

SPECIAL WORKSHOP MEETING OF THE MAYOR AND BOARD OF TRUSTEES
Gregory J. Bielawski Municipal Center, 500 N. Gary Avenue,
Carol Stream, DuPage County, IL

February 6, 2023

Mayor Frank Saverino, Sr. called the Special Workshop Meeting of the Board of Trustees to order at 7:18pm and directed Clerk Julia Schwarze to call the roll.

Present: Mayor Frank Saverino, Sr., Trustees Jeff Berger, Tom Garvey, John Zalak, Rick Gieser, Mary Frusolone and Matt McCarthy, Village Clerk Julia Schwarze

Absent: None

Also Present: Village Manager Bob Mellor, Assistant Village Manager Joe Carey, Finance Director Jon Batek, Public Works Director Phil Modaff, Assistant Public Works Director Brad Fink, Community Development Director Don Bastian, Engineering Services Director Bill Cleveland, Chief of Police Bill Holmer, Deputy Police Chief Don Cummings and Information Technology Director Marc Talavera

FY 24 Budget Workshop #1 – General Fund Preliminary Assessment

Finance Director Batek led the Mayor and Village Board on a discussion of the General Fund Preliminary Assessment of revenues and expenditures.

Attached is the PowerPoint presentation with corresponding details used to guide the meeting.

At 7:50 p.m., Trustee McCarthy moved and Trustee Zalak made the second to adjourn the meeting. The results of the roll call vote were as follows:

Ayes: 6 Trustees Berger, Garvey, Zalak, Gieser, Frusolone and McCarthy

Nays: 0

Absent: 0

The motion passed.

Village of Carol Stream

FY 24
Budget Workshop #1

**GENERAL FUND
Preliminary Assessment**

February 6, 2023

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Agenda

**GENERAL FUND PRELIMINARY
ASSESSMENT**

- Current Year FY23 Projections
 - Estimated Year-End Revenues
 - Estimated Year-End Expenditures
- New Year FY24
 - Revenue Projections
 - Working Expenditure Budget Requests

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**General Fund
Current Year FY23 Projections**

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FY23 Year-End Revenue Estimate

- FY23 Revenues are projected to end the year \$5,010,000 or 15.9% above original budget.

Estimated FY23 Year-End	\$ 36,610,000
Original FY23 Budget	<u>31,600,000</u>
Revenues Above Budget	<u>\$ 5,010,000</u>

- This total also represents growth of 9.9% over FY22 actual revenues.
- Totals in both FY23 and FY22 are free of major Federal stimulus payments (i.e. CARES Act - FY21, American Rescue Plan Act - Water/Sewer Fund).

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FY23 Year-End Revenue Estimate

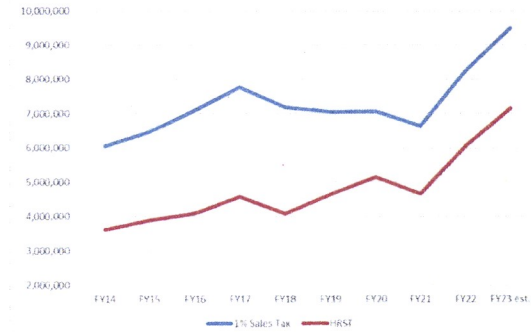
Variance from Original FY23 Budget Projection

Revenue Source	FY23 Estimate -vs- FY23 Budget	% Variance
Property Tax	\$ (25,000)	-0.7%
Replacement Tax (PPRT)	196,000	119.5%
Sales Tax	1,280,000	15.4%
Home Rule Sales Tax	1,223,000	20.4%
Local Use Tax	288,000	21.5%
Income Tax	1,303,000	24.5%
Natural Gas Use Tax	20,000	3.3%
Alcohol Tax	27,000	10.2%
Hotel Tax	36,000	13.1%
Video Gaming Tax	15,000	3.2%
Licenses & Permits	(22,400)	-2.3%
Charges for Services	16,000	1.1%
Fines & Forfeits	128,000	8.9%
Interest Income	462,000	1155.0%
All Other	63,400	6.0%
Total Revenues > Budget	\$ 5,010,000	15.9%

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FY23 Year-End Revenue Estimate

10 Year Sales Tax Trend
(cash basis)



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FY23 Year-End Revenue Estimate

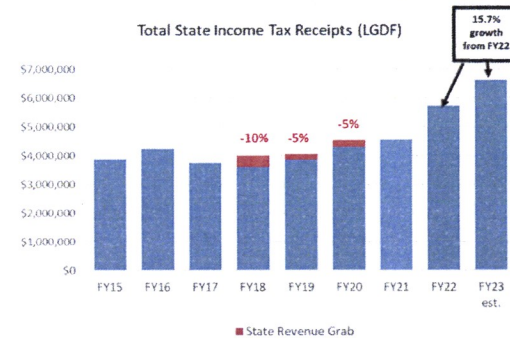
Significant Sales Tax Growth Continues for the Second Consecutive Year Following Several Years of Sluggish Performance

- FY23 base 1% sales taxes expected to grow by 15.1% (\$1.2M) and home rule sales taxes increase by 18.1% (\$1.1M) over FY22 levels.
- More than 50% of the gains between FY21 and FY22 were attributable to the "Leveling the Playing Field for Illinois Retail" (LPF) Act eff. January 1, 2021. These have shown some permanency into FY23 and have grown by 4.8% in the second year since LPF was implemented.
- The brick and mortar component still makes up 90% of all sales tax collections. Compared to LPF taxes above, locally sourced sales increased by 17.2% in the same comparison period.

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FY23 Year-End Revenue Estimate

Income Tax Distributions from the Local Government Distributive Fund (LGDF)



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FY23 Year-End Revenue Estimate

Income Tax Distributions from the Local Government Distributive Fund (LGDF)

- No State raids of local funds in last 3 years.
- Extraordinary growth in Corporate Income Tax (CIT) receipts / profits continued into FY23.
- Fears of economic slowdown or recession indicate FY23 may be the apex for the time being. Forecasts for FY24 are reduced accordingly.

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FY23 Year-End Revenue Estimate

Interest Income

- With 6 Federal Reserve Board increases (totaling 4.0%) in the Federal Funds rate since May, 2022, interest income is again a significant revenue source in the General Fund.
- This provides the Village some added resources to apply toward current inflationary pressures.
- 16 months ago, we were earning 2/100^{ths} of 1% on invested funds. Today, our short term funds are earning 4.3%.

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FY23 Year-End Revenue Estimate

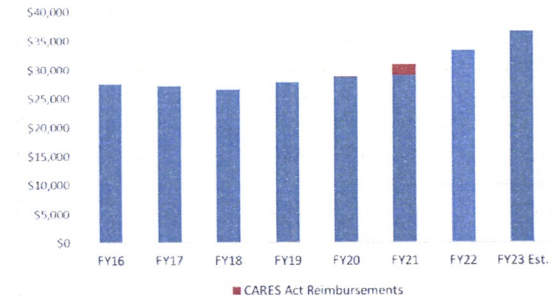
Interest Income



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FY23 Year-End Revenue Estimate

Total General Fund Revenues (in \$000's)



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FY23 Year-End Expenditure Estimate

FY23 Expenditures are projected to end the year \$1.13 million or 3.7% below the original budget.

Estimated FY23 Year-End	\$ 29,480,000
Revised FY23 Budget	<u>30,610,350</u>
Expenditures Below Budget	<u>(\$ 1,130,350)</u>

- 82% of this variance is due to lower than budgeted personnel salary and benefit costs.
- The remaining 18% is in non-personnel related line items.

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FY23 Year-End Expenditure Estimate

	Budget FY23	Estimated FY23	Over / (Under) Budget	% Change
Salaries & Wages				
Personal Services	\$ 14,414,138	\$ 13,816,391		
Seasonal Help	40,800	29,030		
Court Time	117,000	118,500		
Overtime	858,900	869,594		
Group Insurance	2,070,867	1,859,770		
IMRF	927,931	836,461		
FICA	1,109,847	1,087,878		
Work Comp	312,132	312,132		
Police Pension	<u>3,194,300</u>	<u>3,194,732</u>		
Total Salaries & Wages	\$ 23,045,915	\$ 22,124,488	\$ (921,427)	-4.0%
Contractual Services	6,722,432	6,417,333	(305,099)	-4.5%
Commodities	632,103	737,692	105,589	16.7%
Capital Outlay	209,900	200,487	(9,413)	-4.5%
Total Expenditures	<u>\$ 30,610,350</u>	<u>\$ 29,480,000</u>	\$ (1,130,350)	-3.7%

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FY23 Year-End Expenditure Estimate

Salaries & Wages

\$921,427 or 4.0% Below Budget.

- Savings derived from:
 - Personnel Services nearly \$600,000 below budget due to staff vacancies. \$500,000 of this was in the Police Department.
 - Health insurance renewal costs were \$211,000 lower than anticipated.
 - Pension contributions were about \$91,000 (10%) less than budgeted due to a 22% reduction in our IMRF contribution rate for calendar year 2023. This will reduce costs in FY24 as well.

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FY23 Year-End Expenditure Estimate

Commodities

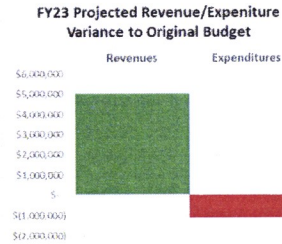
\$105,589 or 16.7% Over Budget.

- Steep cost increases in the price of both unleaded and diesel fuel were the primary driver of this overage. Fuel costs are approximately \$94,000 over original budget projections.

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FY23 Projected Year-End Surplus

With an adopted FY23 budget containing a \$1.00M surplus + revenues over budget (\$5.01M) combined with expenditures below budget (\$1.13M), yields an anticipated year-end surplus of \$7.13 million.



How will this mix change moving into FY24?

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General Fund New Year FY24

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FY24 Revenue Projections

	FY22 <u>Actual</u>	FY23 <u>Budget</u>	FY23 <u>Estimated</u>	FY24 <u>Projected</u>
Operating Revenues	\$ 33,051,255	\$ 31,300,000	\$ 36,310,000	\$ 36,014,000
Grant Revenues	249,366	300,000	300,000	300,000
Total Revenues	\$ 33,300,621	\$ 31,600,000	\$ 36,610,000	\$ 36,314,000
% Change			9.9% Over FY22	-0.8% Over FY23 Est.

FY24 Projected Revenues:

- Follow Illinois Municipal League projections which consider a number of economic forecasts predicting reduced output (GDP), consumer spending and corporate profits into 2023.
- Show a slight reduction of 0.8% in total revenues from a significantly improved base that was realized in FY22 and FY23.

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FY24 Revenue Projections

Sales Tax

While sales tax revenues have seen rapid growth over the last 2 years, we believe this will be difficult to sustain into FY24.

- Forecast is for no growth over the FY23 estimate.
 - Rate of general sales growth slowing.
 - Potential for some business losses.
 - Opportunities for new investment may be hampered by the current economic environment.

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FY24 Revenue Projections

Income Tax

Based on projections provided by the Illinois Municipal League (IML):

- \$155.40 per capita, which is a 6.6% decline from our FY23 year-end estimate.
- This translates into a \$435,000 reduction from FY23 estimated revenues.
- Assumes no additional harm inflicted by the State in terms of municipal revenue grabs.

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Working Budget Expenditure Requests

	Actual FY22	Revised Budget FY23	Estimated FY23	Proposed Budget FY24	FY24 Proposed to FY23 Budget	
Personal Services	\$ 13,100,126	\$ 14,414,138	\$ 13,816,391	\$ 15,088,687	\$ 674,549	4.7%
Seasonal Help	12,342	40,800	29,030	38,900	(1,900)	-4.7%
Court Time	106,335	117,000	118,500	125,500	8,500	7.3%
Overtime	877,399	858,900	869,594	929,750	70,850	8.2%
Group Insurance	1,794,691	2,070,867	1,859,770	2,220,603	149,736	7.2%
IMRF	878,487	927,931	836,461	783,337	(144,594)	-15.6%
FICA	1,026,264	1,109,847	1,087,878	1,182,721	72,874	6.6%
Work Comp	312,132	312,132	312,132	312,132	-	0.0%
Police Pension	3,068,093	3,194,300	3,194,732	3,305,132	110,832	3.5%
Total Salaries & Wages	21,175,869	23,045,915	22,124,488	23,986,762	940,847	4.1%
Contractual Services	5,347,091	6,722,432	6,417,333	7,671,706	949,274	14.1%
Commodities	513,416	632,103	737,692	721,532	89,429	14.1%
Capital Outlay	128,951	209,900	200,487	334,000	124,100	59.1%
Total Expenditures	\$ 27,165,327	\$ 30,610,350	\$ 29,480,000	\$ 32,714,000	\$ 2,103,650	6.9%

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Working Budget Expenditure Requests

The working budget in its current form reflects:

1. A budget to budget increase of \$2.1M or 6.9%.
2. Initial first-round budget estimates (some items will require further adjustment).
3. A staffing plan that reflects no increase in full-time equivalent (FTE) positions entity-wide.
4. Compensation adjustments reflecting current labor agreements and parity with non-union positions.
5. A programmed budget surplus by 4/30/2024.

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General Fund Budget FY24 Salaries & Wages

Salaries & Wages

- Represents 73% of the total proposed FY24 Budget.
- Includes all employee wage categories (salaries, overtime, seasonal, court time) plus employment taxes (FICA), health benefits, workers compensation insurance and retirement benefits.
- Total Salaries & Wages proposed to increase by \$940,847 or 4.1% over the adopted FY23 Budget.

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General Fund Budget
FY24 Salaries & Wages

Changes in Proposed Village Staffing – FY24

FY23 Authorized Positions	166.95
Police Department	
- Community Service Technician (vacant)	(1.00)
+ Social Worker*	1.00
Proposed FY24 Authorized Staffing	166.95

Net Change from FY23

* Partially grant funded.

General Fund Budget
Non-Personnel Costs

Contractual Services

- Total increase of \$949,274 or 14.1% from FY23 Budget.
- Transfers to the Equipment Replacement Fund for FY24 increase by \$736,481 for vehicle replacements.
 - Availability and pricing of replacement vehicles has been a significant challenge.
 - \$266,250 funds 50% of the Public Works Vector truck replacement in early FY24.
 - The balance of contribution increases represent catch-up contributions on already acquired vehicles or additional funding contributions to account for inflation levels beyond what was already built into the funding plan.
 - These numbers are still subject to adjustment pending further review.

General Fund Budget
Non-Personnel Costs

Capital Outlay

- Total increase of \$124,100 or 59.1% from FY23 Budget.
- Most of this increase relates to:
 - Information Technology Equipment
 - Public Works Equipment – Snow fighting and other

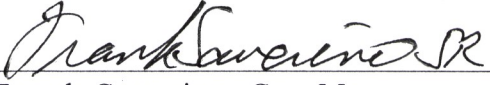
Details to be discussed at General Fund presentation on Tuesday, February 21 budget workshop.

Next Steps / Key Dates

A more detailed review of proposed departmental programs and services will be presented at the February 21 budget workshop.

- Tuesday, February 21, 2023
 - Budget Workshop – **General Fund – Part 2**
- Monday, March 6, 2023
 - Budget Workshop – **Capital Improvement Program**
- Monday, March 20, 2023
 - Budget Workshop – **Water and Sewer Fund and Other Funds**

FOR THE BOARD OF TRUSTEES

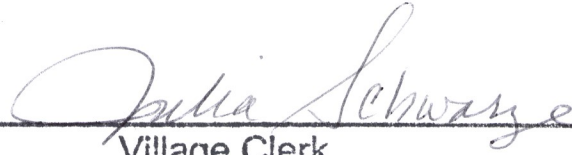


Frank Saverino, Sr., Mayor

ATTEST:


Julia Schwarze, Village Clerk

Minutes approved by the President and Board of Trustees on this
21st day of February, 2023.



Village Clerk