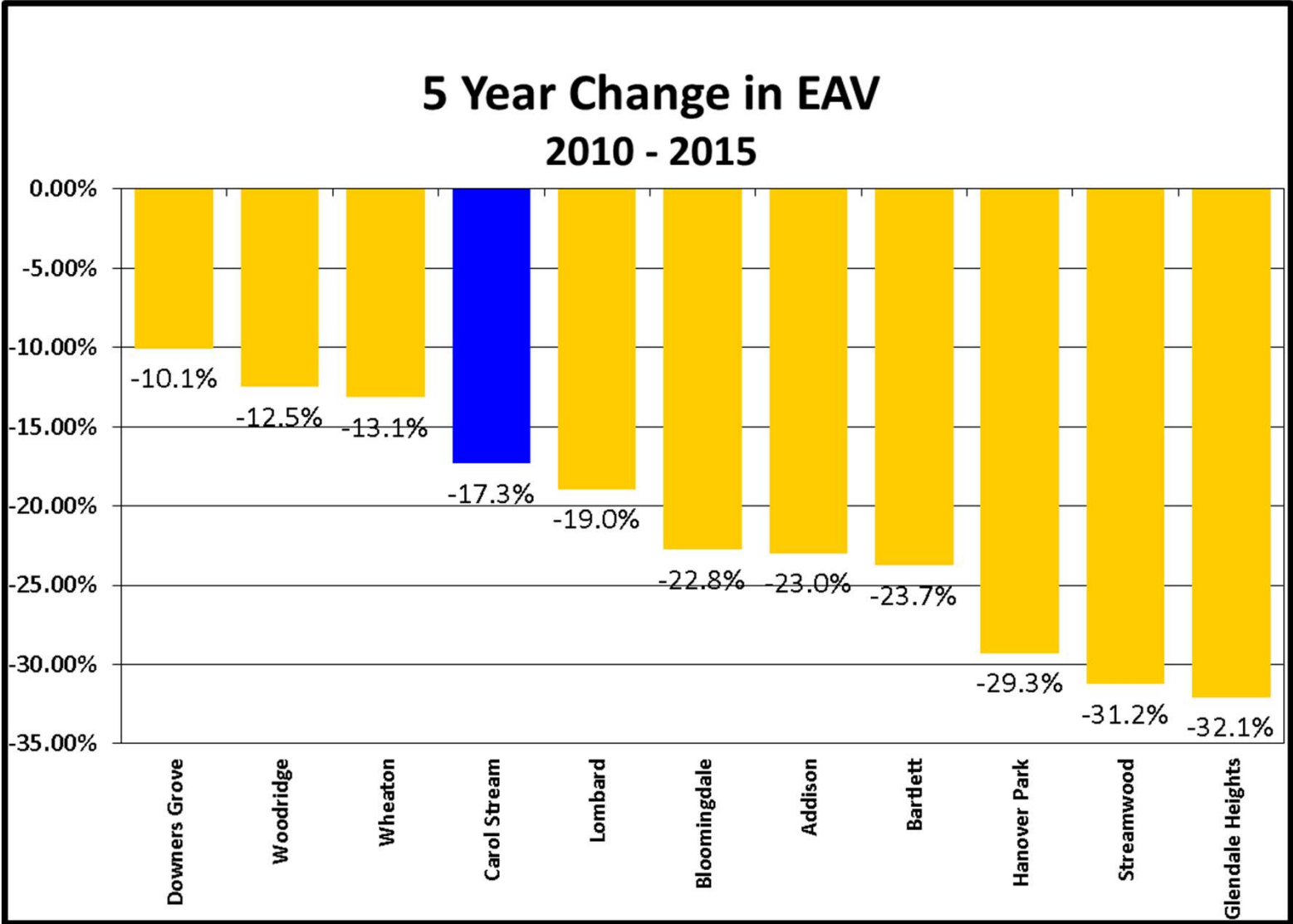
Source: US Census Bureau 2011-2015. www.factfinder.census.gov

Total Equalized Assessed Value* (EAV) 2015 (in Billions)



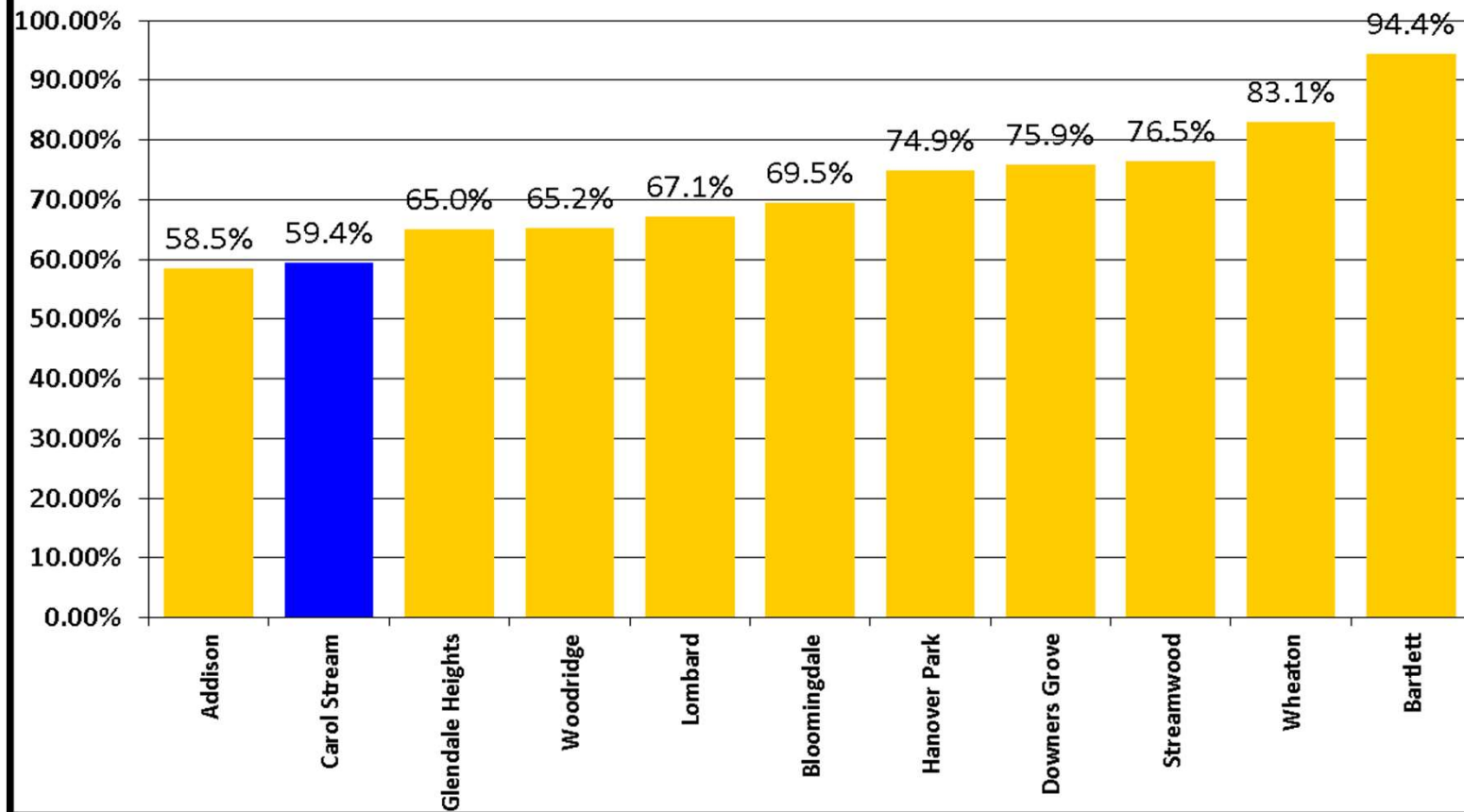
Source: Comprehensive Annual Financial Reports

* 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 2015 property tax bills which are issued and paid in 2016.



Source: Comprehensive Annual Financial Reports/County Records.

Residential Property % of Total EAV 2015



Source: Comprehensive Annual Financial Reports

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

IV. Revenue



Key Revenue Matrix

	Property Tax (2015)	Sales Tax	Income Tax*	Motor Fuel Tax*	Added Sales Tax	Food & Beverage Tax	Hotel Tax	Real Estate Transfer Tax ²	Utility Tax - Telecom	Utility Tax - Electric ³	Utility Tax - Gas	Utility Tax - Water	Local Motor Fuel Tax ⁴	Vehicle Sticker	Video Gaming Term. Fee	Video Gaming 6/30/17 ⁵	Stormwater Fee
Addison	0.8393	X	X	X	1.00%		5.0%	\$2.50	6.0%					\$ 25	\$ 500	19/85	
Bartlett	0.9154	X	X	X				\$3.00	6.0%	.072¢	2.5¢				\$ 500	11/46	
Bloomington¹	0.3049	X	X	X	0.50%		6.0%		3.00%				2.0¢		\$ 500	7/23	
Carol Stream	-	X	X	X	0.75%		5.0%	\$ 3.00	6.0%	.564¢	2.5¢			\$ 30	\$ 550	12/60	
Downers Grove	0.3097	X	X	X	1.00%	1.0%	4.5%		6.0%	.391¢	1.5¢		1.5¢				X
Glendale Heights	1.1831	X	X	X	1.25%	1.0%	5.0%	\$3.00	6.0%	.488¢	5.0¢			\$ 15	\$ 500	8/40	
Hanover Park	1.2897	X	X	X	0.75%	3.0%	3.0%	\$3.00	6.0%	.61¢	1.5¢				\$1,000	6/30	
Lombard¹	0.0520	X	X	X	1.00%	2.0%	5.0%		6.0%	.61¢	5.0%						
Streamwood	1.4465	X	X	X	1.00%	2.0%		\$3.00	5.0%	.449¢	3.25¢				\$ 150	11/53	
Wheaton	0.7818	X	X	X	1.00%		5.0%	\$ 2.50	6.0%	.61¢	3.0¢						X
Woodridge	0.3066	X	X	X	0.75%			\$ 2.50	6.0%	.567¢	5.0¢		4.0¢		\$ 250	9/29	

* Per capita based State distribution.

¹ In addition to home-rule sales tax, a 1.00% business district tax applies to selected commercial areas.

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

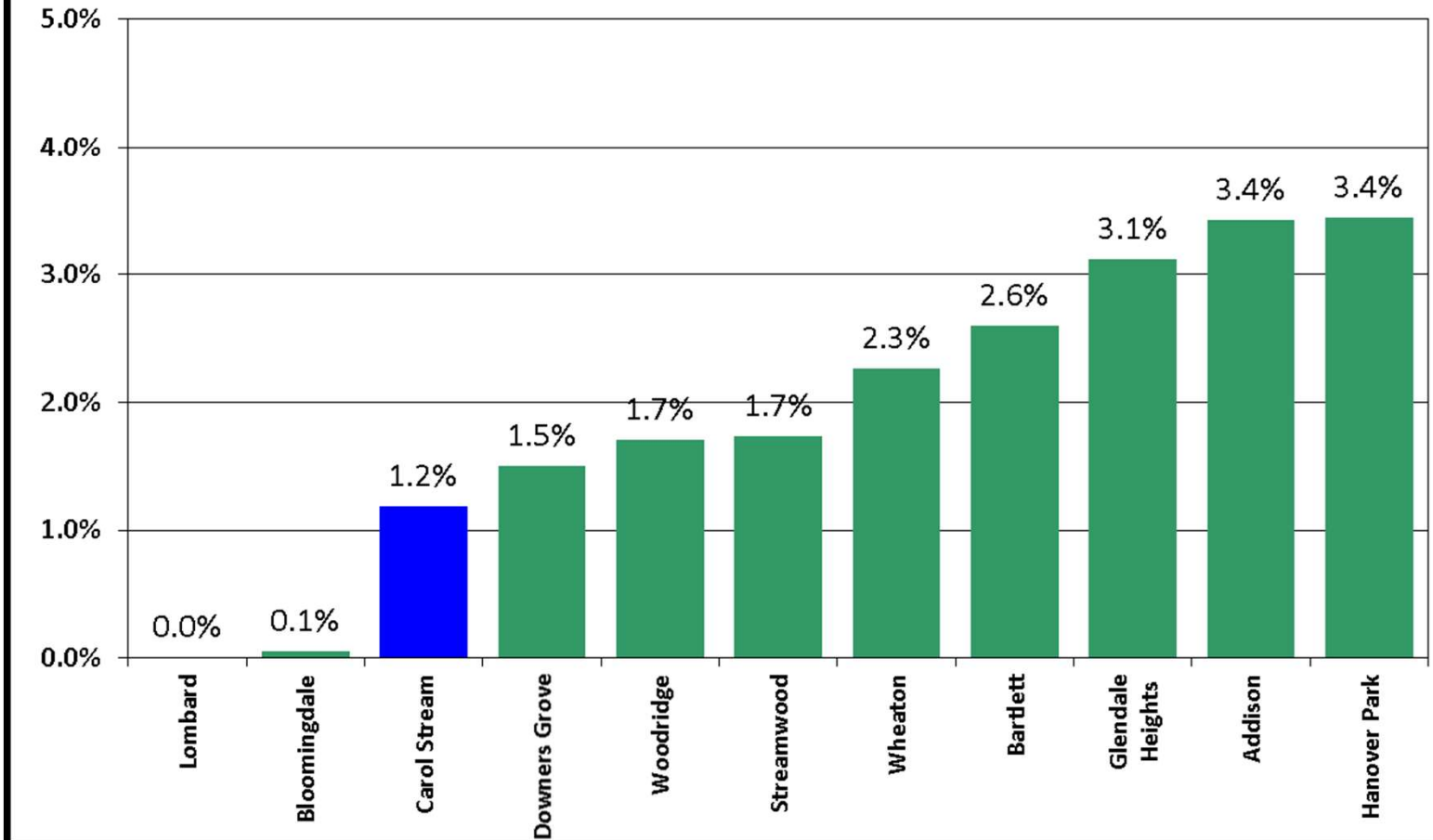
³ Variable - Rate is for the first 2,000 kwh consumption.

⁴ Per gallon.

⁵ Number of establishments/terminals installed.

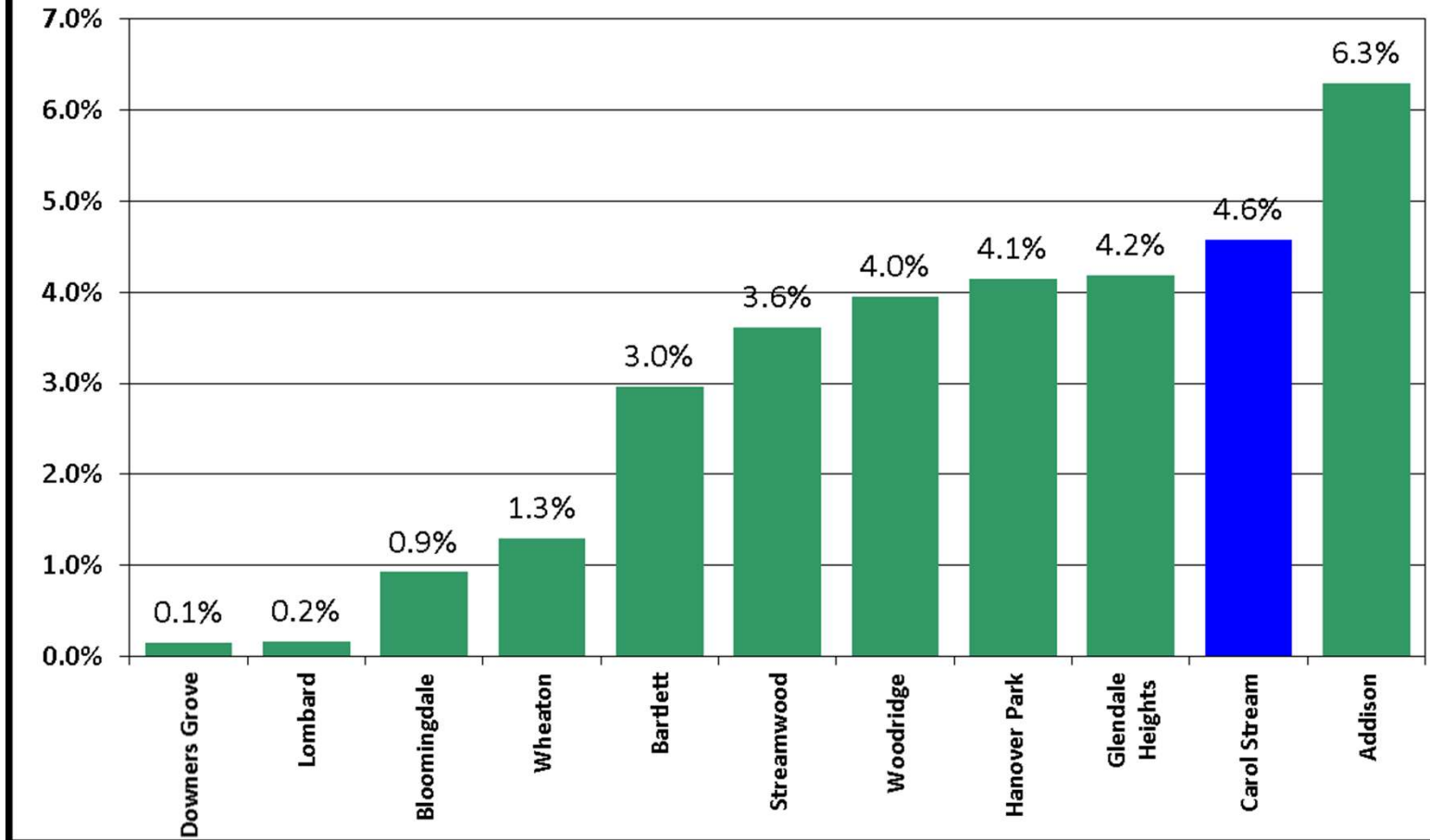
 Represents an increase from 2013.
 Represents a decrease from 2013.

Average Annual Revenue Growth 2007 to 2016



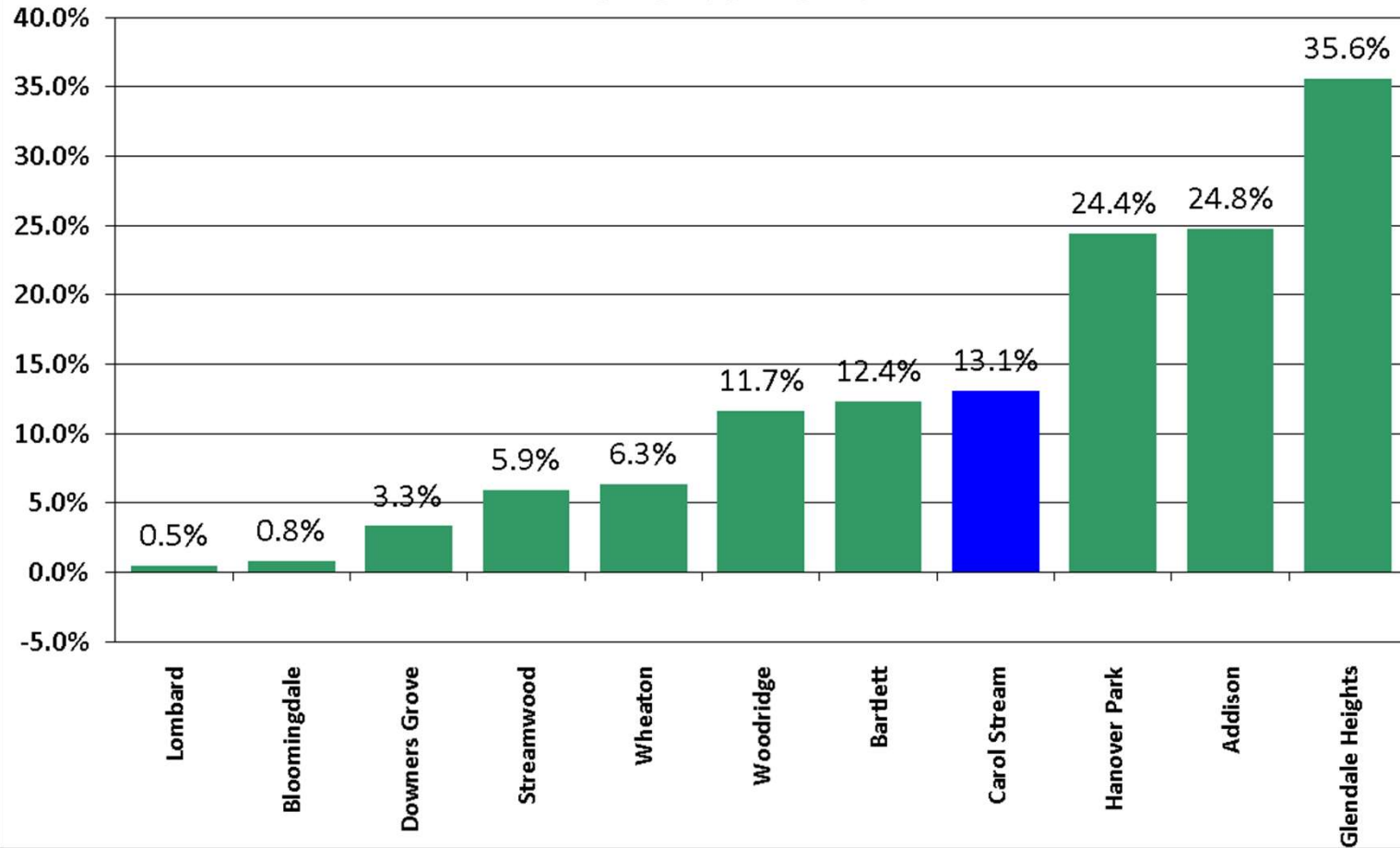
Source: Comprehensive Annual Financial Reports/Budgets
All Government Funds.

Average Annual Revenue Growth 2012 to 2016



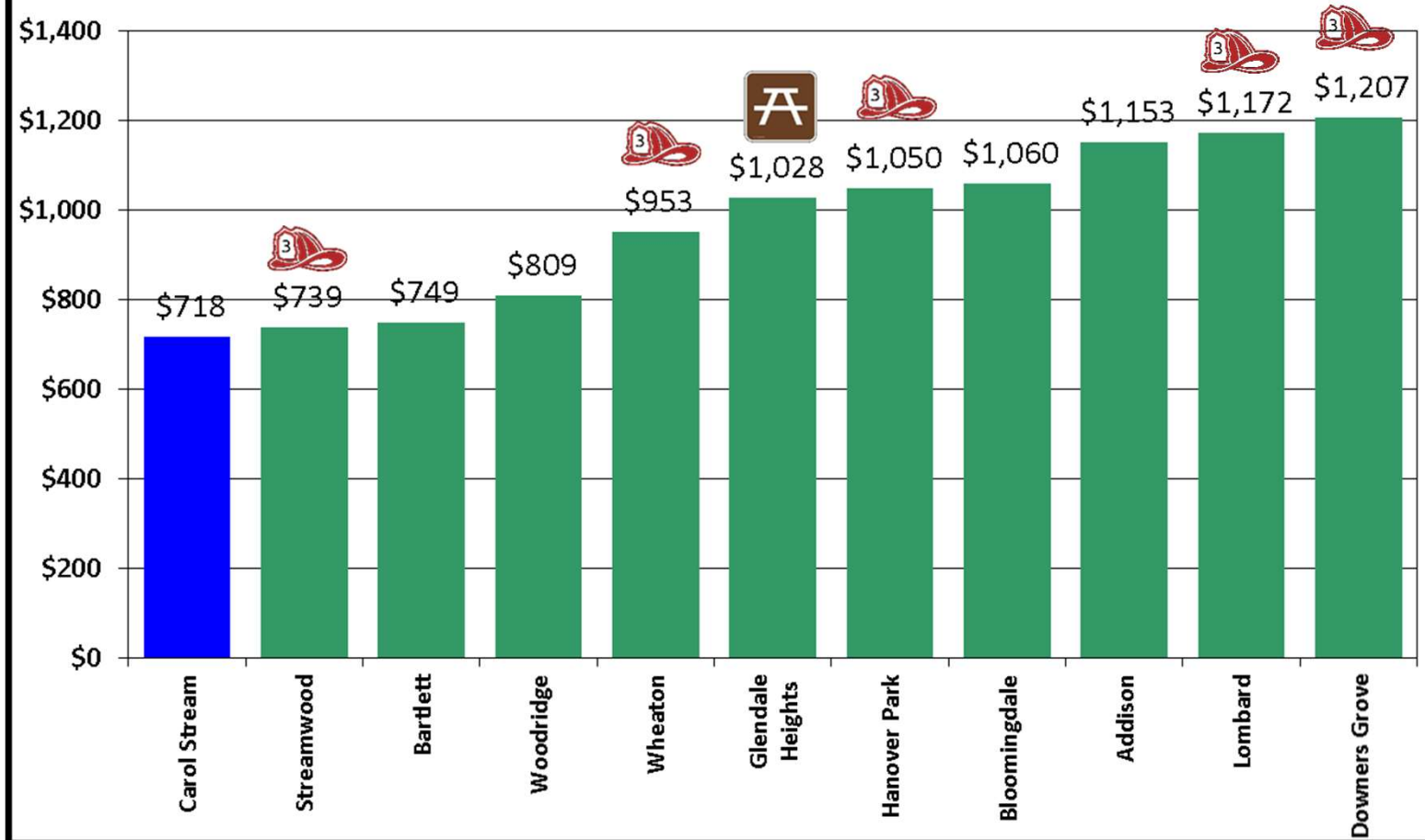
Source: Comprehensive Annual Financial Reports/Budgets
All Government Funds.

3 Year Change in Total Revenues 2013 to 2016



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

Governmental Fund Revenues per Capita 2016



Source: Comprehensive Annual Financial Reports/Budgets

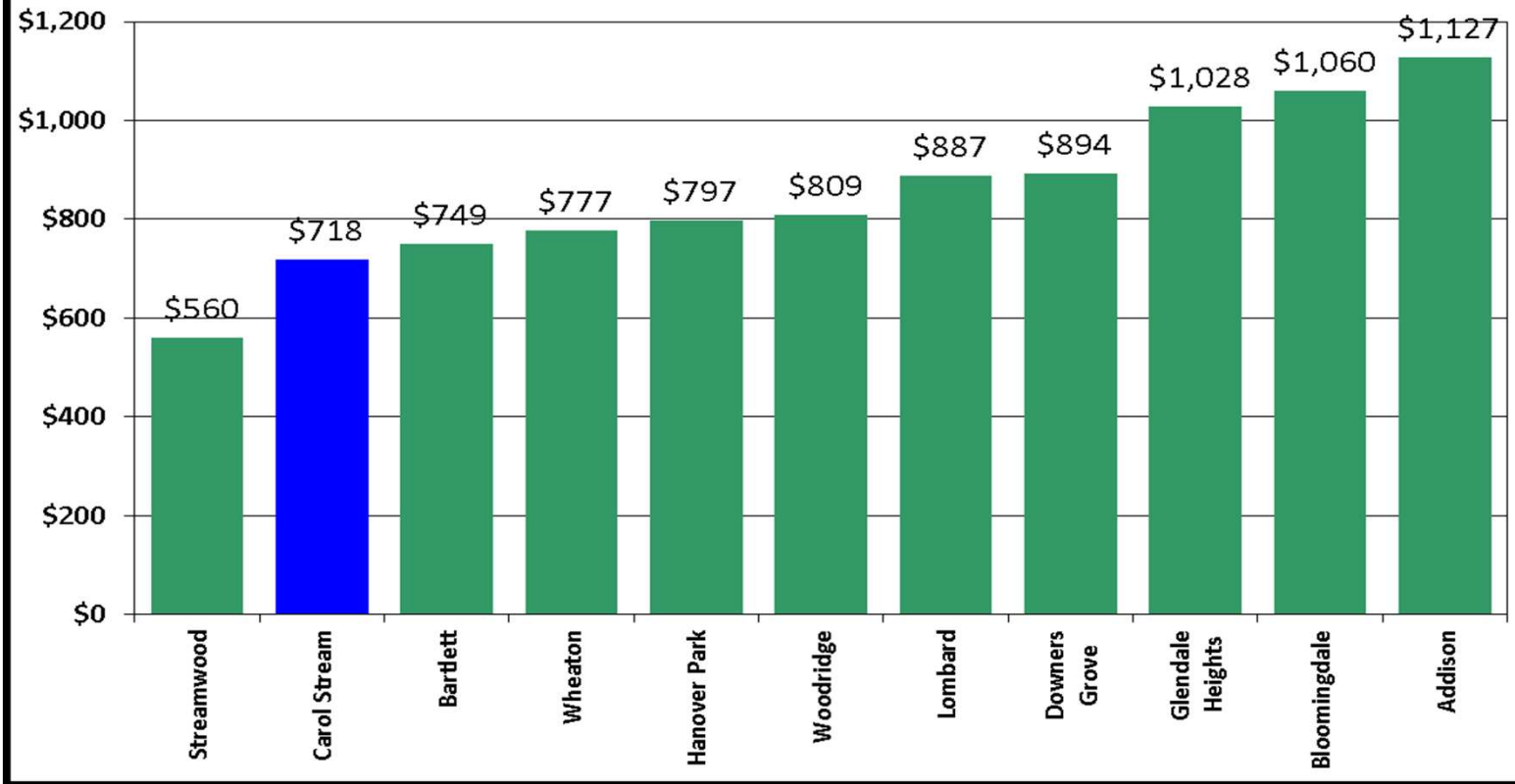


Includes City/Village Fire Services



Includes Parks/Recreation

Governmental Fund Revenues per Capita (Adjusted) - 2016

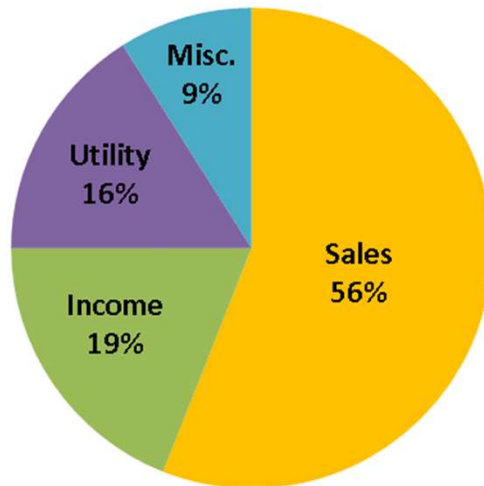


Source: Comprehensive Annual Financial Reports/Budgets

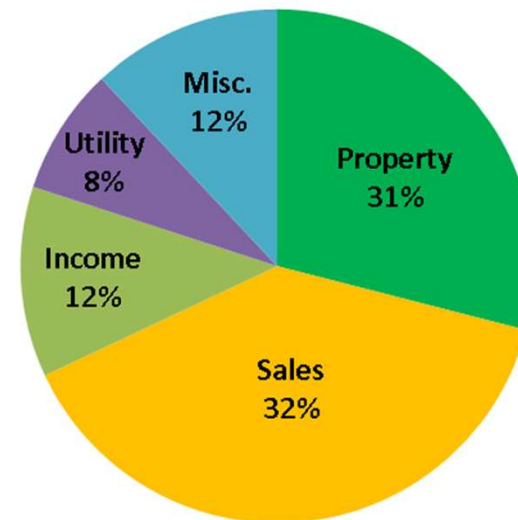
Gross revenues have been reduced by total fire service expenditures (Hanover Park, Streamwood, Wheaton, Lombard, Downers Grove), total park/recreation expenditures (Glendale Heights) and central dispatch expenditures (Addison).

Governmental Fund Tax Revenues by Type - 2016

Carol Stream



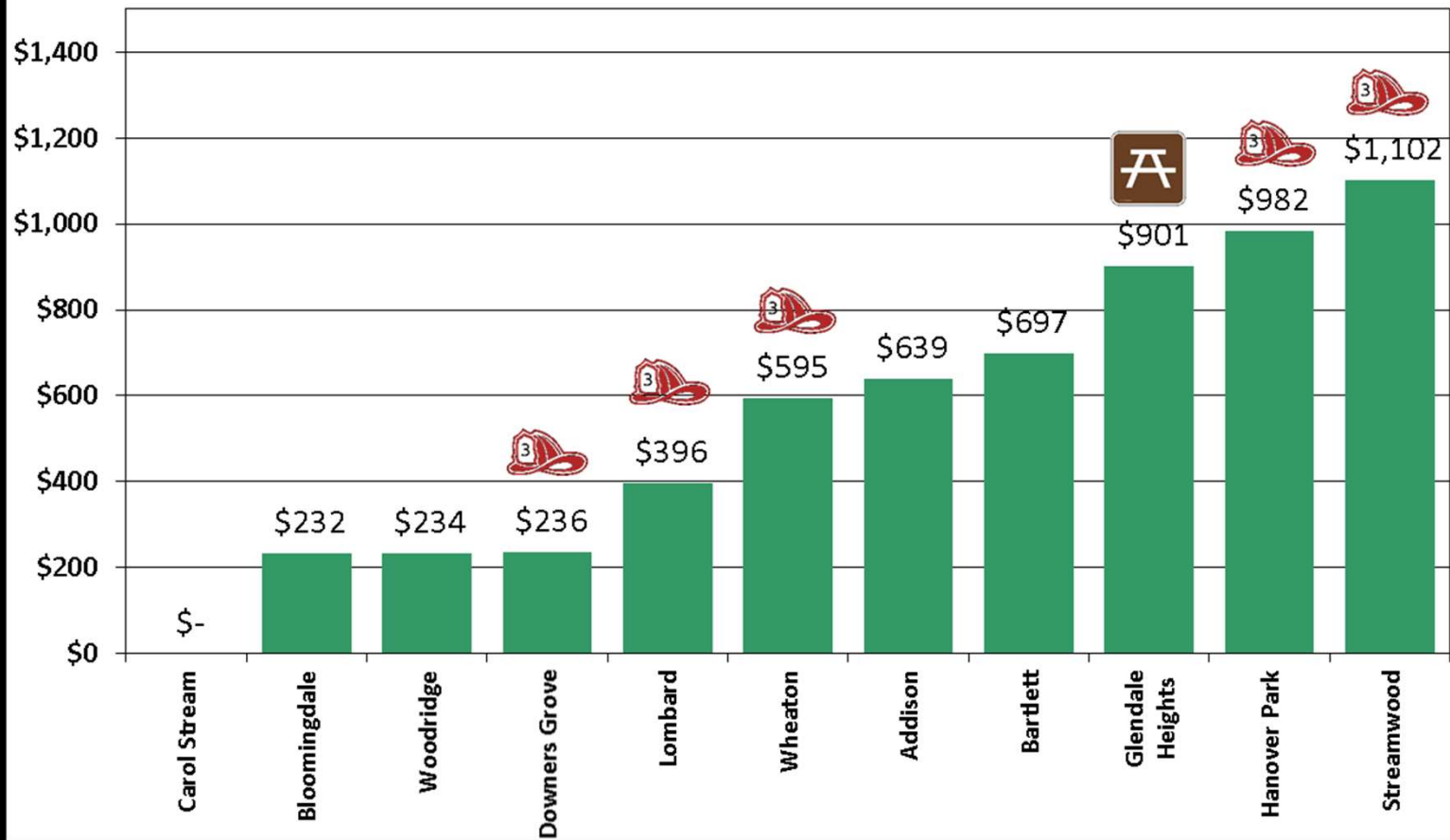
Peer Group



Source: Comprehensive Annual Financial Reports/Budgets

Misc Tax Revenue include such items as Hotel, Video Gaming, Food & Beverage, TIF, Real Estate Transfer, etc.

2015 Municipal Property Tax Bill (paid in 2016) \$228,500 Home Market Value



Source: Comprehensive Annual Financial Reports/County Records.

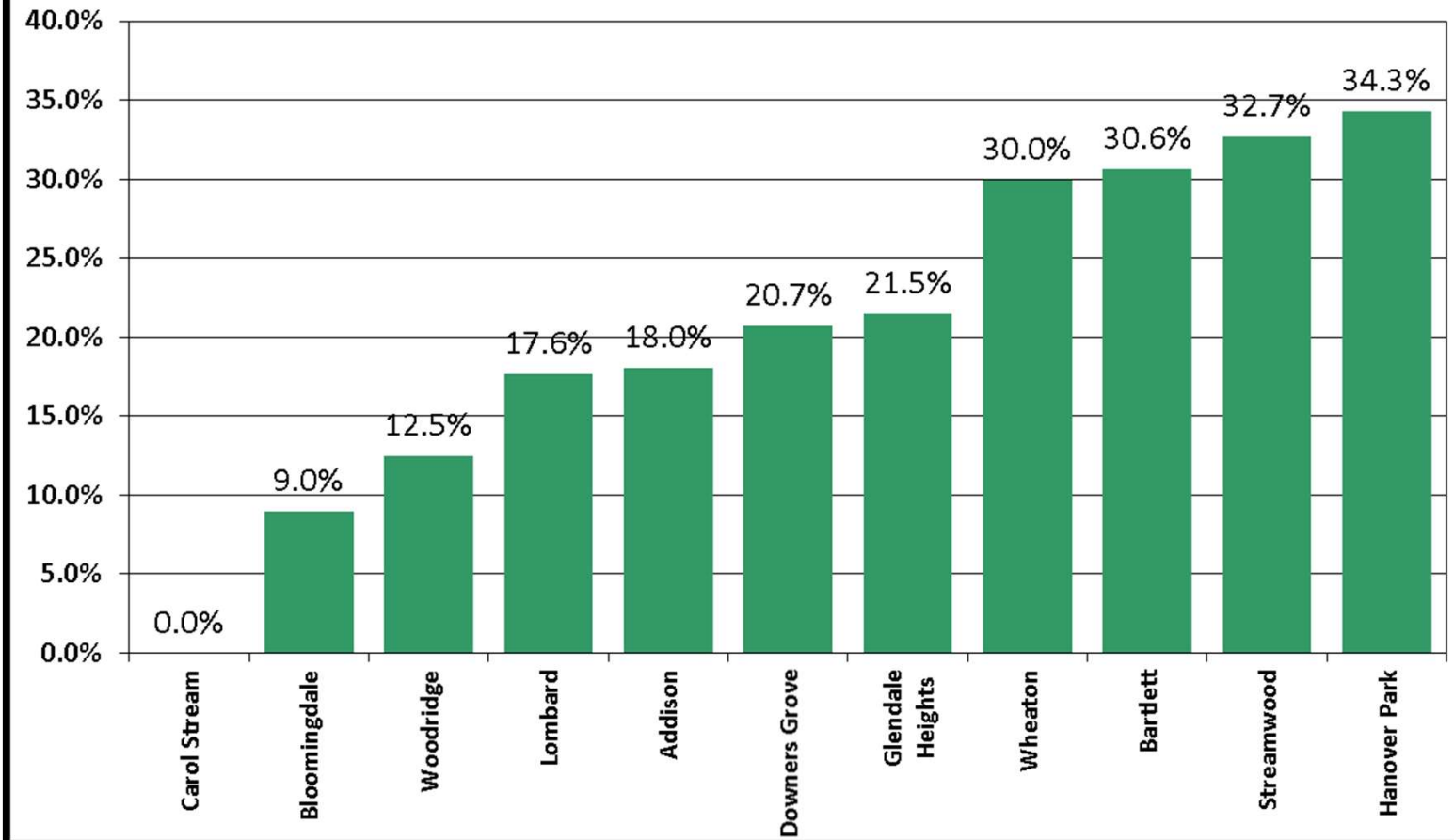


Fire-specific property taxes have been excluded from tax bill amount shown.



Excludes parks/recreation levy.

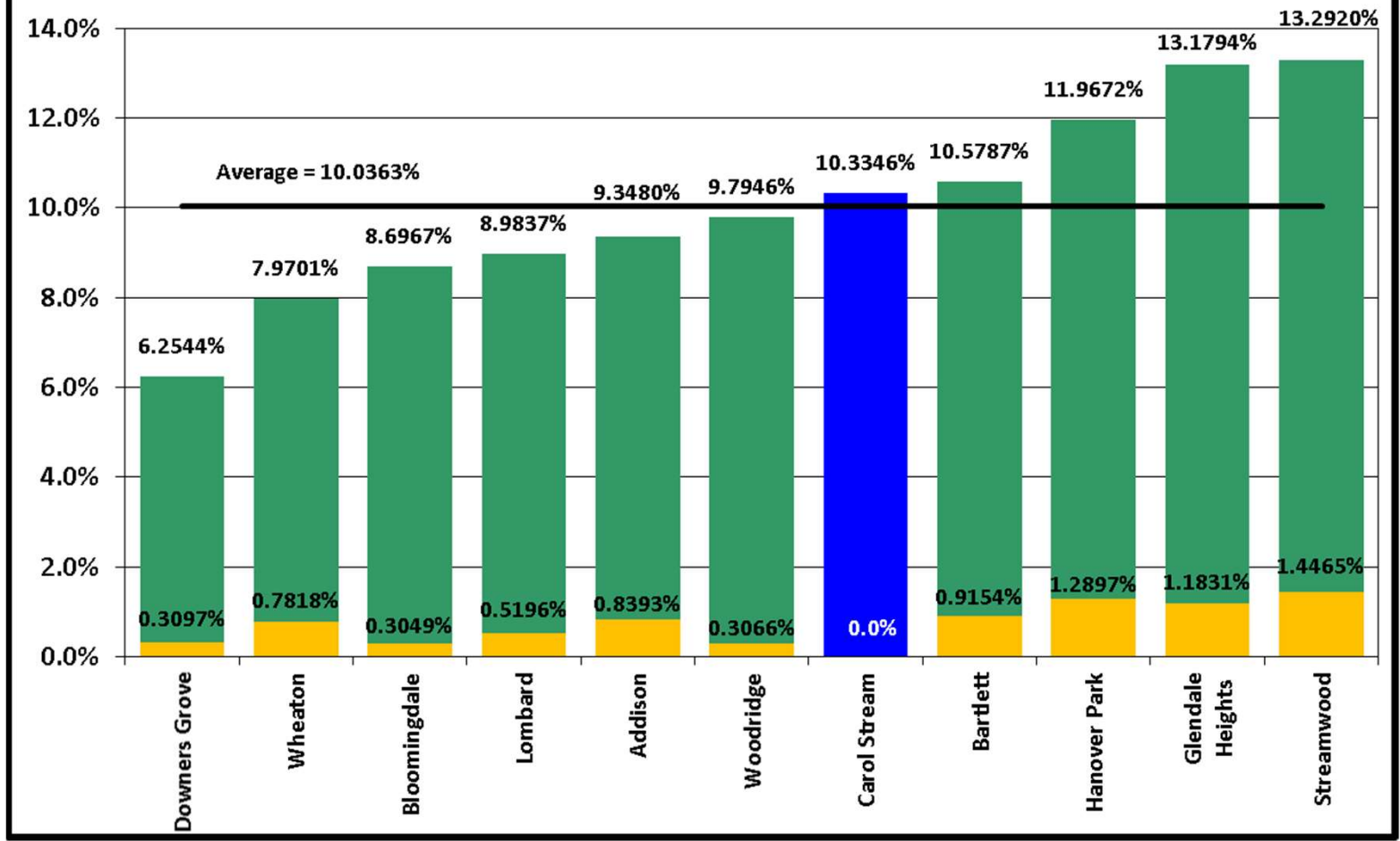
Property Tax as a % of Total Governmental Revenues - 2016



Source: Comprehensive Annual Financial Reports/Budgets

Excludes R&B, TIF and SSA Property Taxes.

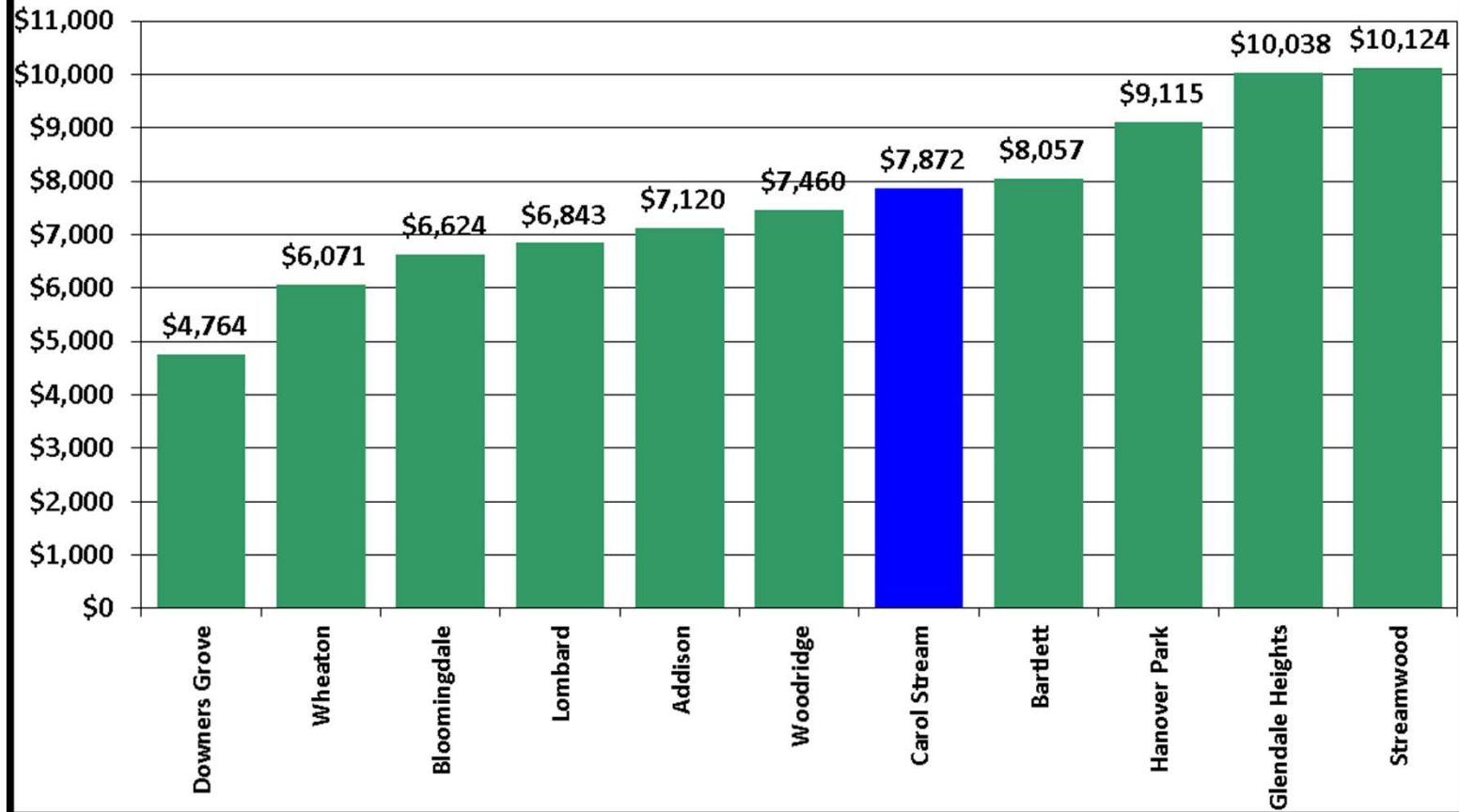
Total 2015 Community Property Tax Rate



Source: Comprehensive Annual Financial Reports / DuPage County Clerk

Rates used are for portion of municipality within DuPage County (Cook County for Streamwood).
 Amounts in yellow indicate municipal tax rate. Amounts in green indicate all other taxing jurisdictions.

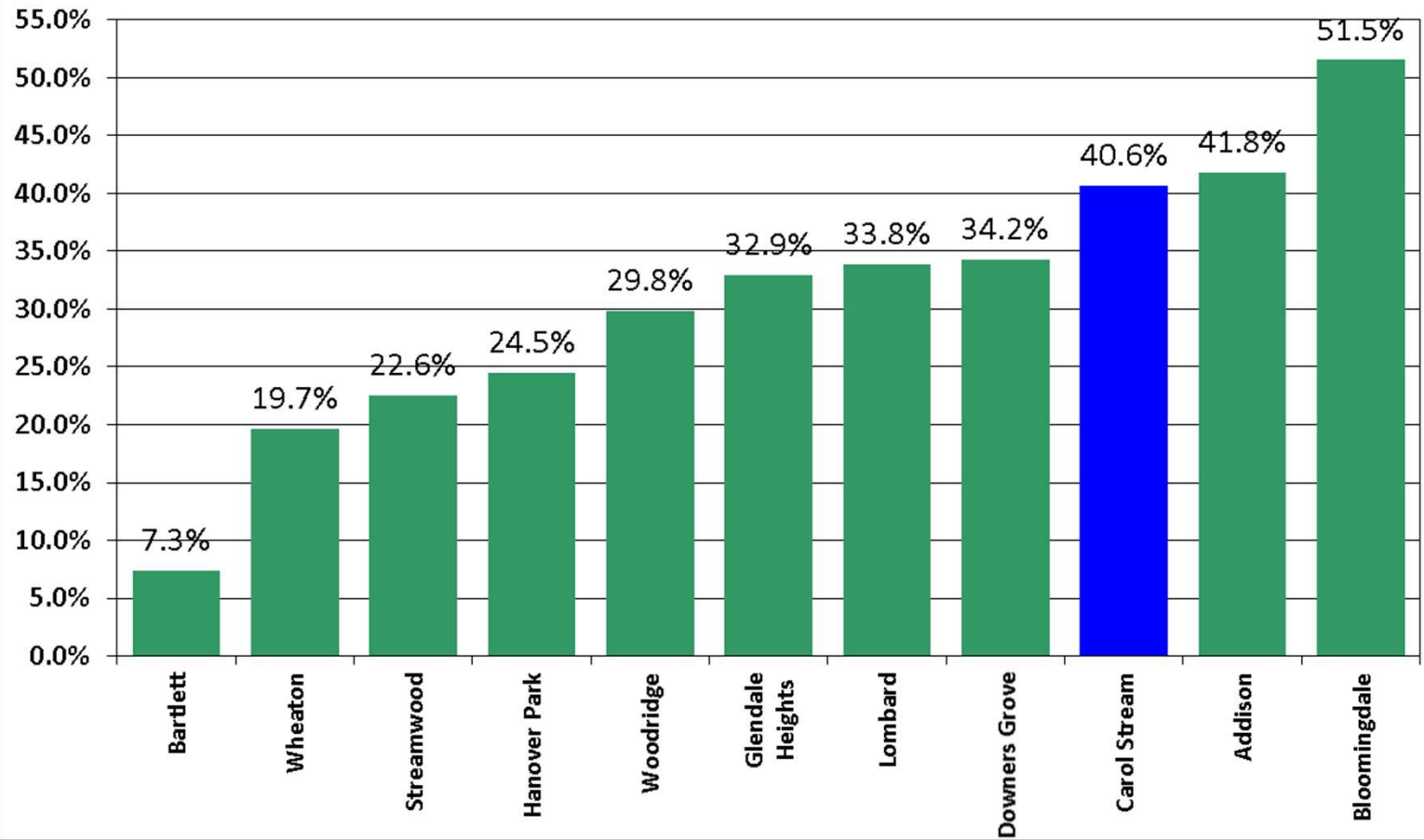
Estimated TOTAL Property Tax Bill \$228,500 Home Market Value



Source: Comprehensive Annual Financial Reports/Budgets

Estimated property taxes collected was determined by multiplying the total EAV by the typical tax rate for the community as a whole. Amount presented represents estimated amounts due for 2015 taxes (2016 tax bill).

Sales Tax as a % of Total Governmental Revenues - 2016

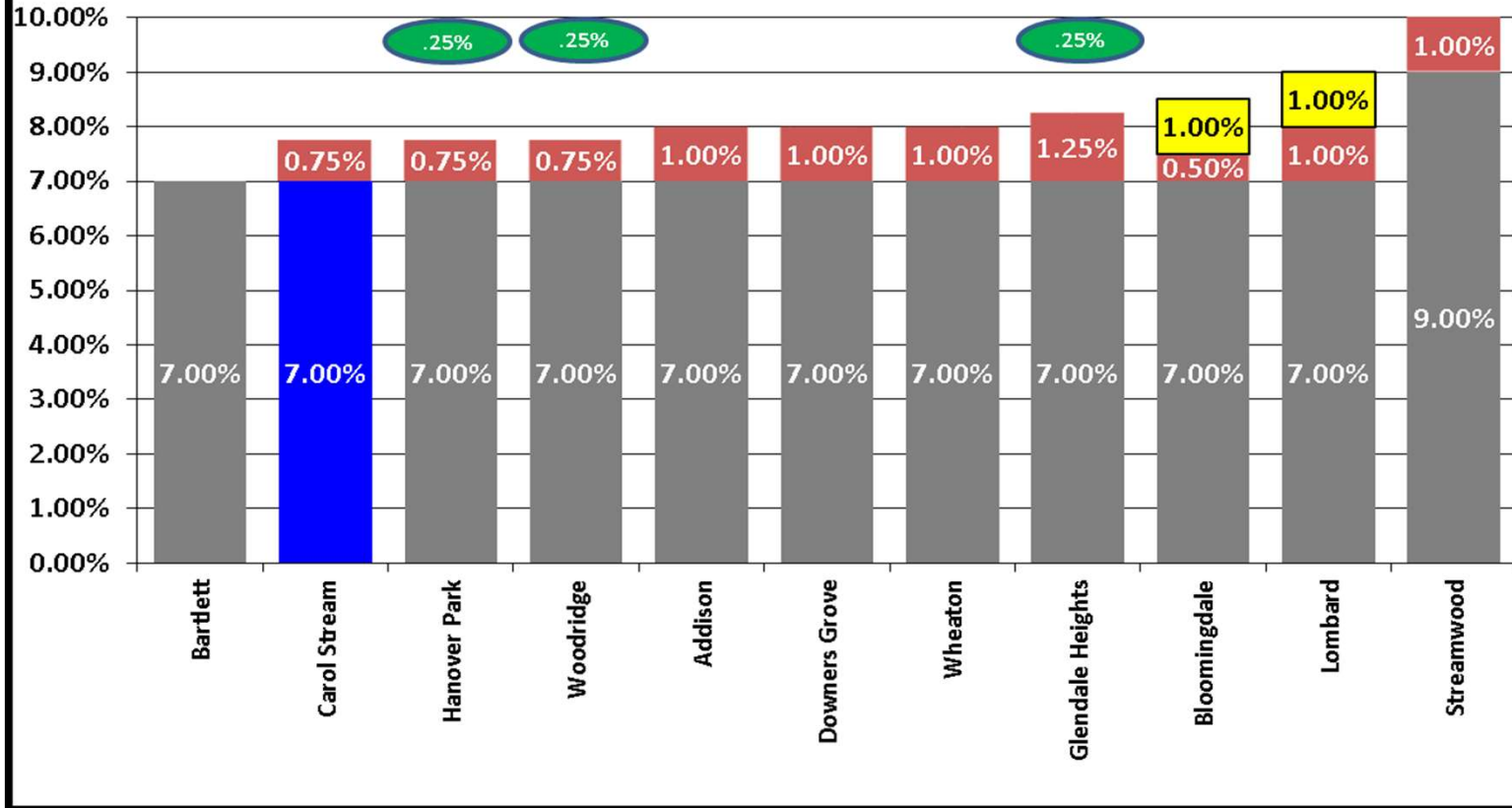


Source: Comprehensive Annual Financial Reports/Budgets

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

Current Sales Tax Rates

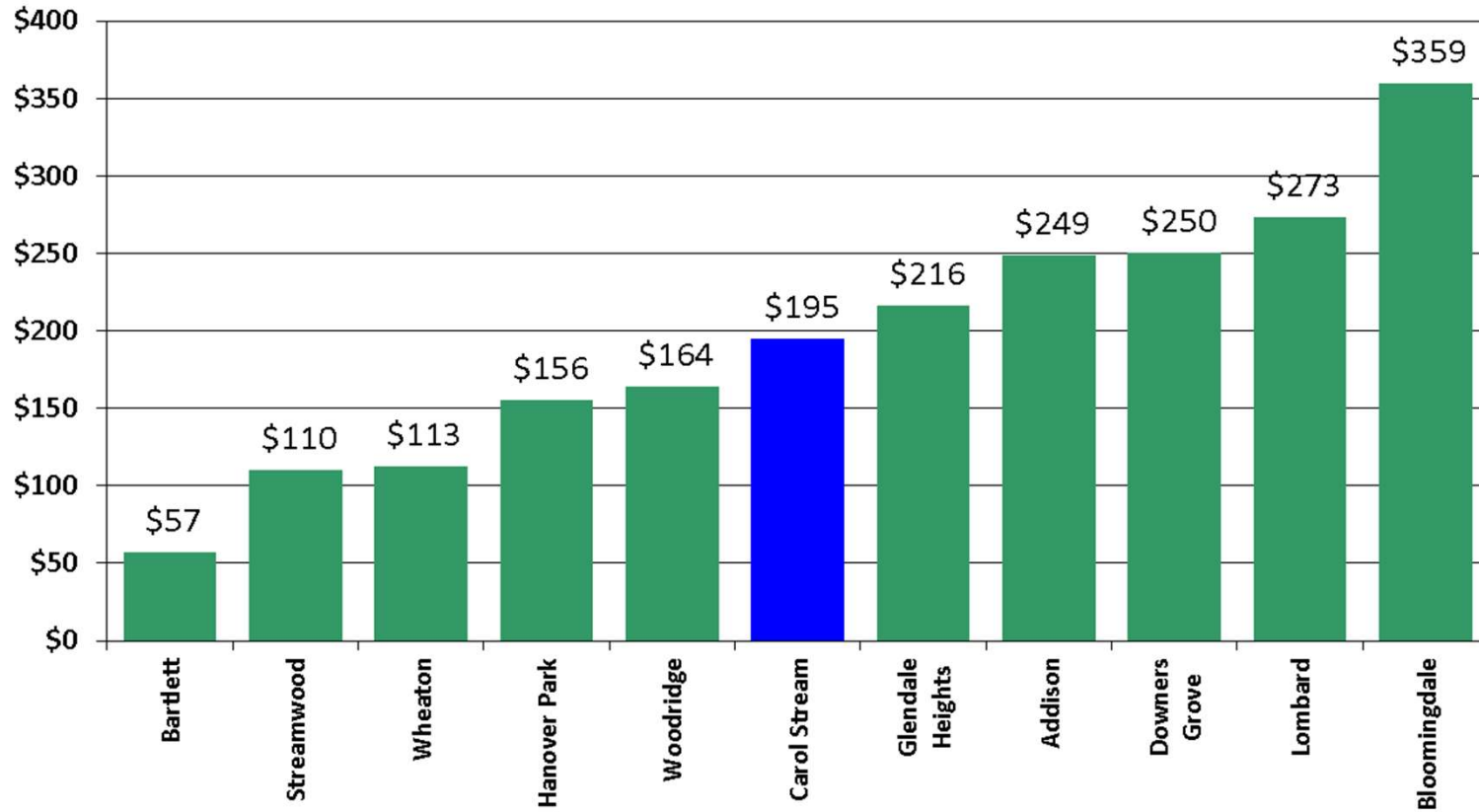
As of July 1, 2017



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.

.25% Denotes increase in rate since 2013.

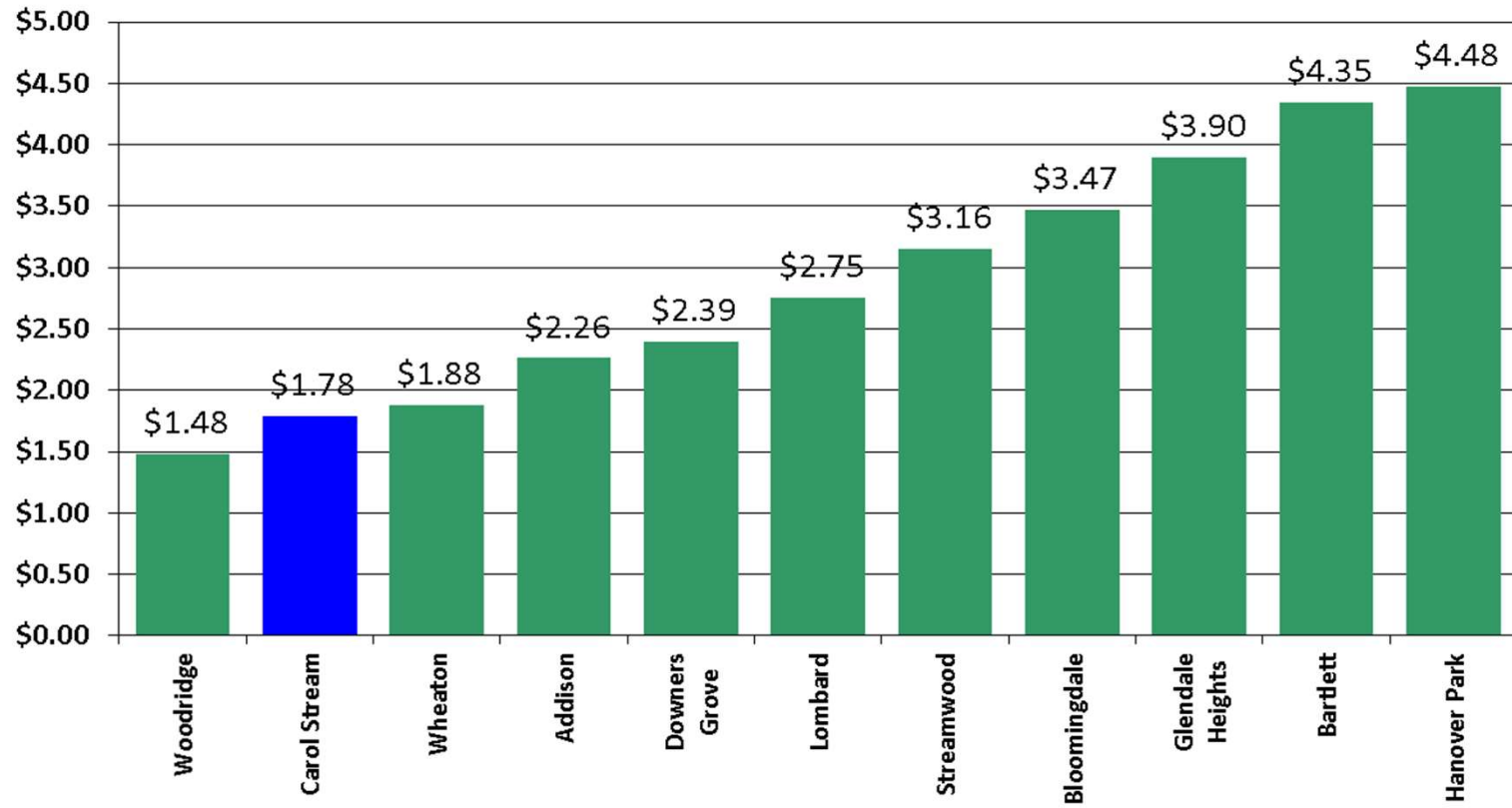
Sales Tax Revenue per Capita Calendar Year 2016



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 Revenue per \$100 of Commercial/Ind. Property Assessed Value Calendar Year 2016

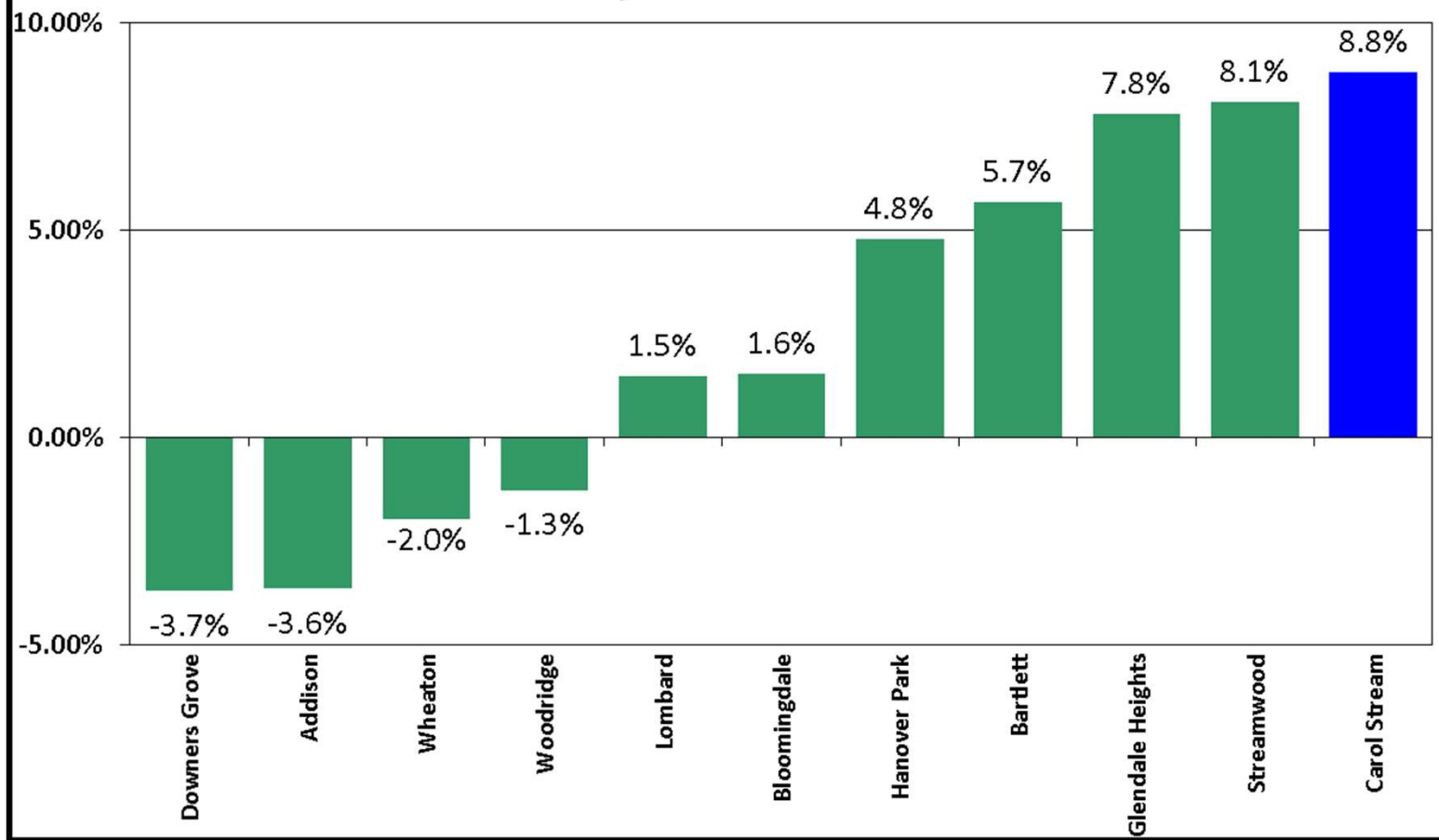


Source: Illinois Department of Revenue (sales taxes). Comprehensive Annual Financial Reports (assessed values)

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.

Sales Tax Revenues

1 Year Change - CY 2015 to 2016

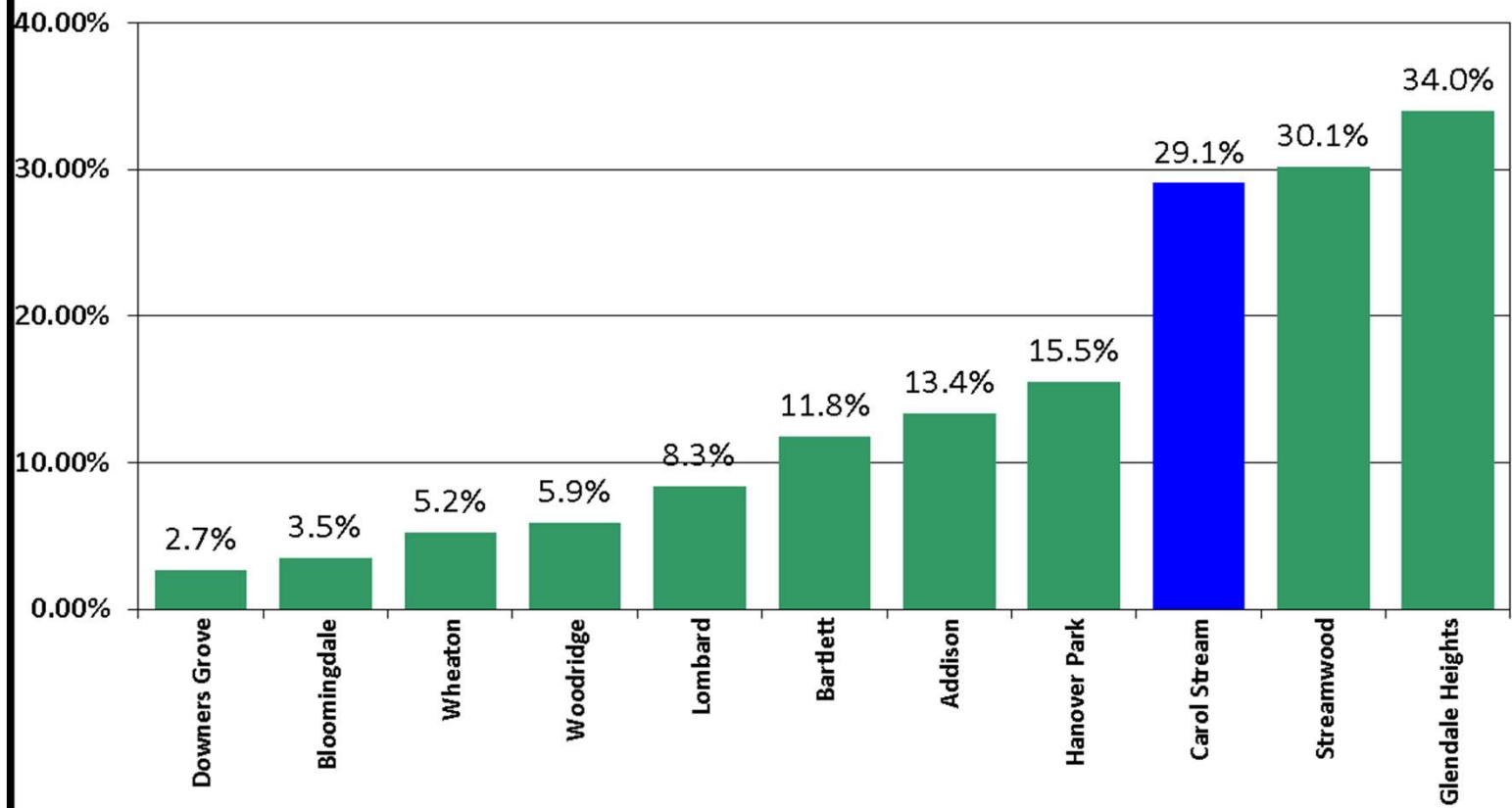


Source: Illinois Department of Revenue

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

3 Year Change - CY 2013 to 2016

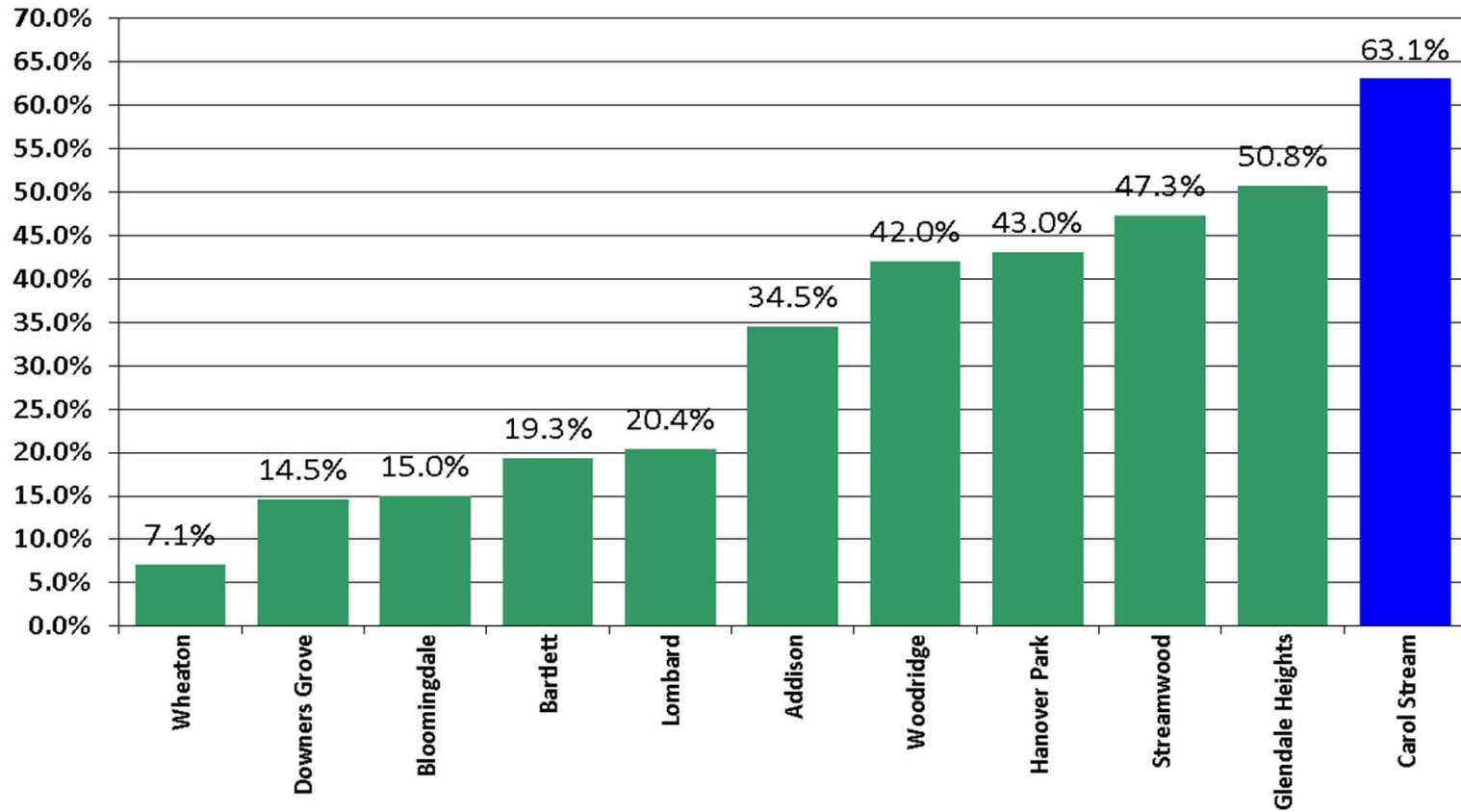


Source: Illinois Department of Revenue

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

7 Year Change - CY 2009 to 2016



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. CY 2009 represented the sales tax low-point during the Great Recession for the aggregate of peer communities.

V. Expenditures

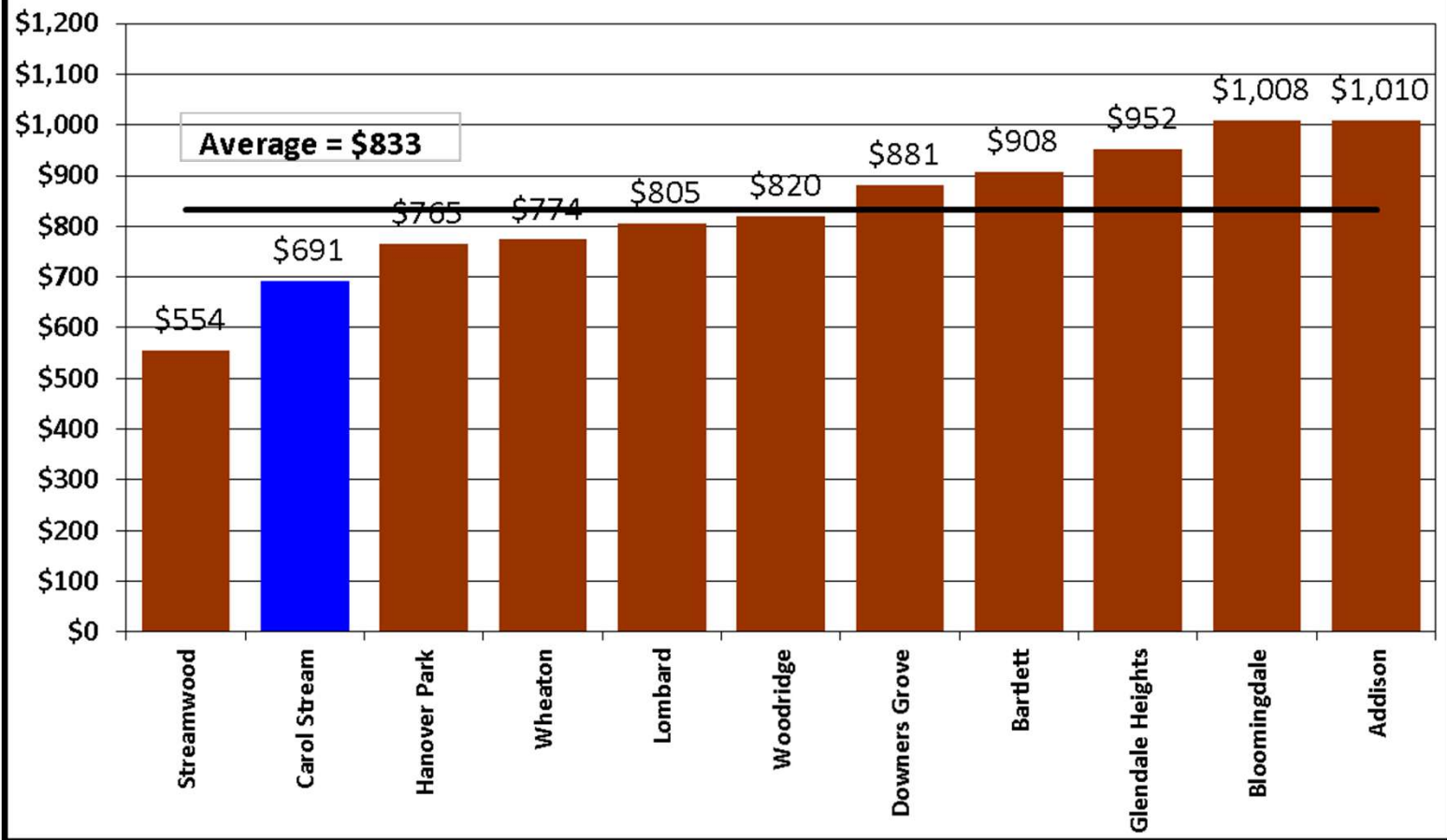


Expenditure Categories

- **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)

Total Expenditures per Capita 2016

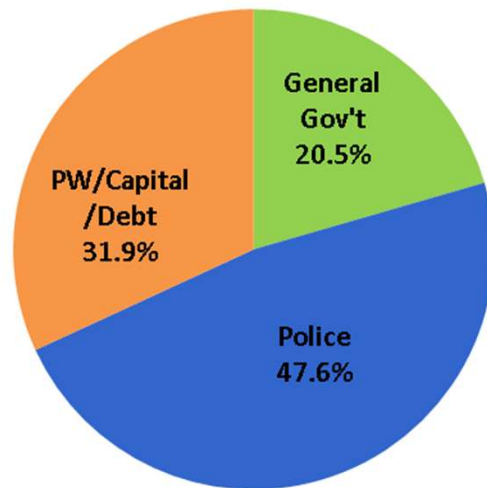


Source: Comprehensive Annual Financial Reports/Budgets

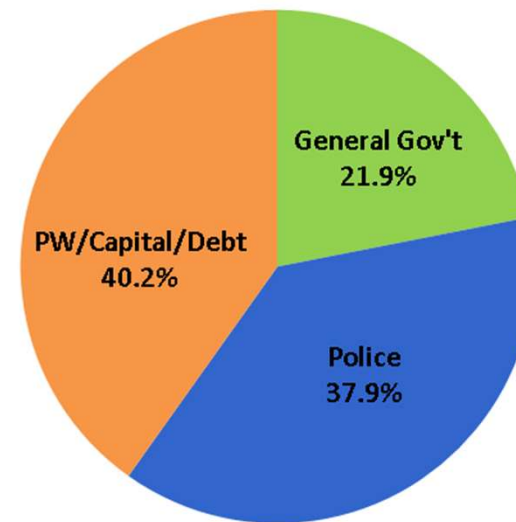
All Governmental Funds. For purposes of providing a more balanced comparison, expenditures related to Fire protection and Parks & Recreation were removed from communities providing those services.

Total Governmental Expenditures by Type - 2016

Carol Stream

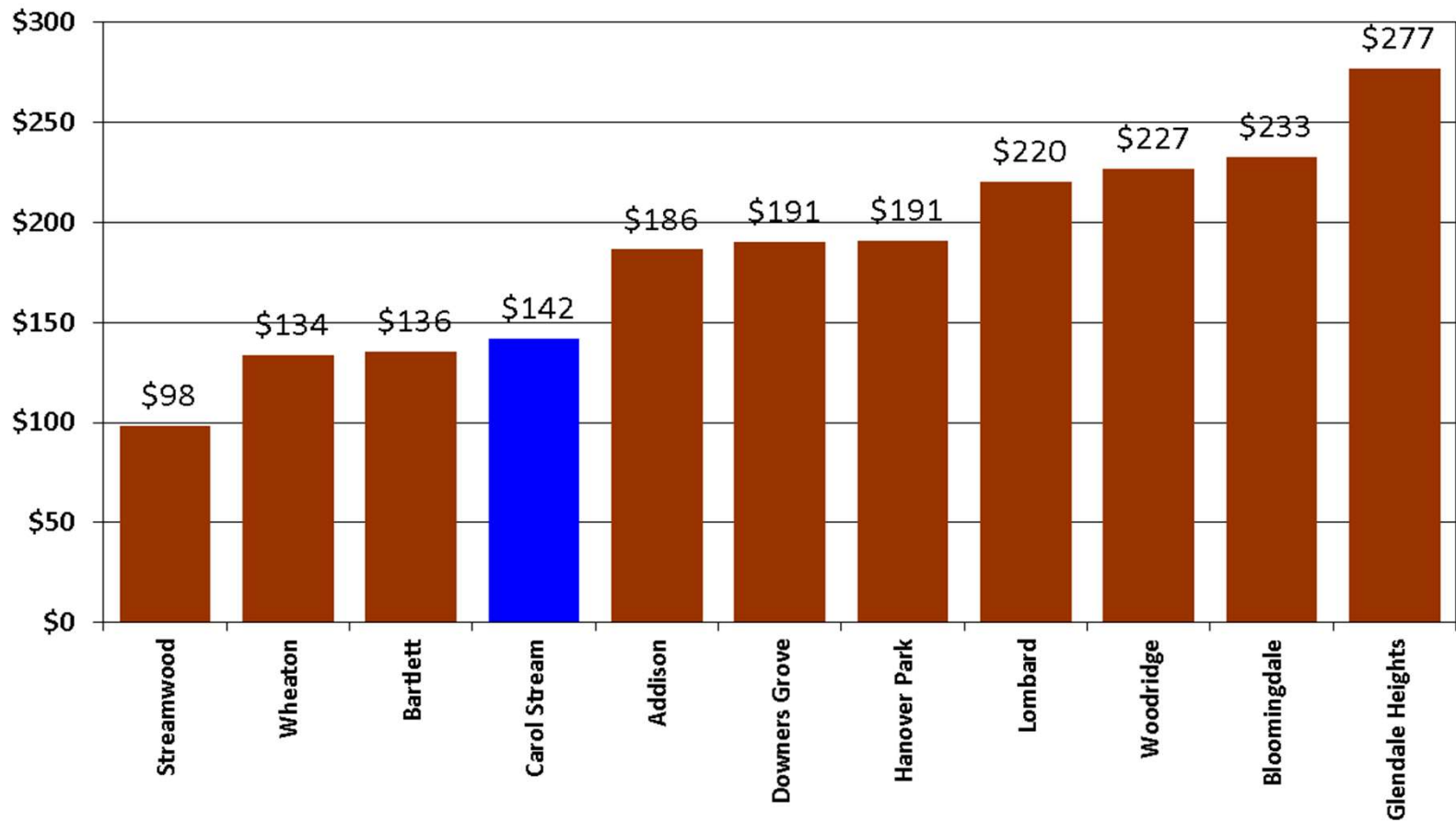


Peer Group



Source: Comprehensive Annual Financial Reports/Budgets

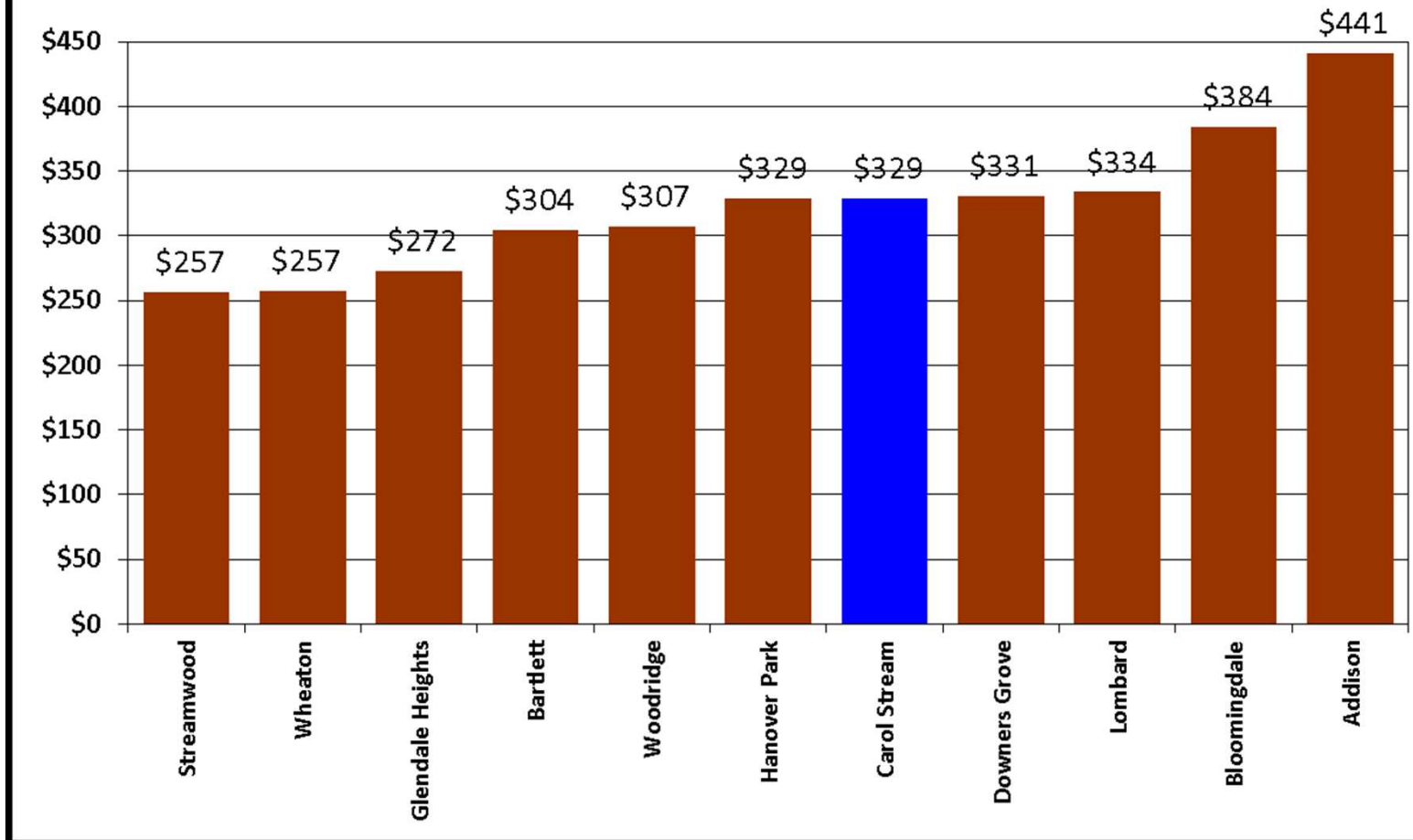
General Government Expenditures per Capita 2016



Source: Comprehensive Annual Financial Reports/Budgets

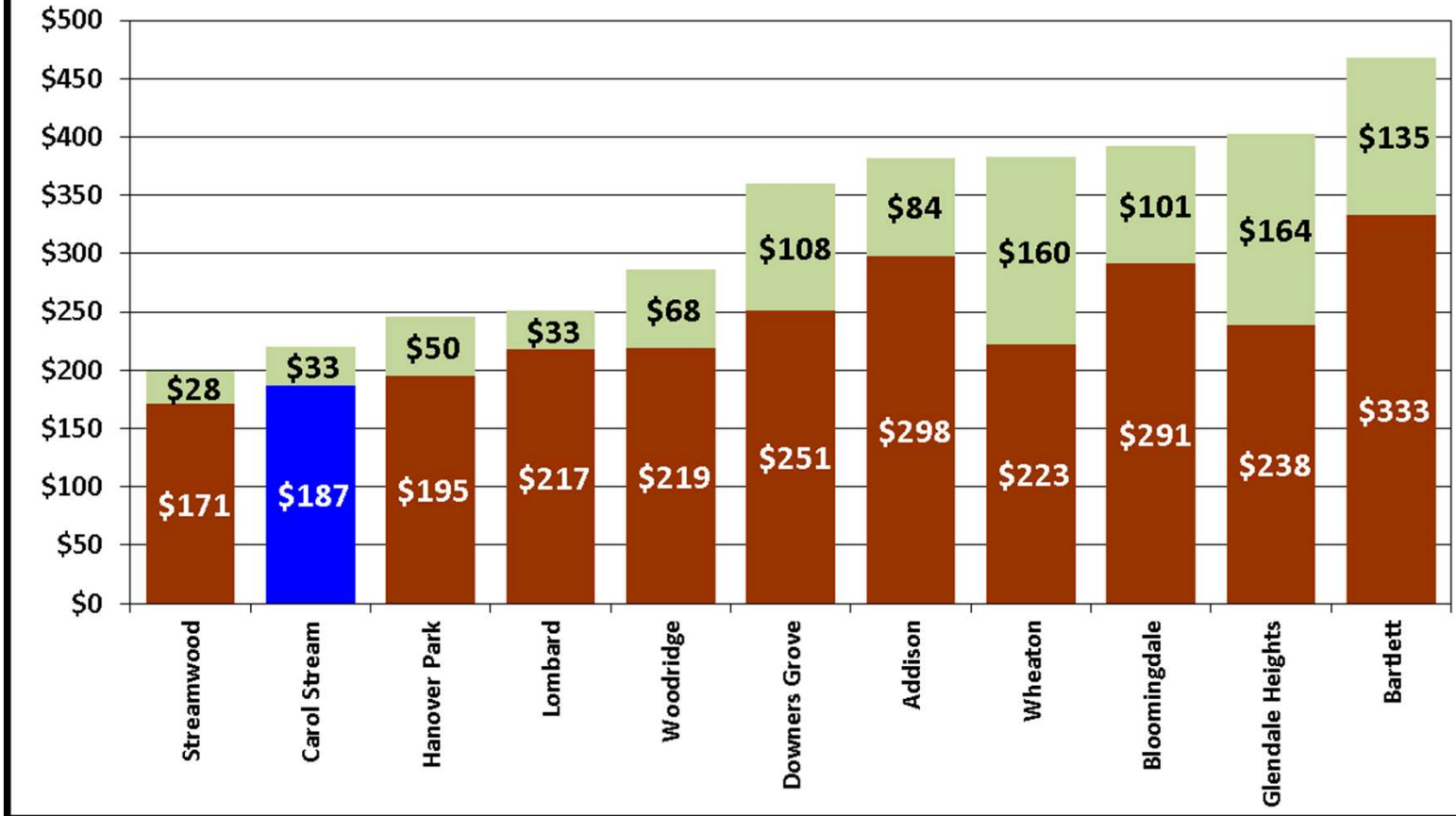
General Government functions include, but are not limited to: Legislative, Village Administration, Finance, Building Maintenance, Information Technology, Communications, Human Resources, Community Relations, Community Development (Planning/Building), and Legal services.

Police Expenditures per Capita 2016



Source: Comprehensive Annual Financial Reports/Budgets

Public Works / Capital / Debt Expenditures per Capita - 2016



Source: Comprehensive Annual Financial Reports/Budgets

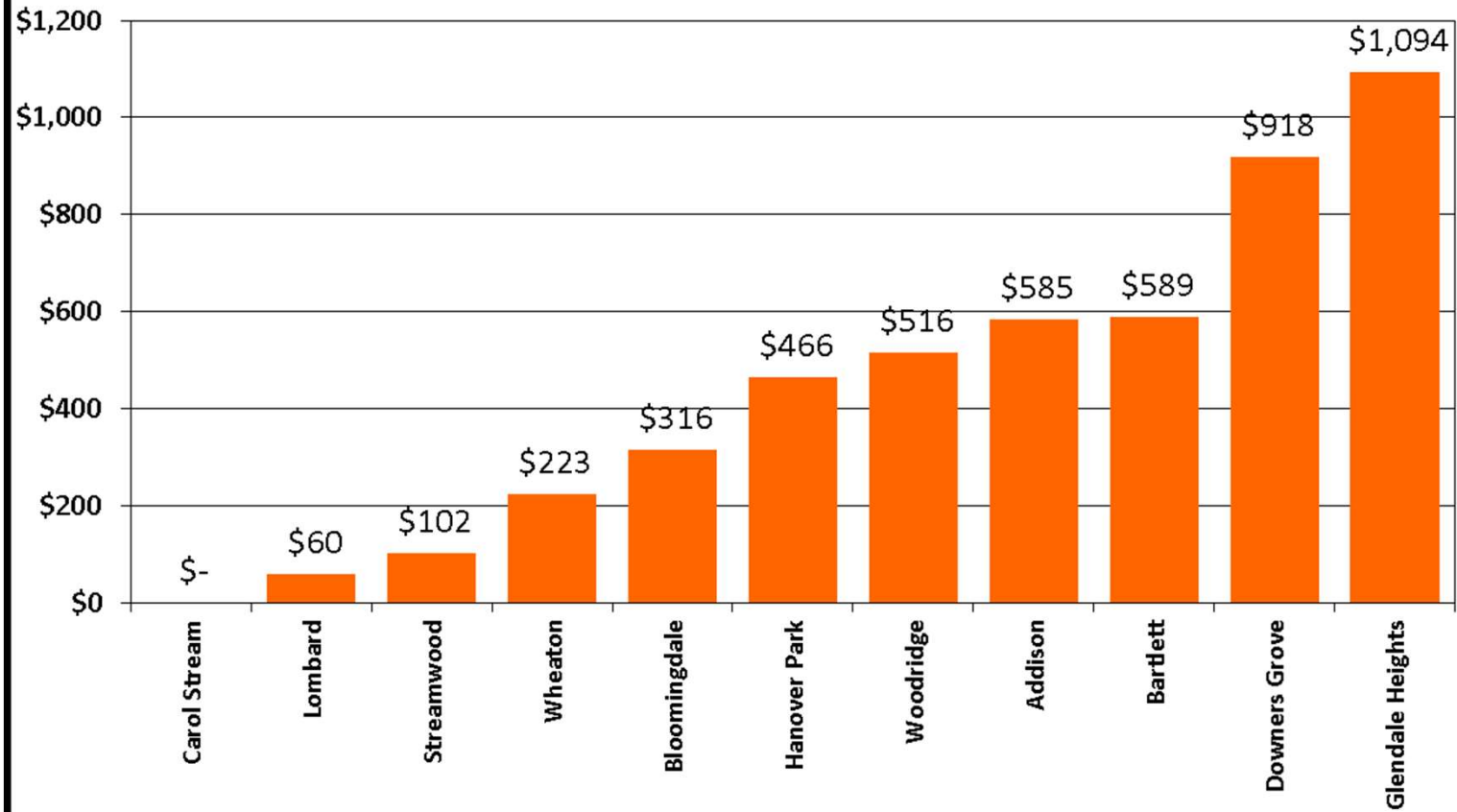
Public Works/Capital

Debt Service (Includes TIF)

VI. Long-Term Liabilities and Fund Balances

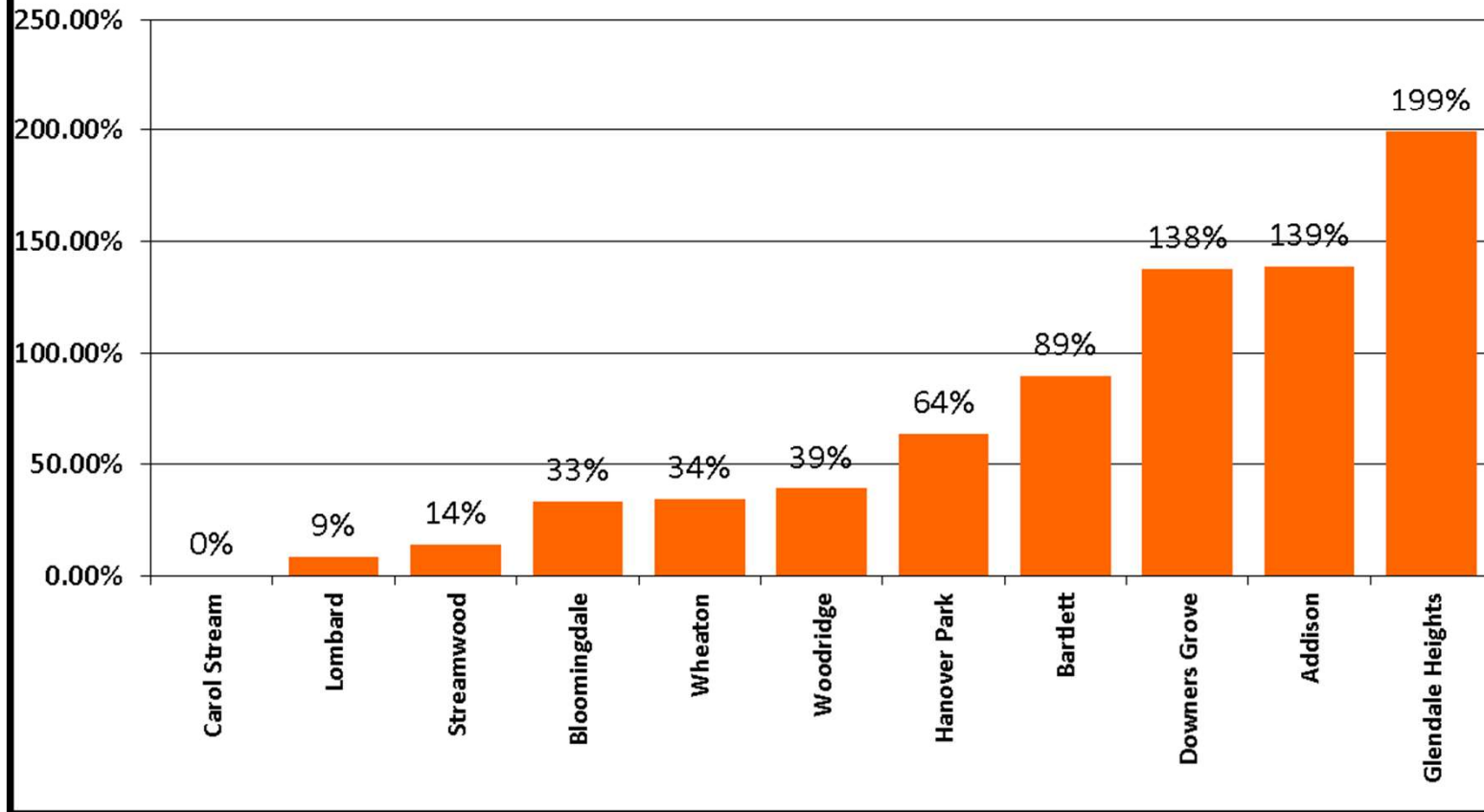


General Obligation Debt per Capita 2016



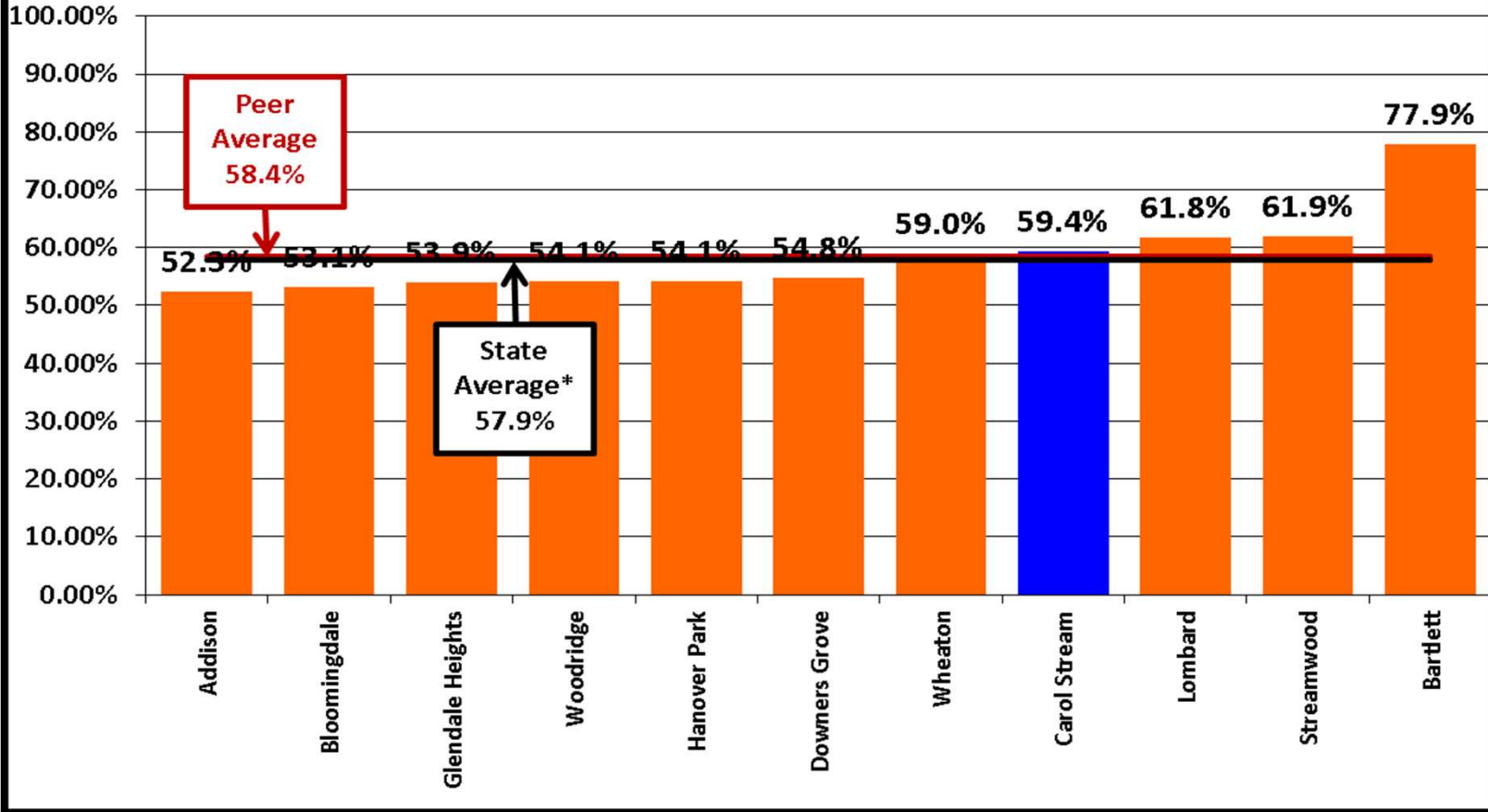
Source: Comprehensive Annual Financial Reports
Principal outstanding at the end of the fiscal year. All Government Funds.

GO Debt to Equity (Fund Balance) 2016



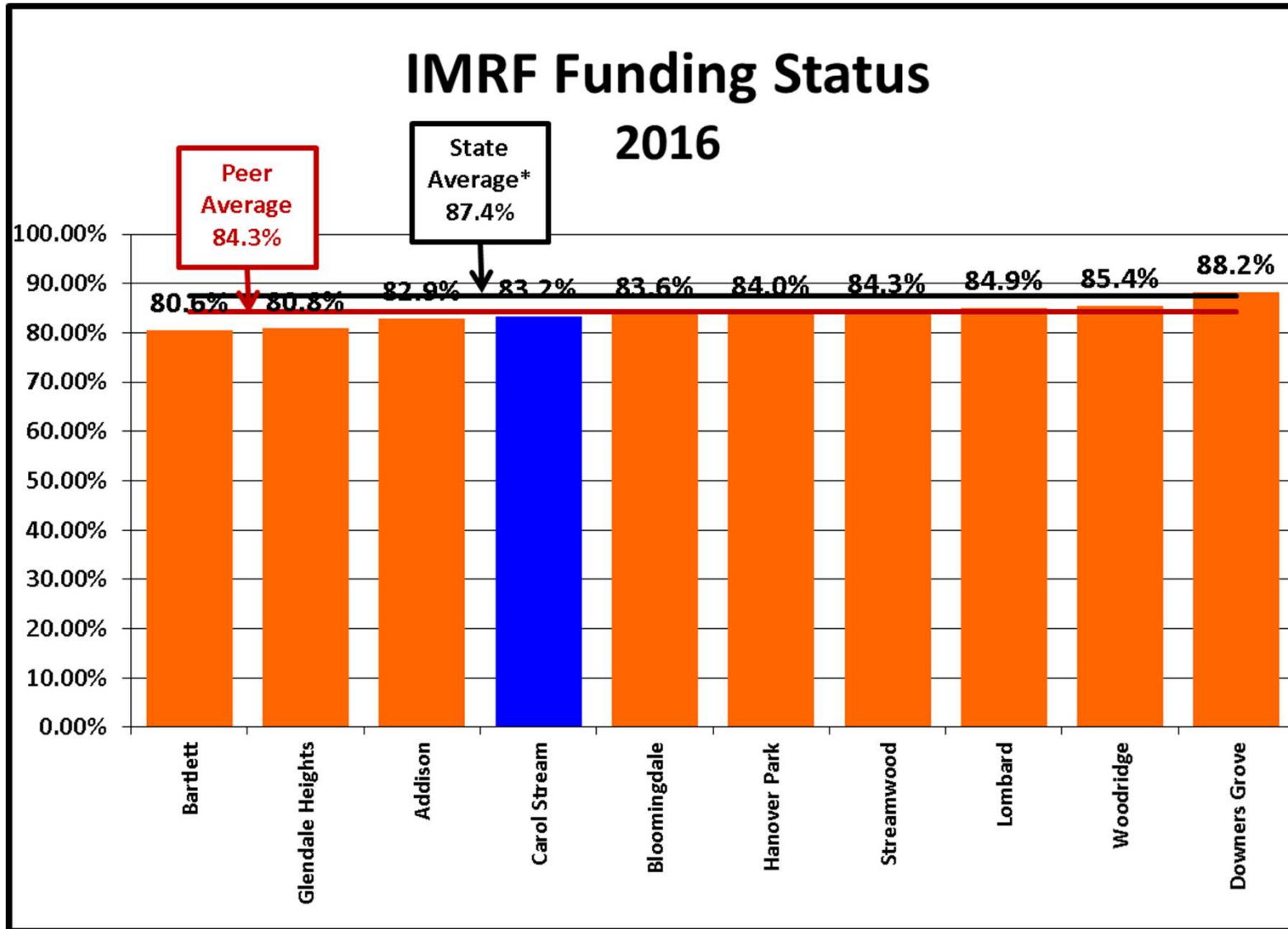
A debt to equity ratio shows the relationship between how much debt the jurisdiction is carrying relative to its total fund balances or net assets. In the private sector, this ratio is often used by lenders to determine creditworthiness or credit risk. A low debt to equity ratio generally indicates that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

Police Pension Funding Status 2016



Source: Comprehensive Annual Financial Reports

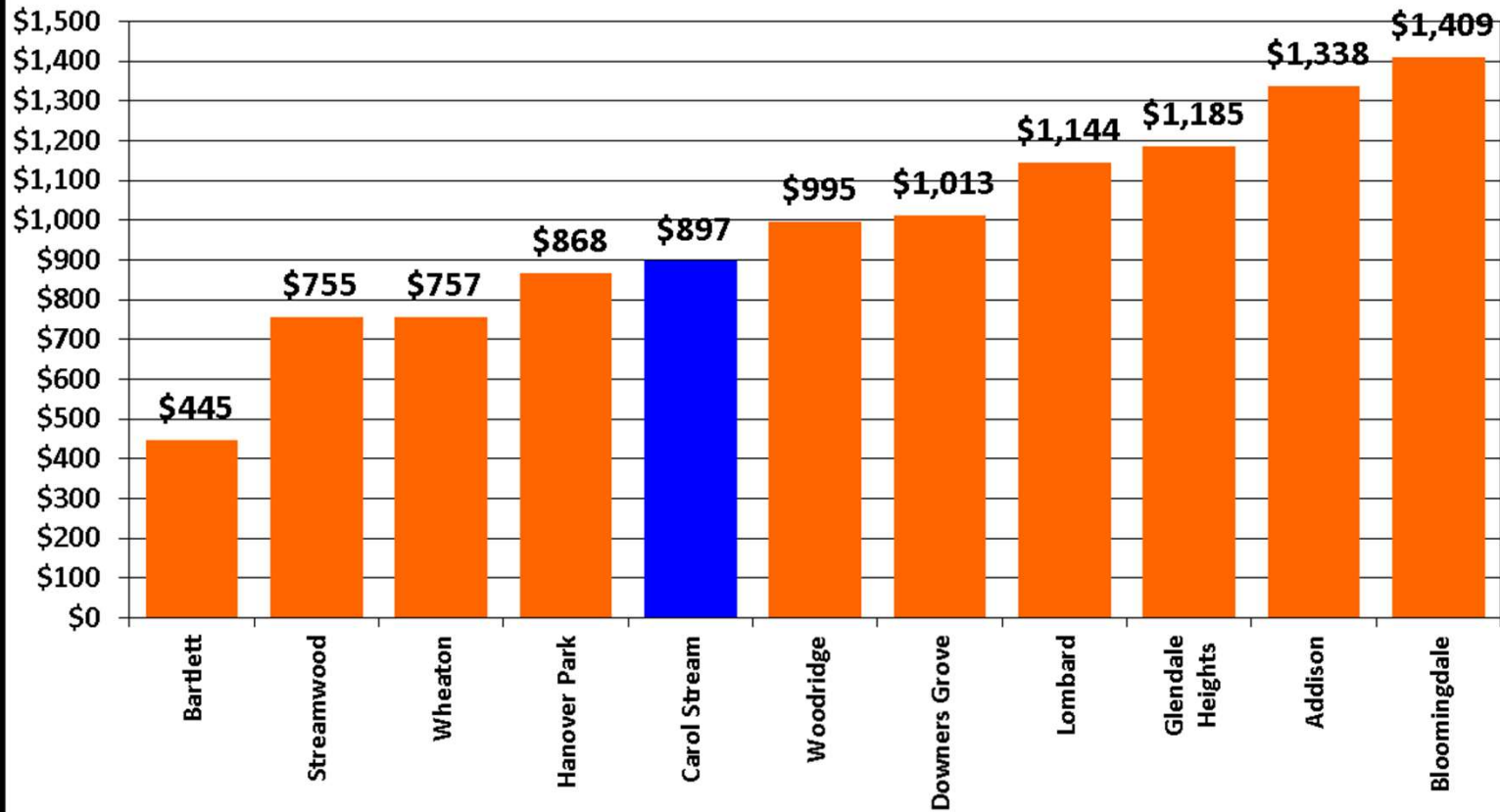
* State average for all Downstate Police Pension Funds for 2016.
Per Illinois Department of Insurance - Pension Division.



Source: Comprehensive Annual Financial Reports

* State average for all IMRF employers as of 12/31/2015.
Per Illinois Municipal Retirement Fund.

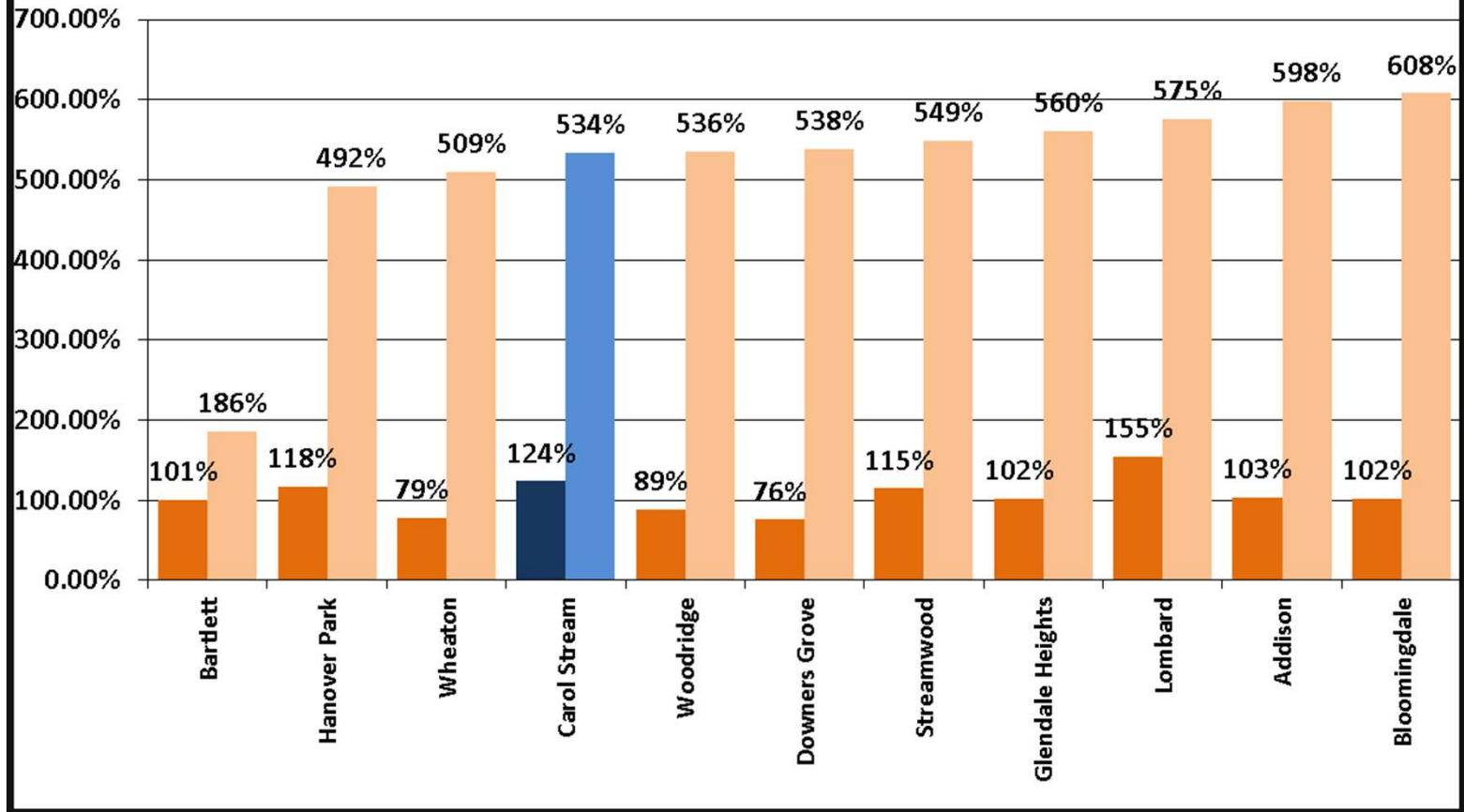
Net Pension Liability per Capita 2016



Source: Comprehensive Annual Financial Reports

* The Net Pension Liability (NPL) represents the difference between the Total Pension Liability and the Plan Fiduciary Net Position at the end of the fiscal period. This presentation includes the Net Pension Liability per capita for police and Illinois Municipal Retirement Fund retirement plans.

NPL as a % of Payroll 2016

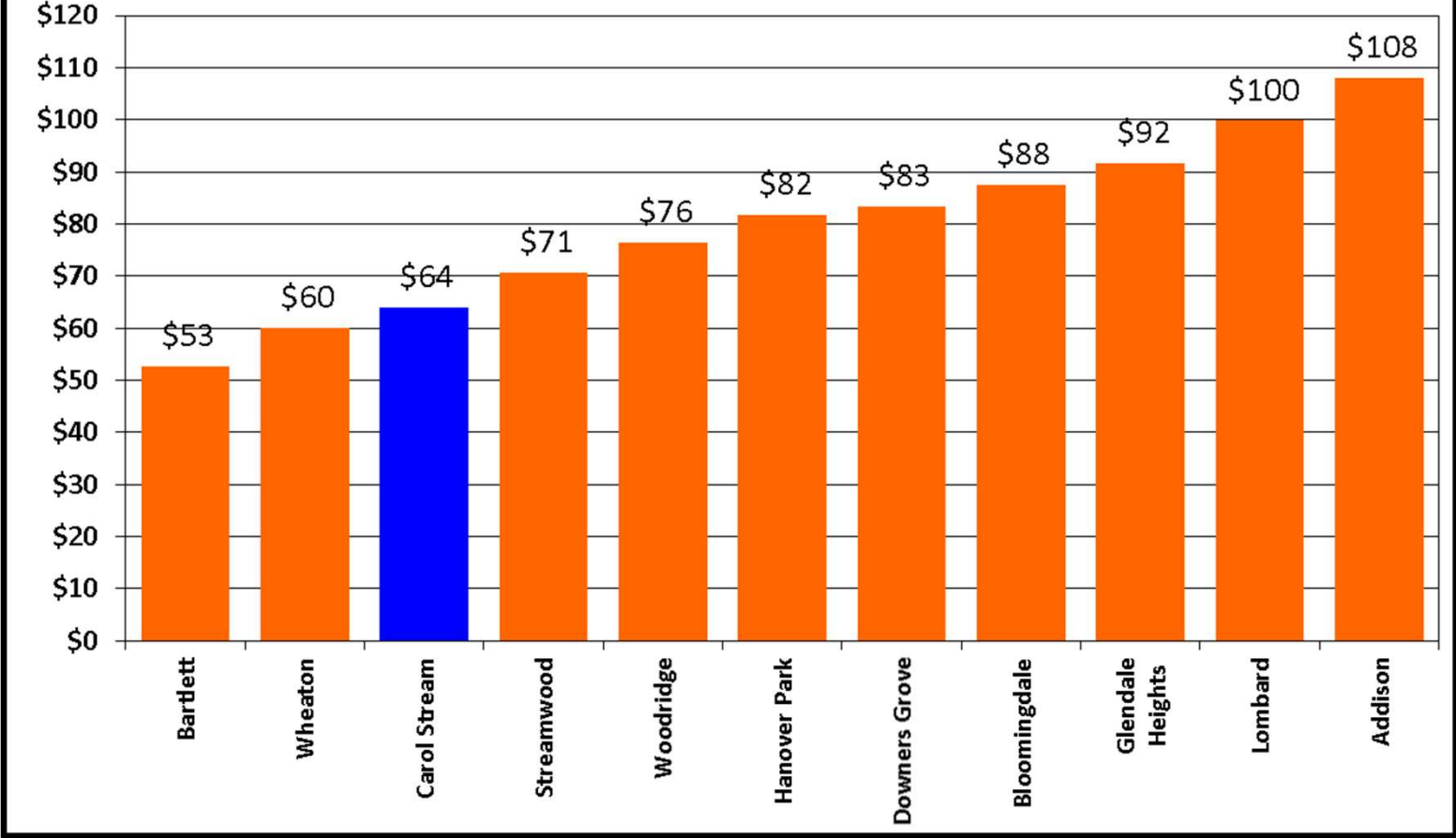


Source: Comprehensive Annual Financial Reports

Police Pension Fund

IMRF

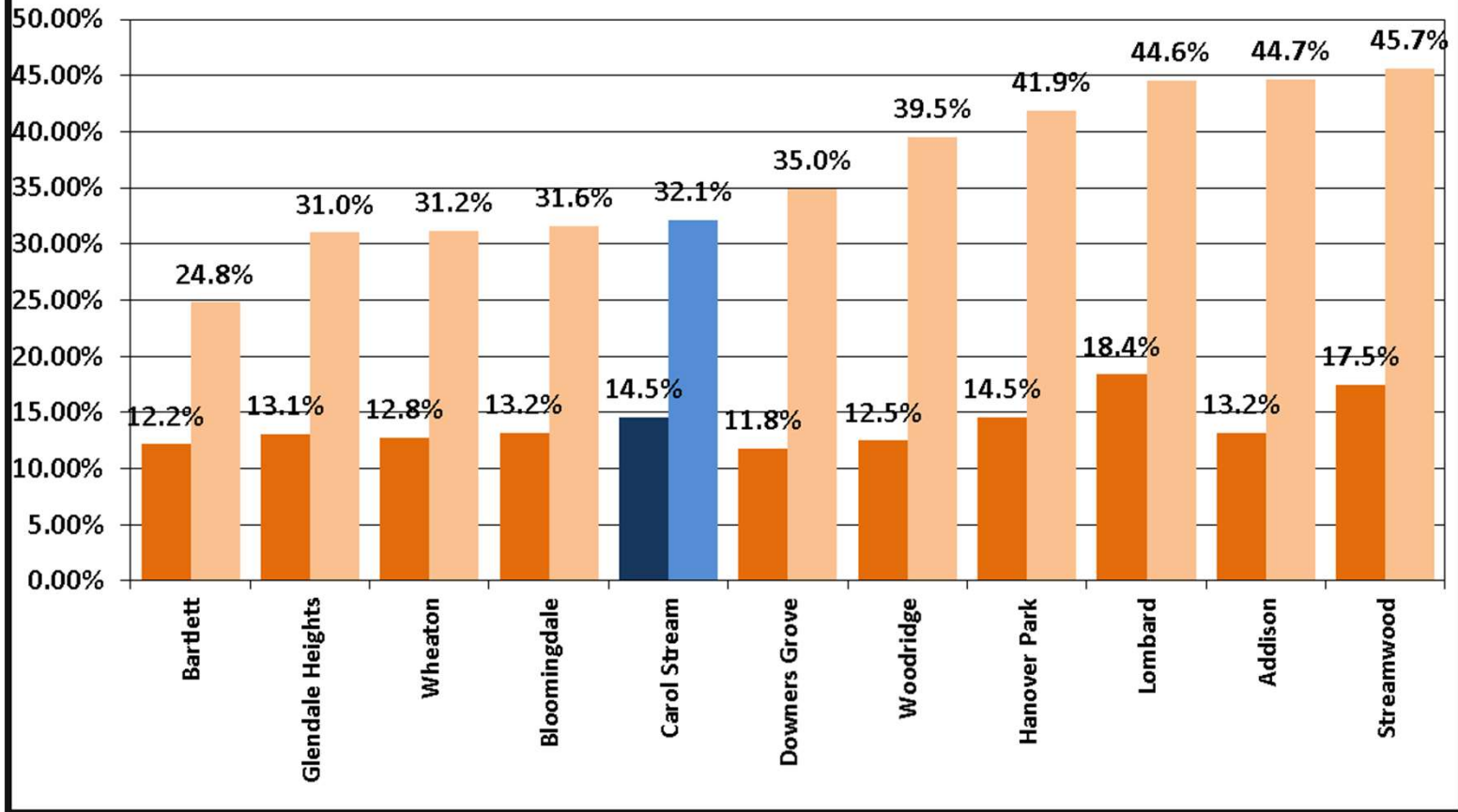
Required Pension Contributions per Capita 2016



Source: Comprehensive Annual Financial Reports

Based on Actuarially Determined Contribution (ADC) reported in notes to the financial statements. Includes police and Illinois Municipal Retirement Fund retirement plans.

Pension Contributions as a % of Payroll 2016

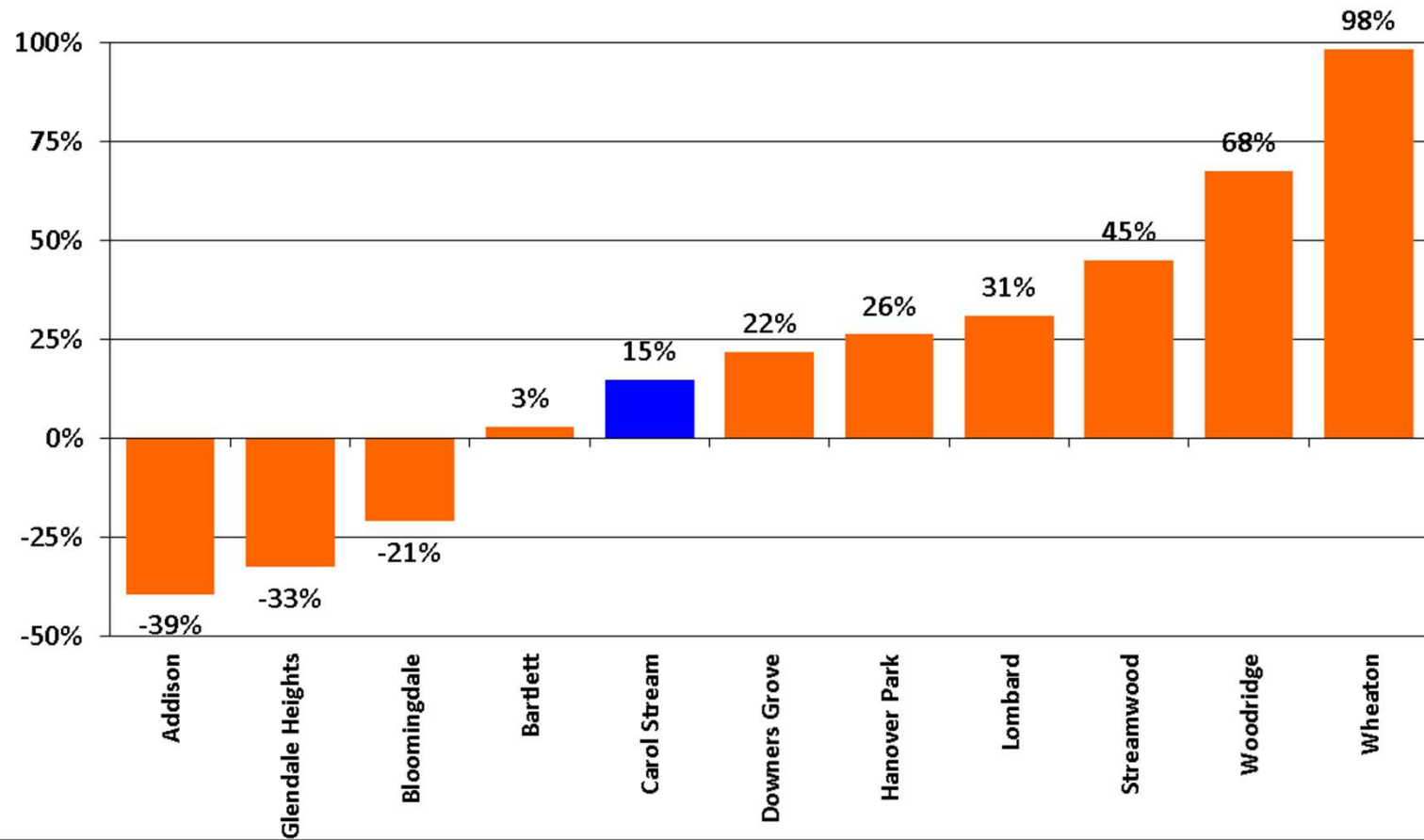


Source: Comprehensive Annual Financial Reports

Police Pension Fund

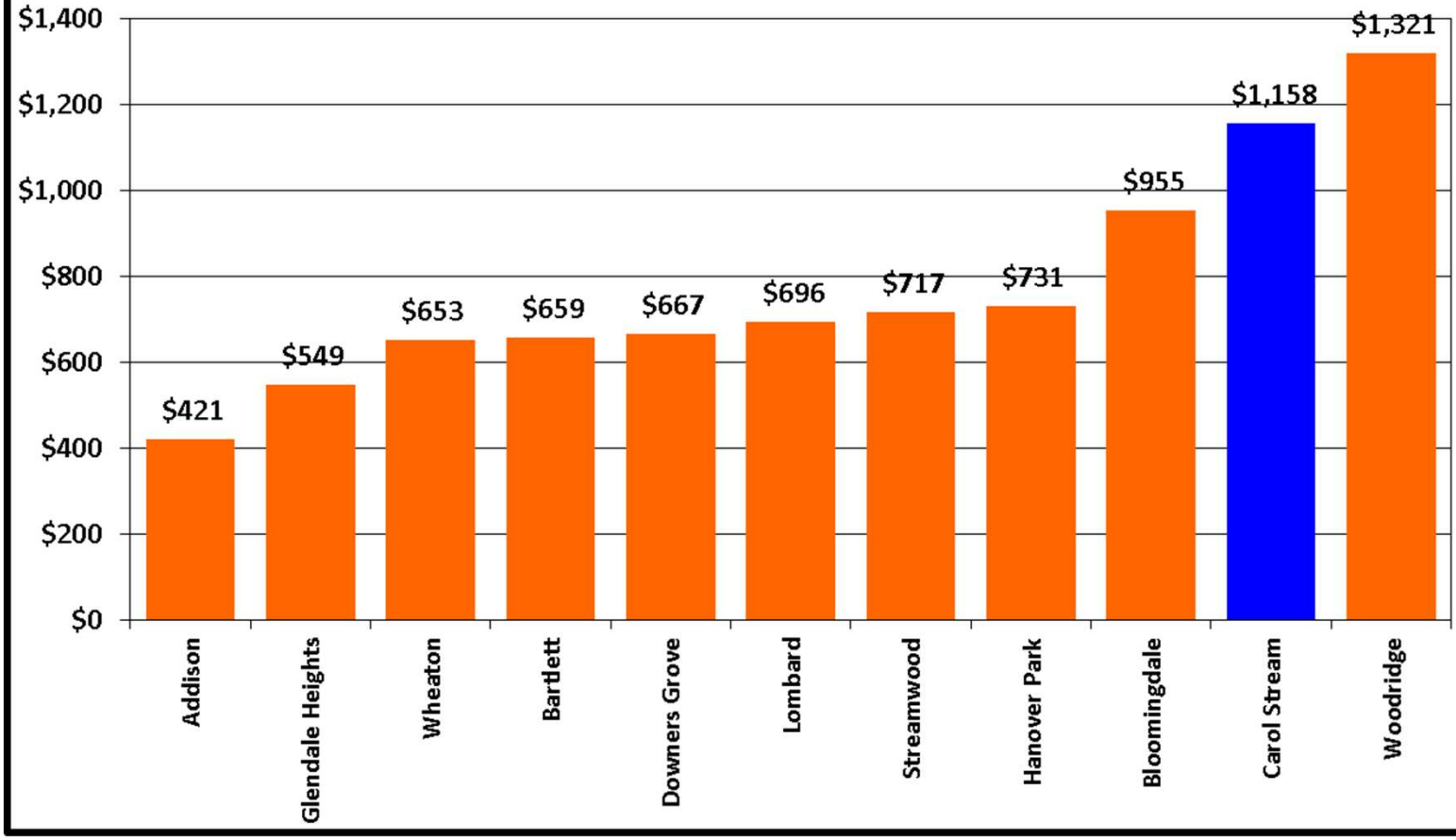
IMRF

10 Year Change in Fund Balances 2007 - 2016



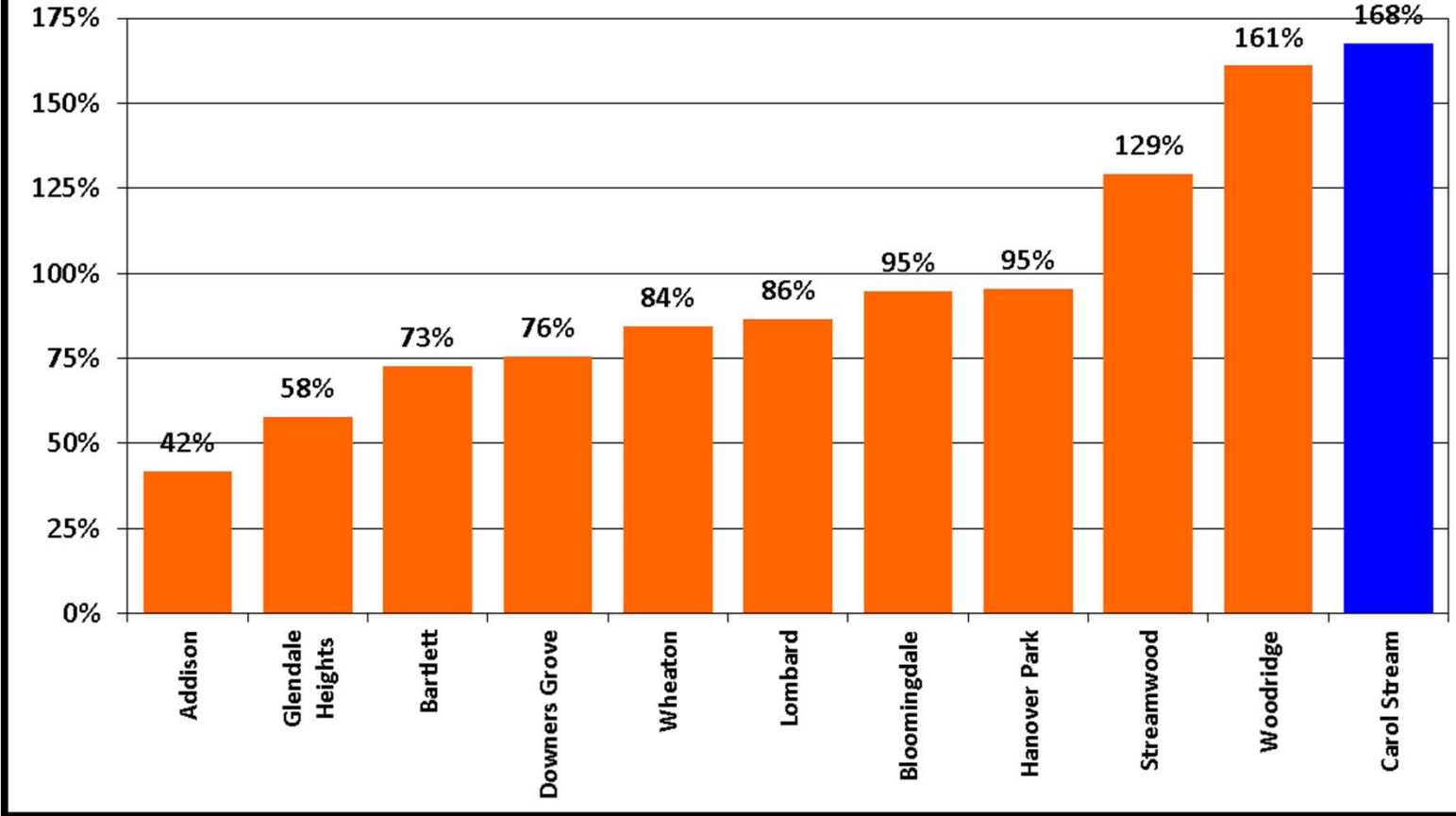
Source: Comprehensive Annual Financial Reports
All Government Funds.

Fund Balance per Capita 2016



Source: Comprehensive Annual Financial Reports
All Government Funds.

Total Fund Balances as a % of Total Expenditures - 2016

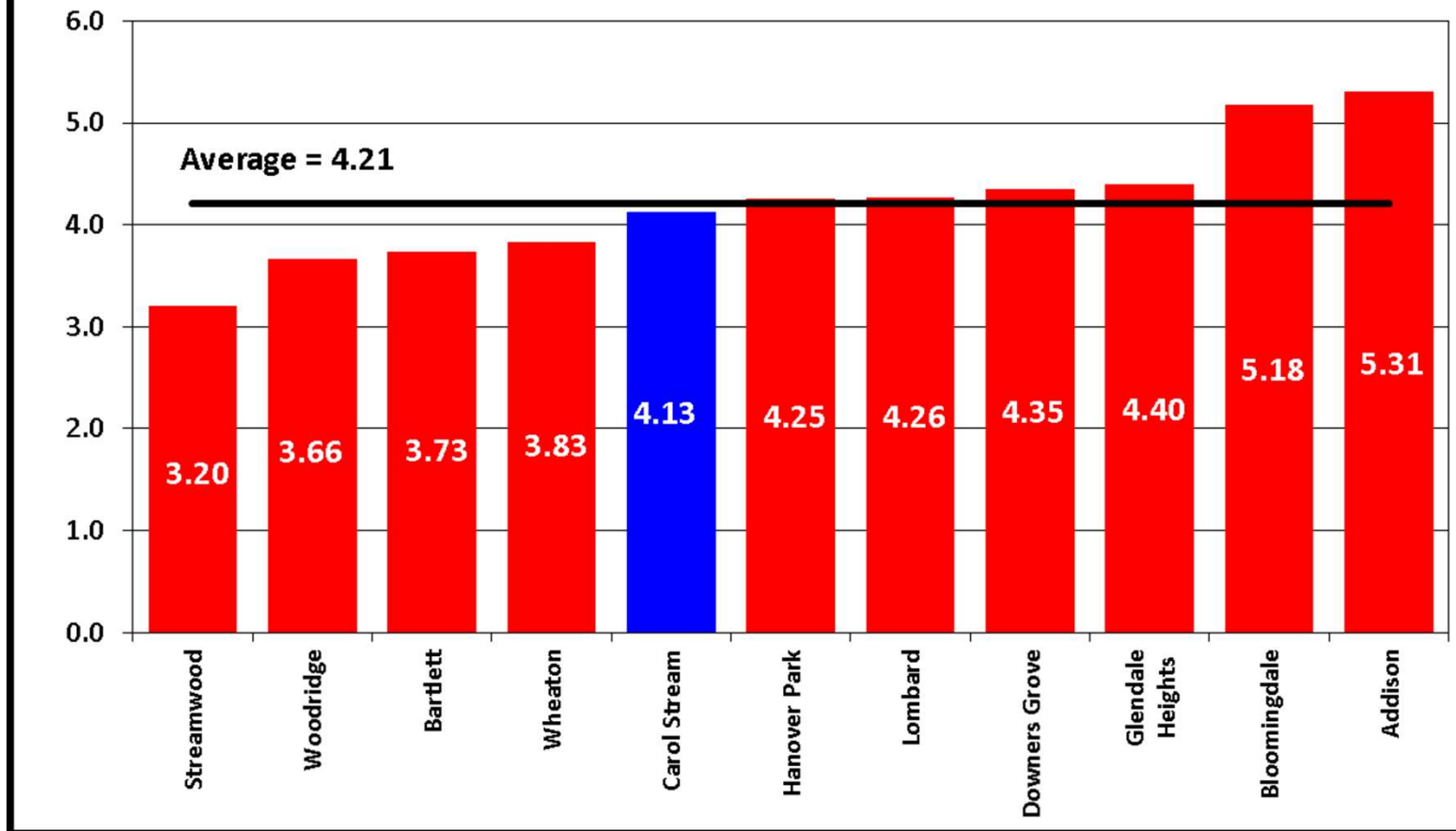


Source: Comprehensive Annual Financial Reports
All Government Funds.

VII. STAFFING



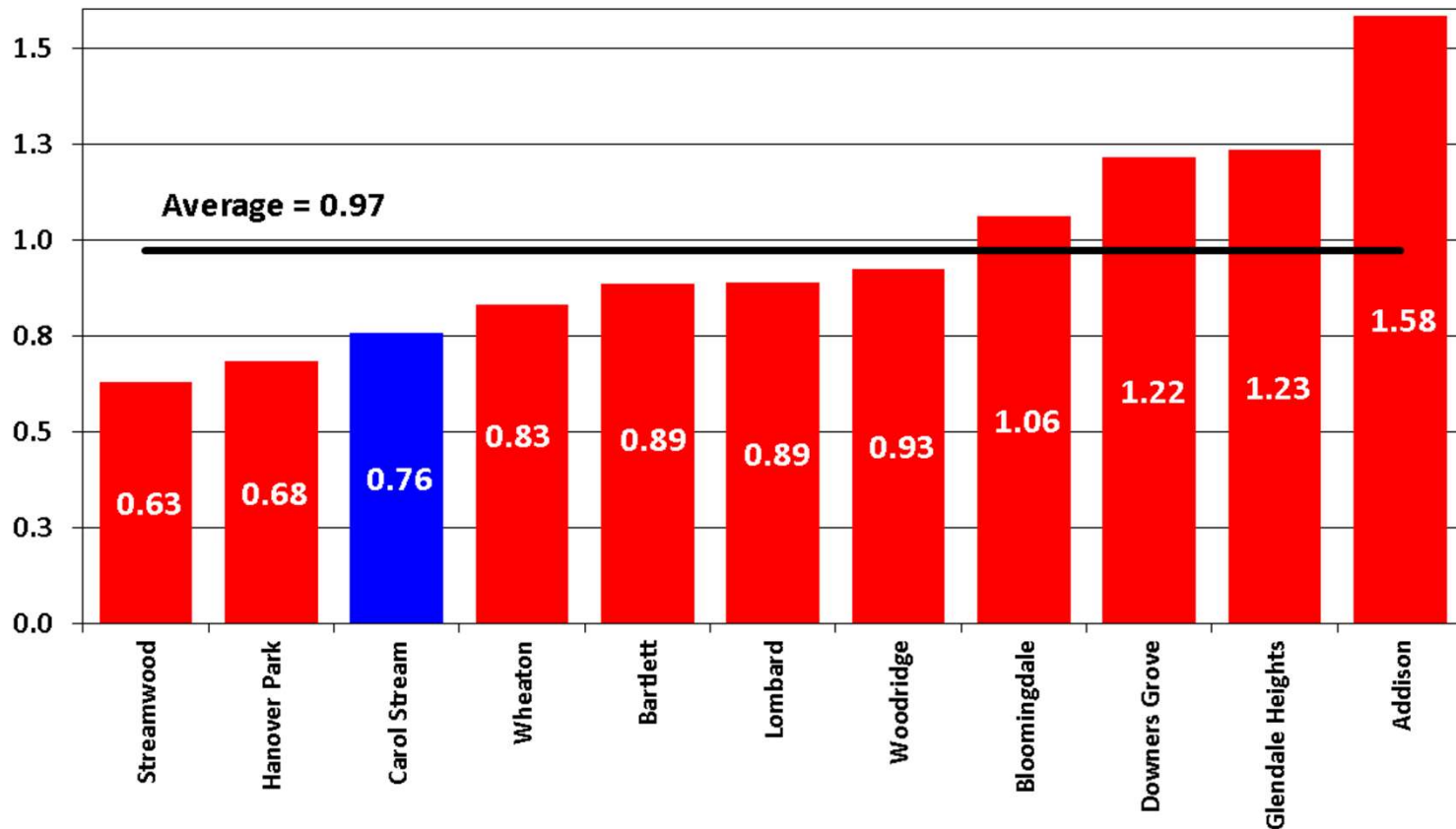
Total Employees per 1,000 Residents 2017



Source: Most current municipal budget.

Note: To support a more accurate comparison, employee counts for certain services that are not typically provided by all members of the peer group have been removed. These include Fire, Recreation/Parks, Golf Course, Wastewater Treatment Plant. Elected officials and seasonal positions have also been excluded from this presentation.

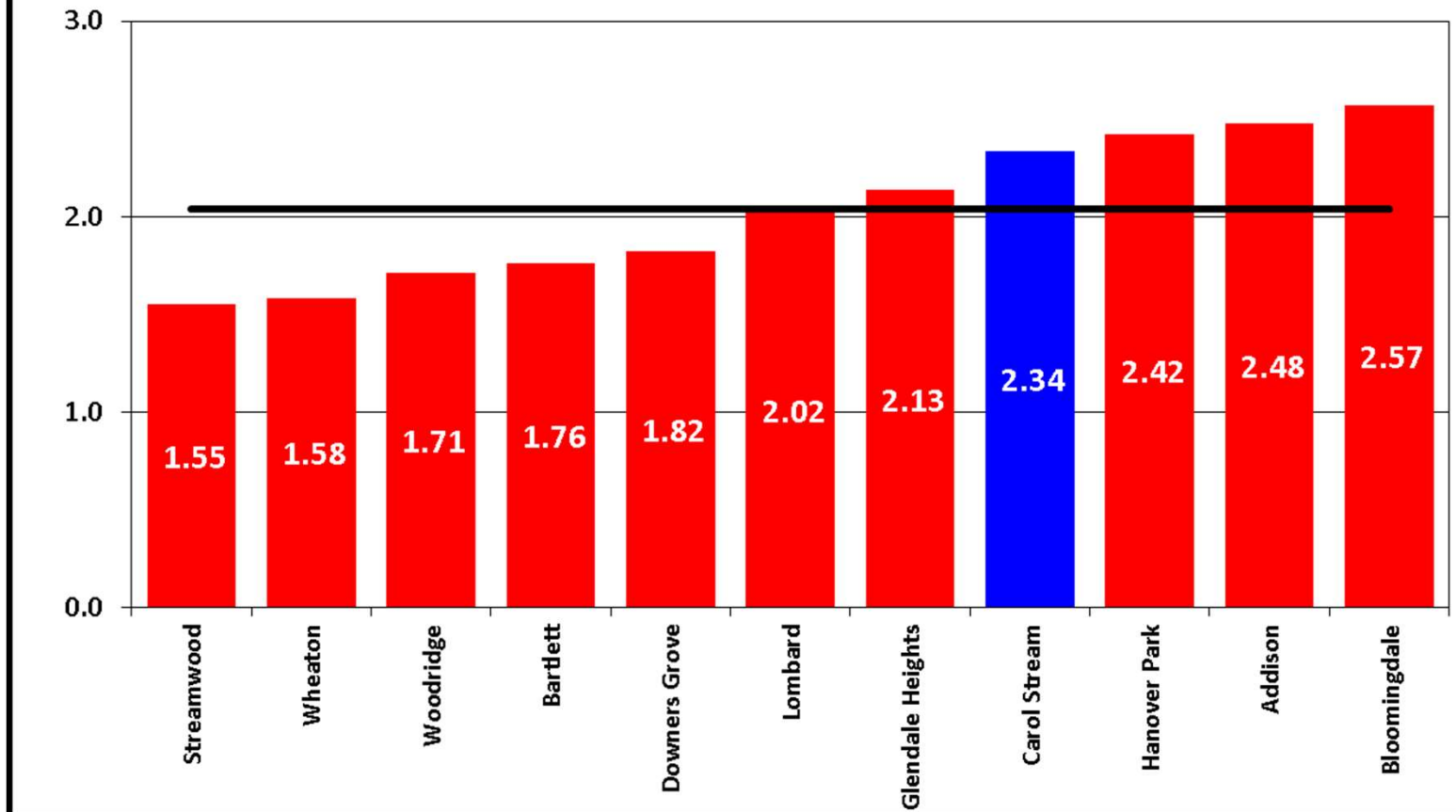
General Government Employees per 1,000 Residents - 2017



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).

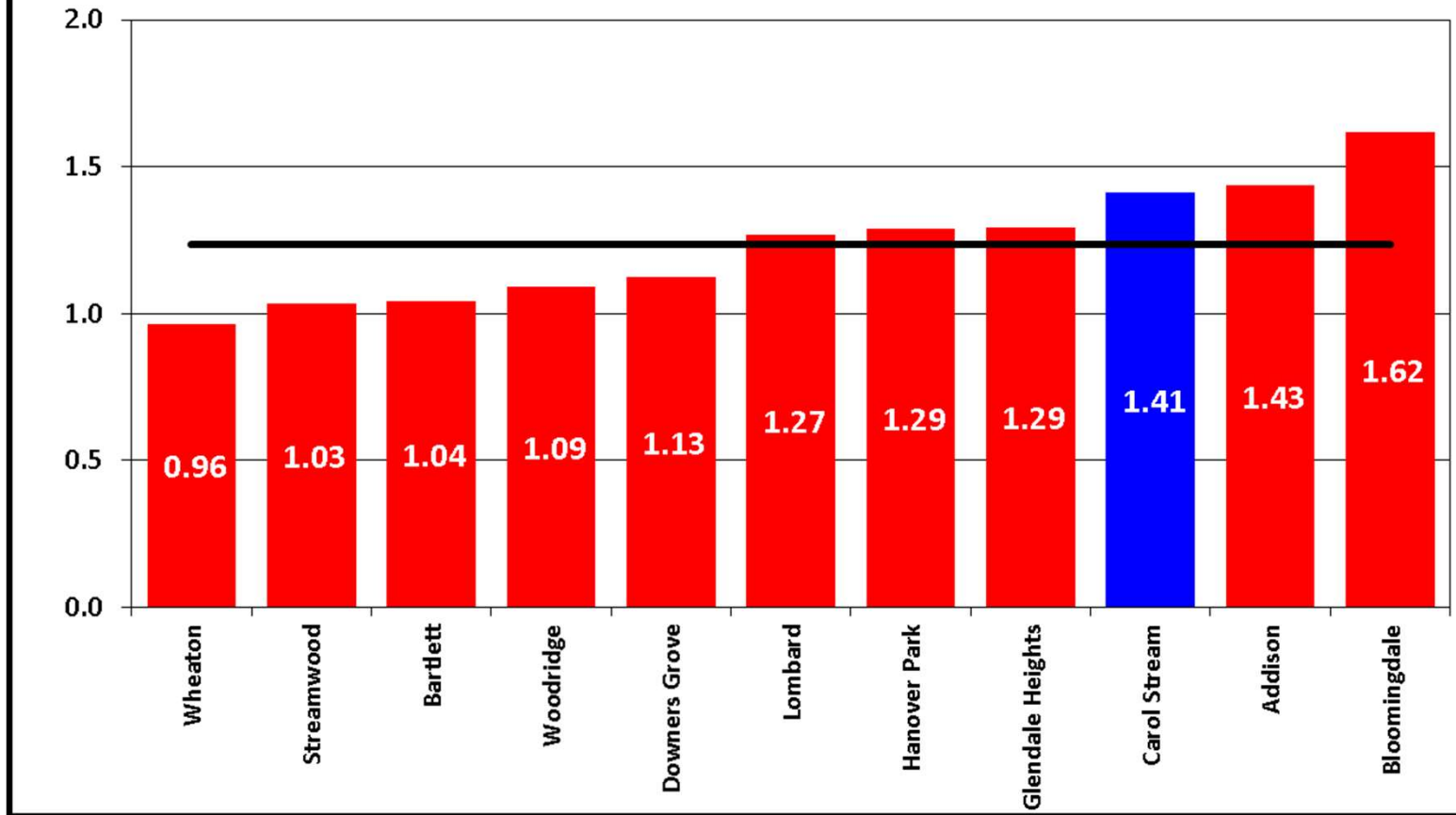
Police Department Employees per 1,000 Residents - 2017



Source: Comprehensive Annual Financial Reports/Budgets

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

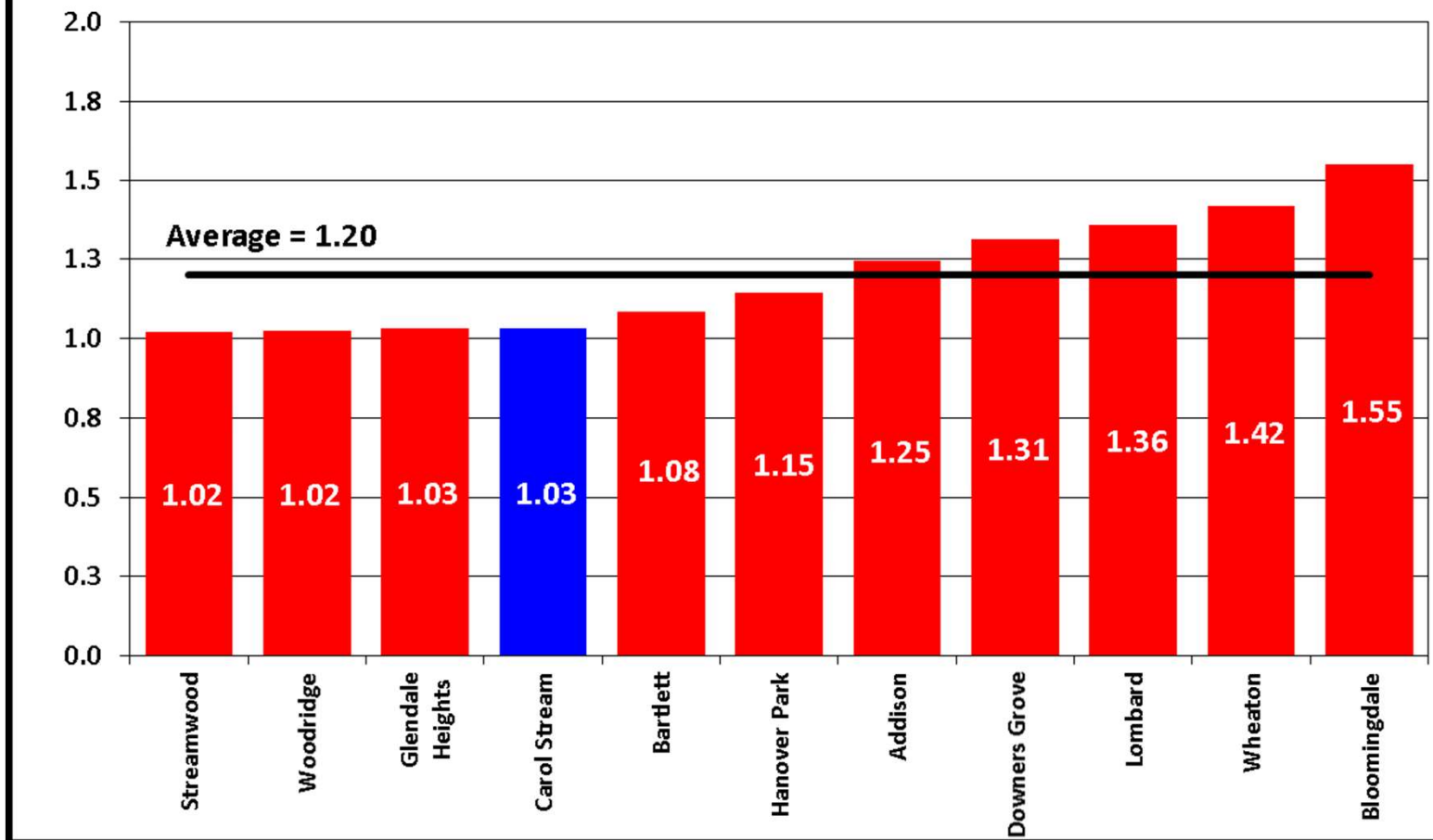
Police Officers per 1,000 Residents - 2017



Source: Comprehensive Annual Financial Reports/Budgets

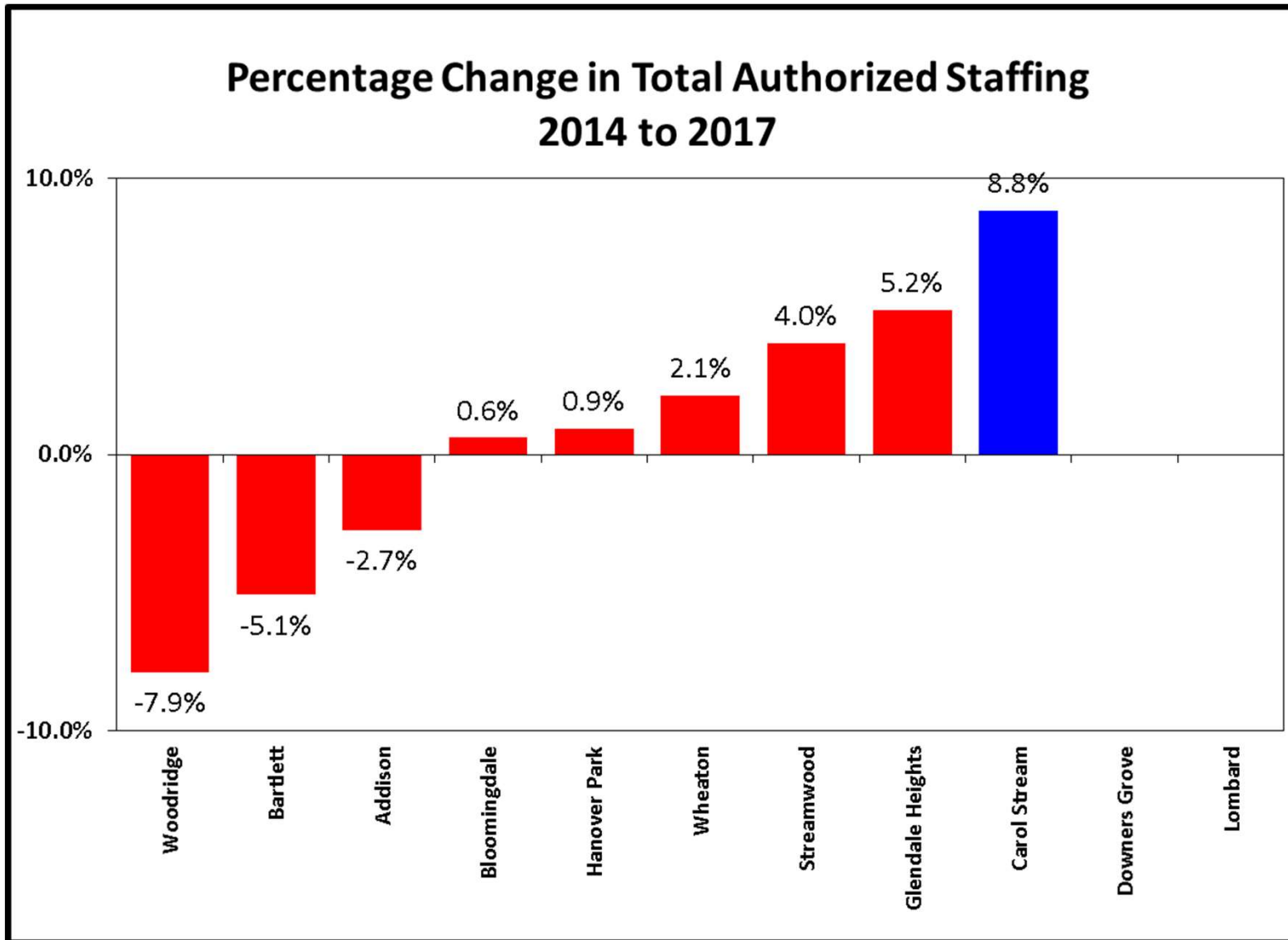
Note: Includes only Police Officer positions.

Public Works Employees per 1,000 Residents - 2017



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.



Source: Comprehensive Annual Financial Reports/Budgets

Downers Grove and Lombard not included in previous studies.

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!**).
2. Carol Stream's post-recessionary recovery, particularly with respect to sales tax generation has been more pronounced than many of its peer communities.
3. Reserve balances continue to be strong, and are near the healthiest compared to the peer group on both a per capita basis and as a percentage of annual expenditures.
4. The Village continues to responsibly meet its long-term pension obligations without funding holidays.
5. Growth over the past several years has permitted gradual expansion of Village staffing levels to meet service demands. During the same time period, a number of our peers have experienced staffing contractions.