



2019 Mid-Year Financial Review & 2020 Budget/CIP Preview

July 23, 2019

Presentation Summary

- Review FY 2019 budget performance and 2020 General Fund projections
- Present FY 2020 CIP Projects (non engineering)
- Discuss projected property tax levy for the operating portion of the FY 2020 levy
- Review projected water and sewer rates for FY 2020

Revenue & Expense Review

FY 2019

General Fund- 2019 Review

- Revenues are exceeding budget
 - Non-recurring building permits, income tax and interest income are exceeding projections
 - Sales tax, recurring building permits and real estate transfer tax are performing under budget
- Expenditures are projected to exceed budget
 - A special assessment of \$215,000 to the North Suburban Employee Benefit Cooperative is anticipated
 - Nearly \$300,000 in unbudgeted engineering program improvements

Revenues- 2019 General Fund

Revenues	2019 Budget	June YTD Actual	YTD % of Budget	Where should we be YTD?	2019 Year-End Projection
Property Tax	9,616,700	5,117,693	53%	52%	9,616,700
Sales Tax	5,349,000	2,538,641	47%	48%	5,299,000
Service Charges	3,172,800	1,549,881	49%	48%	3,172,800
Income Tax	2,492,000	1,633,226	66%	57%	2,692,000
Utility Tax	2,100,000	1,137,349	54%	55%	2,100,000
Permits	2,138,600	1,466,090	69%	46%	2,483,600
Licenses	1,804,500	1,755,630	97%	92%	1,834,500
R.E. Transfer Tax	1,272,000	656,433	52%	51%	1,122,000
Water Fund Transfer	1,000,000	-	0%	0%	1,000,000
Others	4,525,655	1,908,612	42%	41%	4,295,655
Bond Proceeds	-	-	0%	0%	-
Total	33,471,255	17,763,555	53%	49%	33,616,255

Expenses- 2019 General Fund

Expenditures	2019 Budget	June YTD Actual	YTD % of Budget	Where	2019 Year-End Projection
				should we be YTD?	
Regular Wages	16,700,875	8,204,509	49%	50%	16,609,275 ↙
Overtime	805,425	405,220	50%	44%	905,425 ↗
Benefits	4,386,210	2,346,890	54%	70%	4,386,210
Contractual	2,633,430	1,202,836	46%	43%	2,567,430 ↙
Refuse	2,380,840	1,006,572	42%	45%	2,373,835
Commodities	736,435	395,869	54%	51%	820,435 ↗
Contingency	440,000	23,583	5%	19%	296,000 ↙
Other	1,866,740	791,302	42%	14%	1,851,740 ↙
Capital	3,743,795	246,842	7%	53%	3,932,575 ↗
CERF current projects	638,500	216,062	34%	14%	641,100
CERF allocation	423,360	-	0%	44%	423,360
Capital - Bond	348,065	36,926	11%	0%	403,065 ↗
Total	35,103,675	14,876,613	42%	51%	35,210,450

Revenues & Expenses-

2019 General Fund

Ending Reserve Balance

	2018 Year End (\$)	2019 Budget (\$)	2019 Est. Reserve (\$)
Operating Reserve	10,829,500	11,014,000	10,898,000
CERF	1,850,800	1,473,000	1,927,500
Total	12,680,300	12,487,000	12,825,500

The FY 2020 Budget projects to spend down the reserve by \$200,000 to partially offset the pension amortization increase.

FY 2020 CIP

2020 CIP- General Operating

- The following projects would be funded as the budget allows in the following order of priority:

Project	Category	Department	Budget (\$)
Roofing	Facilities- P. 1	Public Works	35,000
Server Room Configuration	Facilities- P. 12	Admin. Services	17,500
Comprehensive Plan	Profess. Serv.- P. 1	Community Dev.	175,000
Carpeting Replacement	Facilities- P. 9	Village Hall	33,000
Garage Ramp Replacement	Facilities- P.11	Village Hall	19,800
Garage Floor Rehab	Facilities- P. 24	Fire	101,000
Garage Floor Coating	Facilities- P. 3	Public Works	65,000
Interior Floor Refinishing	Facilities- P. 28	Public Works	30,000
Historic Resources Survey	Profess. Serv.- P. 3	Community Dev.	15,000

2020 CIP- CERF

- The following projects, totaling \$1,437,500, are recommended in 2020 to be funded through the General Fund CERF:

Vehicle	Category	Budget (\$)
Fire SCBAs	Equipment- P. 4	250,000
Police Squads (4)	Police Vehicles-P. 1	184,000
Large Dump Truck	PW Vehicles- P. 3	181,000
Ambulance	Fire Vehicles- P. 1	270,000
Phone System Repl.	IT- P. 2	24,500
Pick-Up Truck	PW Vehicles- P. 13	46,000
Sidewalk Snowplow	PW Vehicles- P. 16	162,000
Pick-Up Truck (4)	PW Vehicles- P. 19	170,000
Council Chamb. AV	IT- P. 1	80,000
Utility Vehicle	Fire Vehicles- P. 3	70,000

Capital Equipment Replacement Fund

	2019 Est. Actual	2020	2021	2022	2023	2024
Non-Recurring Revenues	294,350	15,000	15,000	15,000	15,000	15,000
GF Transfer	423,360	444,530	444,530	444,530	444,530	444,530
PW Vehicles	429,970	559,000	603,600	299,000	162,000	416,000
Fire Vehicles	35,000	340,000	870,000	-	290,000	-
Police Vehicles	145,125	184,000	46,000	92,000	234,000	234,000
Facilities/Equipment	31,000	354,500	-	-	-	-
Total Expenses	641,095	1,437,500	1,519,600	391,000	686,000	650,000
End of Year Balance	1,927,449	949,479	(110,591)	(42,061)	(268,531)	(459,001)

FY 2020 Budget & Tax Levy Projections

Preparation of the FY 2020 Budget

- The Finance Committee and Village Board have completed the public safety pension funding review which will implement a new 15-year open amortization schedule for FY 2020
- A portion of the CIP, an important first step in formulating the 2020 budget, was presented this evening
- Staff has completed its preliminary FY 2020 budget and initial projections will be reviewed tonight
- Additional Village Board discussions in August & September will be required regarding funding of the engineering program

FY 2020 Revenues

- Sales Tax
 - Changes in State law will increase sales tax collections for online purchases- the impact is unknown
 - Staff will be conducting a detailed review of sales tax receipts in July and August
 - Additional sales tax from Edens Plaza is not anticipated until FY 2021
- Motor Fuel Tax
 - The State's increase of the motor fuel tax (effective July 1st) will result in an estimated \$492,000 of additional MFT revenue to the Village
 - This is a 77% increase in MFT revenues which will be dedicated to the road program
- No increases to vehicle stickers, building permits, ambulance fees, or refuse fees are anticipated

Core General Fund Expenses & 2020 Projections

Does not include capital projects or the engineering program

	2019 Bud.	2019 Est. Act.	2020 Prelim.	2019 to 2020 Change	% Change
Wages and Benefits	21,892,510	21,811,635	22,645,335	752,825	3.4%
Refuse Collection	2,383,990	2,373,835	2,385,870	1,880	0.1%
Contractual Service	2,631,130	2,565,130	2,573,665	(57,465)	-2.2%
Commodities	733,885	816,870	765,085	31,200	4.3%
Other	1,841,140	1,800,646	1,847,465	6,325	0.3%
Total	29,482,655	29,368,116	30,217,420	734,765	2.5%

Pensions

	2019 Budget	2020 Estimate	Budget Change	Percent Change
Police & Fire	\$5,096,000	\$5,436,000	\$340,000	7%
IMRF	\$980,000	\$1,238,000	\$258,000	26%
Total	\$6,076,000	\$6,634,000	\$598,000	10%

Police & Fire

The projection is based on the transition to a 15-year open amortization schedule
 \$200,000 of reserves are projected to reduce the impact on the tax levy

IMRF

Reduced their assumed rate of return from 7.5% to 7.25%
 From FY 2018 to FY 2019, the Village's IMRF cost reduced by \$220,000

Tax Levy Parameters

- The following slide presents the tax levy in the following components:
 1. General Operating Expenses
 - Salaries, benefits, contracts, commodities, capital
 2. Pension Expense
 - Sworn police and fire pension benefits
 3. Debt
 - Existing debt for completed projects (not inclusive of water/sewer projects)

Operating Tax Levy Parameters

Levy Component	Projected FY 2020 Increase	Increase \$
Operations	4.03%	750,000
Public Safety Pensions	0.75%	140,000
Debt Service	0.12%	22,000
Total Increase	4.90%	\$912,000

The projection does not include any additional dollars for the annual road program which will be discussed in September

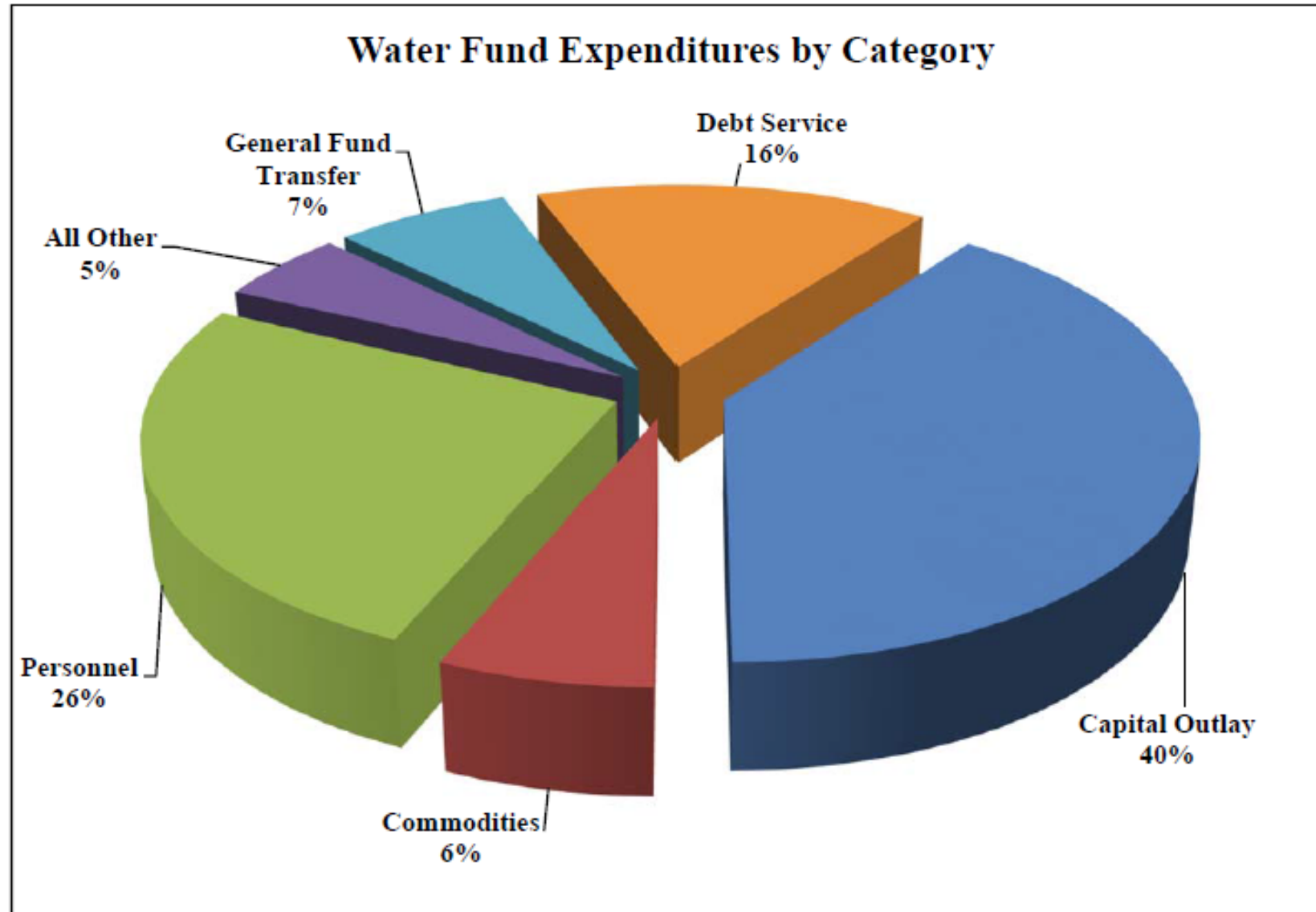
A 4.9% tax levy increase is an approximate \$90 increase on the average tax bill

The FY 2018 tax levy increased by 3.95%.
The FY 2019 tax levy increased by 2.75%.

The operations portion of the tax levy funds police and fire salaries and non-pension benefits, public works salaries and benefits, general administration (finance, community development, engineering, IT), contractual services, and commodities as well as a portion of the engineering program

Water Fund

Water Fund



Revenues & Expenses- Water Fund

Revenues	2019 Budget	Jun YTD Actual	YTD % of Budget	Where	2019 Year-End Projection
				should we be YTD?	
Residential Water Sales	3,376,700	1,281,791	38%	41%	3,126,700 ↙
Wholesale Water Sales	5,668,000	2,196,302	39%	46%	5,218,000 ↙
Other	150,000	138,654	92%	30%	230,000 ↗
Bond Proceeds	5,000,000	883,048	18%	0%	5,000,000
Total	14,194,700	4,499,795	32%	43%	13,574,700

Expenditures	2019 Budget	Jun YTD Actual	YTD % of Budget	Where	2019 Year-End Projection
				should we be YTD?	
Regular Wages	2,546,675	1,242,678	49%	50%	2,511,950 ↙
Overtime	73,575	24,808	34%	49%	70,725 ↙
Benefits	1,002,115	508,751	51%	53%	1,002,115
Contractual	405,120	239,333	59%	51%	443,300 ↗
Commodities	887,125	355,265	40%	50%	862,240 ↙
Capital	564,900	36,283	6%	25%	523,230 ↙
Debt Service	2,487,500	143,669	6%	18%	2,487,500
Transfers	1,000,000	-	0%	0%	1,000,000
Others	280,140	177,767	63%	61%	276,790 ↙
Capital - Bond	6,818,300	812,492	12%	23%	6,392,300 ↙
Total	16,065,450	3,541,045	22%	35%	15,570,150

2020 Water Fund CIP

- The following water projects will be included in the FY 2020 budget as funding permits:

Project	Category / Page #	Budget (\$)
Electrical Improv.	Water P. 2	4M
Main Replacement*	Water P. 46	2M
Rebuild High Lift Pump	Water P. 31	40,000
Meter Replacement	Water P. 35	50,000
Transmission Repairs	Water- P. 44	21,000

Project	Category / Page #	Budget (\$)
Valve Improvements	Water- P. 42	88,000
Meter Shop Van (T-25) Small Dump Truck (T-35)**	PW Vehicles- P. 7 & P. 10	67,000
Surge Suppressors	Water- P. 50	12,000
Hydrant Painting	Water- P. 52	18,860
Hydraulic Modeling	Water- P. 54	20,000

*The water main replacement (Central Ave.) will be funded through bond proceeds

**The small dump truck is split 50/50 with the Sewer Fund

Water Fund- New Revenues & Expenses

- Since 2016, new wholesale customers (Kenilworth/Golf; North Maine in 2020) have been added, eventually increasing wholesale volume by 40% with a projected \$1.3M in new net revenue beginning in 2020
- However, continued investment in the water plant and the Village's distribution system is necessary, regardless of new wholesale customers:

Project	Year	Project Cost
Water Plant Electrical Improvements	2018 - 2020	\$8.975M
Locust, Lake & Central Water Main Replacements	2019 & 2020	\$3.7M
Annual Water Main Replc. Program	2020	Goal of \$1.3M annually; will need to be less
Water Main Intake	2022	\$14.7M

Water Fund Policy

- The policy adopted by the Village Board identifies 5 primary goals of the water fund:
 - A balanced water fund operating budget each year
 - Minimum budget of \$400,000 for Water Plant capital
 - The annual minimum recommended water fund reserve shall be met in the 3-year cash flow projection
 - An annual General Fund transfer of approximately \$1M is to be made
 - Water main replacement to begin in 2021 (Est. cost of \$1.3M)

	2018 Year End Actual (\$)	2019 Budget (\$)	2019 Year End Actual (\$)
Reserve	3,324,400	3,279,000	2,771,000
Recommended Minimum	1,761,400	1,846,900	1,846,900

Water Rate History

- The Village has worked diligently since 2012 to limit residential water rate increases:

History of Water Rate Increases								
2012	2013	2014	2015	2016	2017	2018	2019	2020
None	None	None	None	5%	None	2.7%	2.7%	TBD

Projections for the FY 2020 water rate will be presented at the July 23, 2019 Village Board meeting

- Consumption continues to decline:

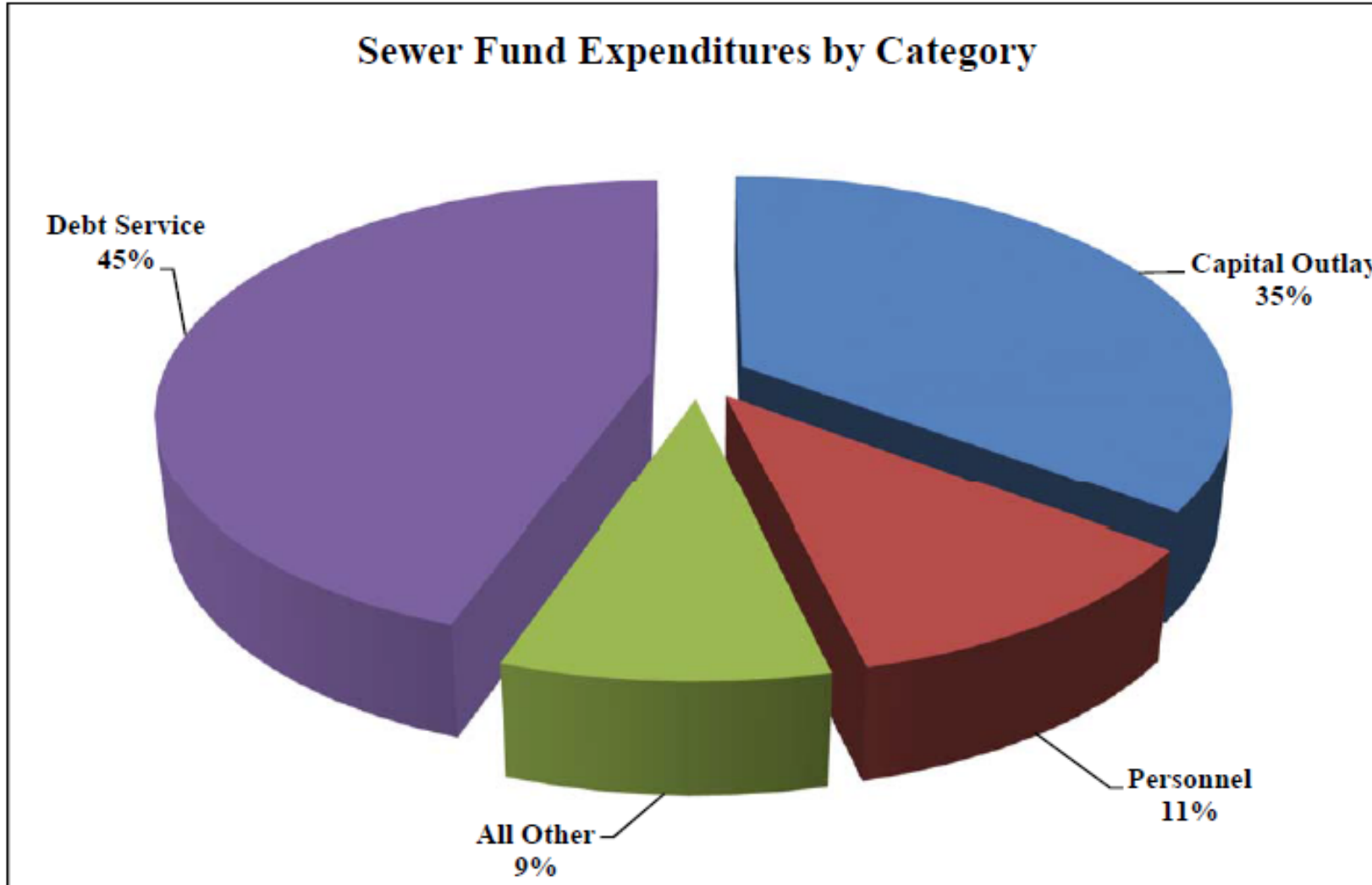
	History of Water Consumption								
Year	2012	2013	2014	2015	2016	2017	2018	2019 Budget	2019 Est.
Millions ccf	1.348	1.208	1.149	1.142	1.166	1.169	1.111	1.199	1.103

Water & Sewer Rate Study Recommended

- Given continued declining water consumption, and the need for major water & sewer capital investments in the future, staff recommends funding a water and sewer rate study in 2020
- The study is estimated to cost \$30,000 for the following:
 - Projections for future water and sewer rates based on projected operational and capital needs
 - Review of the current rate structure to determine possible alternative strategies

Sewer Fund

Sewer Fund



Revenues & Expenses- Sewer Fund

		June YTD	YTD % of	Where	2019 Year-
Revenues	2019 Budget	Actual	Budget	should we	End Projection
				be YTD?	
Residential Sewer Charges	5,082,900	1,865,886	37%	41%	4,707,900 ↘
Bond/Loan Proceeds	1,970,000	866	0%	0%	1,970,000
Total	7,052,900	1,866,753	26%	24%	6,677,900

		June YTD	YTD % of	Where	2019 Year-
Expenditures	2019 Budget	Actual	Budget	should we	End Projection
				be YTD?	
Regular Wages	603,375	281,678	47%	50%	603,375
Overtime	23,625	14,572	62%	47%	27,000 ↗
Benefits	221,155	111,116	50%	53%	221,155
Contractual	585,250	101,578	17%	21%	651,400 ↗
Commodities	93,025	40,721	44%	50%	95,425 ↗
Capital	598,750	9,092	2%	38%	509,010 ↘
Debt Service	3,197,000	719,667	23%	19%	3,197,000
Other	122,160	60,833	50%	52%	122,160
Capital - Debt	3,870,000	268,281	7%	31%	3,872,650 ↗
Total	9,314,340	1,607,538	17%	28%	9,299,175

2020 Sewer Fund CIP

- The following sewer projects will be included in the FY 2020 budget as funding permits:

Project	Category / Page #	Budget (\$)
Sewer Lining*	Sewers- P. 5	820,000
Neighbor. Storage	Sewers- P. 12	24.7M
Sewer Repairs*	Sewers- P. 7	337,000
Sewer Maint.*	Sewers- P. 9	322,000
SWPS Elec. Imp.	Sewers- P. 2	400,000
SWPS Pump Reno.	Sewers- P. 4	35,000
Small Dump Truck	PW Veh.- P. 10	31,000
Smoke Testing	Sewers- P. 15	60,000
Rain Ready Prog.	Sewers- P. 21	90,500

- Projects with an asterisk (*) are recurring annually and are built into prior cash flow projections
- Sewer lining is funded through an IEPA low interest loan
- Neighborhood Storage & SWPS Electrical Improvements will need to be bond financed
- The small dump truck (T-35) is shared 50/50 with the Water Fund

2020 Sewer Rate

History of Sewer Rate Increases								
2012	2013	2014	2015	2016	2017	2018	2019	2020 Proj.
None	None	12%	10%	None	None	None	None	TBD

- The 2014 and 2015 increases were associated with the \$24M sanitary sewer improvements
- Projections for the FY 2020 sewer rate will be presented at the July 23, 2019 Village Board meeting

2020 Stormwater Utility Fee

- As implementation of the Neighborhood Storage Improvement Project progresses, it is anticipated that approximately \$25 million will be expended for Phases 1A and 1 in 2019 and 2020
- To fund the associated debt service, the Village is considering implementation of a stormwater utility fee
- The estimated stormwater fee for a Tier 2 residential property (the average property) is \$230 in 2020
 - The fee is projected to increase to an estimated \$430 in 2022

Sewer Fund Reserves

	2018 Year End Actual (\$)	2019 Budget (\$)	2019 Estimated Reserve (\$)
Reserve	2,614,000	2,252,560	1,895,000
Recommended Minimum	1,016,000	1,016,600	1,016,600

When the sewer rate was increased by \$0.80 in 2014/15 for the Sewer Improvement Program, it was intended that the reserve be drawn down over time to pay the debt service

- Due to additional sewer expenses paid from operating funds, the sewer rate will have to increase in future years

2020 Budget Schedule

Date	Milestone
August 27	Municipal Services Committee to review road program
September 23	Committee of the Whole: 1) Stormwater utility implementation 2) Engineering & Road Program CIP Review
October 8	Presentation of Proposed Budget
October	Committee of the Whole- Budget Workshop
November 26	FY 2020 Budget adopted
December 10	Tax levy adopted