

**VILLAGE OF DOWNERS GROVE**  
**REPORT FOR THE VILLAGE COUNCIL WORKSHOP**  
**OCTOBER 28, 2008 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Revisions to the FY09 Recommended Budget	Resolution Ordinance Motion ✓ Discussion Only	David Fieldman Village Manager

**SYNOPSIS**

Revisions have been made to the FY09 Recommended Budget based on the discussion at the October 11, 2008 budget workshop. Revisions are included in the following funds:

- General Fund
- Motor Fuel Tax Fund
- Downtown TIF Fund
- Capital Projects Fund
- Stormwater Improvement Fund
- Parking Fund
- Equipment Replacement Fund
- Police Pension Fund
- Fire Pension Fund

**STRATEGIC PLAN ALIGNMENT**

The Five Year Plan and Goals for 2007-2012 identifies *Exceptional Municipal Organization*. A supporting objective of this goal is *Financially Sound and Sustainable Village Government*.

**FISCAL IMPACT**

N/A.

**RECOMMENDATION**

Information only. Discussion is recommended at the November 11, 2008 workshop to allow for budget adoption on November 18, 2008, or, if additional discussion is needed, on December 2, 2008.

**BACKGROUND**

Revisions have been made to the FY09 Recommended Budget based on the issues discussed at the October 11, 2008 budget workshop and ongoing staff analysis of the budget and economic conditions. The revisions generally include reductions in revenues and expenses. Year-end estimates for the FY08 budget are ongoing and may change beginning fund balances in the FY09 budget.

General Fund

General Fund revenues have been reduced by \$452,000 and expenses have been reduced by over \$465,000. These reductions maintain a balanced General Fund.

	FY09 Original	FY09 Revised	Change
Revenue	\$ 42,262,007	\$ 41,810,007	\$ (452,000)
Expenses	\$ 42,252,161	\$ 41,786,745	\$ (465,416)
Surplus/(Deficit)	\$ 9,846	\$ 23,262	

Revenue reductions are due to a reduction in Hotel Use Tax, Sales Tax, permit, and plan review and inspection fee revenues. Telecommunications Tax revenue has been increased by \$60,000. The reduction in the pension levy is offset by an increase in the corporate levy. In addition, a funding stream for fines (Court Supervision) that had previously been allocated to the Equipment Replacement Fund was more appropriately reallocated to the General Fund. (See the attached General Fund Revenue & Expense Adjustments.)

In response to the reduction in revenue, the General Fund expenses were reduced by over \$465,000 as follows:

- Defer hiring of a vacant Staff Attorney during the first quarter of 2009 – The Legal Department has been operating without a staff attorney for a number of months and will be able to maintain its current service level without a staff attorney through the first quarter of 2009. The deferment will reduce expenses by \$20,000.
- Eliminate contractual building inspection services – A review of building permit inspection activity indicates that the demand for building inspection services will likely continue to decrease in 2009. The elimination of contractual building inspection services will reduce expenses by \$15,000.
- Reduction in Community Grants funding (per established formula) – Pursuant to the Municipal Code, Hotel Use Tax revenue from the previous fiscal year dictates the funding amount for the Community Grants program. The FY09 Recommended Budget (9/30 version) did not recalculate this amount based on updated year-end estimates.
- Reduction in Pension Levies – The actuarial analysis of the Police and Fire Pension Funds has been completed. Based on the actuarial analysis, the requested pension levy is expected to decrease by \$186,897 from the levy estimates presented in the original FY09 Recommended Budget. The Police Pension Board approved its requested levy. Staff anticipates the Fire Pension Board will approve its requested levy in November 2008.
- Defer funding for leaf collection to 2010 – The Village’s waste hauling contract with ARC Disposal includes an optional leaf collection program, which would cost the Village \$140,000 in 2009. The Village could forego the leaf collection program in 2009.
- Defer funding for branding/marketing initiative or TCD3-Comprehensive Plan – Both projects were identified on the 2008-09 Strategic Plan Policy Agenda. Each program has budgeted expenses of \$100,000. Therefore, the elimination of either program from the FY09 Budget would reduce expenses by \$100,000.

The FY09 expenses could be further reduced by deferring both the branding/marketing initiative and TCD3-Comprehensive Plan. The elimination of both items from the FY09 budget would reduce the total budgeted expenses by \$200,000 to \$41,686,745.

#### Real Estate Tax Levy

Property taxes account for 22 percent of the General Fund budget. The Village’s real estate levy is comprised of six components used to support specific services provided by the Village. Below is the proposed real estate tax levy for FY09. Previous data is included from the FY09 Recommended Budget (9/30 version) for comparison. Changes were made to the Fire pension, Police pension and corporate levies, but the overall levy has not changed.

	<b>FY08</b>	<b>FY09 Original</b>	<b>FY09 Revised</b>	<b>Change from FY08 to Revised</b>
<b>Corporate Levy</b>	\$ 2,764,038	\$ 2,850,000	\$ 3,036,897	\$ 272,859
<b>Fire Protection</b>	\$ 2,774,029	\$ 2,850,000	\$ 2,850,000	\$ 75,971
<b>Fire Pension (estimate)</b>	\$ 1,027,421	\$ 1,767,249	\$ 1,578,223	\$ 550,802
<b>Police Pension (final)</b>	\$ 1,156,584	\$ 1,260,000	\$ 1,262,129	\$ 105,545
<b>Stormwater</b>	\$ 2,630,139	\$ 2,630,139	\$ 2,630,139	\$ -
<b>Debt Service After Abatements</b>	\$ 796,191	\$ -	\$ -	\$ (796,191)
<b>Total</b>	\$ 11,148,402	\$ 11,357,388	\$ 11,357,388	\$ 208,986

If both the branding/marketing initiative and TCD3-Comprehensive Plan are eliminated from the FY09 budget, the Corporate Levy could be reduced by \$100,000 to \$2,936,897. This action would reduce the total levy to \$11,257,388.

Other Funds

Revenues and/or expenses were also adjusted in the Motor Fuel Tax Fund (102), Downtown TIF Fund (107), Capital Projects Fund (220), Stormwater Fund (243), Parking Fund (471), Equipment Replacement Fund (530) and Police and Fire Pension Levy Funds (651, 652). These revisions were made primarily in response to expected declines in Motor Fuel Tax revenue, Home Rule Sales Tax revenue, pension levy request and earned interest. More specific information can be found on the attached Other Fund Revenue & Expense Adjustments.

**ATTACHMENTS**

- General Fund Revenue & Expense Adjustments
- Other Fund Revenue & Expense Adjustments
- Capital Projects Fund Project Revisions

# General Fund (001) Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ (DEFICIT)
<b>Recommended Budget (9/30)</b>	<b>42,262,007</b>	<b>Recommended Budget (9/30)</b>	<b>42,252,161</b>	<b>9,846</b>
Reduction in Hotel Revenue Projection	(50,000)	Defer Hiring of Vacant Staff Attorney	(20,000)	
Reduction in Sales Tax Revenue Projection	(150,000)	Eliminate Contractual Inspection Services	(15,000)	
Reduction in Permit Revenue	(347,000)	Eliminate Funding for Branding or TCD3/Comp Pl.	(100,000)	
Reduction in Pension Levies (per Actuary)	(186,897)	Reduction in Pension Levies (per actuary)	(186,897)	
Reduction in Plan Review & Inspection Fees	(5,000)	Defer Funding for Leaf Collection to 2010	(140,000)	
Reallocate Fines (Court Supervision)	40,000	Reduction in Community Grants (per formula)	(3,519)	
Offsetting Increase in Corporate Levy	186,897			
Increase in Telecommuncations Tax Revenue	60,000			
<b>Adj. Recommended Budget (10/28)</b>	<b>41,810,007</b>	<b>Adj. Recommended Budget (10/28)</b>	<b>41,786,745</b>	<b>23,262</b>

## Other Fund Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ (DEFICIT)
<b>Motor Fuel Tax Fund (102)</b>				
Recommended Budget (9/30)	1,490,000	Recommended Budget (9/30)	1,490,000	-
Reduce Motor Fuel Tax Revenue Projection	(255,000)	Increase Road Maintenance Expenses	700,000	
Reduce Interest Revenue Projection	(10,000)			
<b>Adj. Recommended Budget (10/28)</b>	<b>1,225,000</b>	<b>Adj. Recommended Budget (10/28)</b>	<b>2,190,000</b>	<b>(965,000)</b>
<b>Downtown TIF Fund (107)</b>				
<i>No Change</i>	2,426,000	Recommended Budget (9/30)	2,526,831	(100,831)
		Rebudget traffic light shroud project	80,000	
<b>Recommended Budget</b>	<b>2,426,000</b>	<b>Adj. Recommended Budget (10/28)</b>	<b>2,606,831</b>	<b>(180,831)</b>
<b>Capital Projects Fund (220)</b>				
Recommended Budget (9/30)	5,621,471	Recommended Budget (9/30)	6,626,991	(1,005,520)
Reduction in HR Sales Tax Revenue Projection	(400,000)	Reallocate Roadway Maint. Exp. to MFT Fund	(700,000)	
		Defer Ogden Avenue Sidewalks	(306,000)	
		Defer/Reduce Lower Priority CIP Projects*	(255,000)	
<b>Adj. Recommended Budget (10/28)</b>	<b>5,221,471</b>	<b>Adj. Recommended Budget (10/28)</b>	<b>5,365,991</b>	<b>(144,520)</b>
<b>Stormwater Fund (243)</b>				
Recommended Budget (9/30)	5,430,139	<i>No Change</i>	14,681,505	(9,251,366)
Reduction in HR Sales Tax Revenue Projection	(200,000)			
<b>Adj. Recommended Budget (10/28)</b>	<b>5,230,139</b>	<b>Recommended Budget</b>	<b>14,681,505</b>	<b>(9,451,366)</b>
<b>Parking Fund (471)</b>				
<i>No Change</i>	1,084,000	Recommended Budget (9/30)	1,345,759	(261,759)
		Include Security System Maintenance Agreement	16,000	
<b>Adj. Recommended Budget (10/28)</b>	<b>1,084,000</b>	<b>Adj. Recommended Budget (10/28)</b>	<b>1,361,759</b>	<b>(277,759)</b>

\*See Capital Projects Fund (220) Project Revisions for detailed breakdown

10/24/2008

## Other Fund Revenue & Expense Adjustments

REVENUES		EXPENSES		SURPLUS/ (DEFICIT)
<b>Equipment Replacement Fund (530)</b>				
Recommended Budget (9/30)	1,198,439	<i>No Change</i>	1,022,250	176,189
Reallocate Fines (Ct. Supervision) to Gen. Fund	(40,000)			
<b>Adj. Recommended Budget (10/28)</b>	<b>1,158,439</b>	<b>Recommended Budget</b>	<b>1,022,250</b>	<b>136,189</b>
<b>Police Pension Fund (651)</b>				
Recommended Budget (9/30)	2,957,000	<i>No Change</i>	2,162,958	794,042
Increase in Levy Requested by Pension Board	2,129			
<b>Adj. Recommended Budget (10/28)</b>	<b>2,959,129</b>	<b>Recommended Budget</b>	<b>2,162,958</b>	<b>796,171</b>
<b>Fire Pension Fund (652)</b>				
Recommended Budget (9/30)	3,417,249	<i>No Change</i>	1,583,378	1,833,871
Reduction in Levy Based on Actuarial Study	(189,026)			
<b>Adj. Recommended Budget (10/28)</b>	<b>3,228,223</b>	<b>Recommended Budget</b>	<b>1,583,378</b>	<b>1,644,845</b>

## Capital Projects Fund (220) Project Revisions

Project Number	Project	Amount Reduced from Capital Projects Fund
ST-016	Roadway Improvements, Middaugh Ave, Grant to Herrick MS	\$ (50,000)
ST-017	Corridor Enhancements, Ogden Avenue	\$ (50,000)
ST-007	Roadway Reconstruction, Woodward Avenue	\$ (90,000)
ST-008	Roadway Reconstruction, Valley View Estates	\$ (55,000)
TR-014	Safe Routes to School	\$ (15,000)
BW-003	Bikeway Connections	\$ 5,000
<b>Total</b>		<b>\$ (255,000)</b>