

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
MARCH 6, 2012 AGENDA

| SUBJECT: | TYPE: | SUBMITTED BY: |
|---------------------------------------|--|---------------------------------|
| Budget Amendment for Fiscal Year 2011 | ✓ Resolution Ordinance Motion Discussion Only | Judy Buttny Finance Director |

SYNOPSIS

An ordinance has been prepared to amend the Village Budget for Fiscal Year 2011. As traditionally occurs during the months following the end of the fiscal year, this amendment will formally bring the total budgeted expenses in certain funds in line with actual expenses, which exceeded the total expense amounts that were reflected in the budget adopted by the Village Council in November 2010. Unforeseen circumstances that occurred following budget adoption and during the course of the 2010 fiscal year resulted in these adjustments, and each is described in detail below.

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 identified *Steward of Financial and Environmental Sustainability*.

FISCAL IMPACT

Approval of this ordinance carries with it no actual fiscal impact. The ordinance is required bring the budgeted amounts in line with actual expenses.

UPDATE & RECOMMENDATION

This item was discussed at the February 21, 2012 Village Council meeting. Staff recommends approval on the March 6, 2012 Active Agenda.

BACKGROUND

The Village's FY2011 Budget was authorized by ordinance in November 2010 and the Village's fiscal year began on January 1, 2011 and closed on December 31, 2011. When, as a result of unforeseen circumstances, expenses in any of the Village's funds exceed the amount authorized in the budget ordinance, the Village is required by law to pass an amendment to the budget ordinance to adjust the budget for the expenses. No amendments are required for revenues.

As part of the Village's efforts to demonstrate transparency and fiscal responsibility, when staff became aware of significant impacts that were likely to trigger a budget amendment for a given fund, the Village Council was notified. The explanation for the amendments required in each fund is provided below, followed by a summary table for all of the funds.

General Fund: Increase budgeted expenses by \$300,000 for costs due to the 2011 storm events, including the blizzard in February, storm/tornado in June, and storm in July. The total cost related to these storms was approximately \$600,000; however, savings during the fiscal year offset a portion of the storm-related expenses.

The Village also received \$77,000 in revenues from a reimbursement from FEMA for the blizzard, which helps to further offset the total cost. The summer storm events were not eligible for funds from FEMA. General Fund revenues were also higher than budgeted. As a result, the budget amendment for the General Fund will not result in any use of fund balance, as summarized in the following table:

General Fund Revenues, Expenses and Fund Balance, As Budgeted and As Amended

| As Budgeted | | | As Amended* | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | Expenses | Fund Balance | Revenues | Expenses | Fund Balance |
| \$40,074,814 | \$40,073,910 | \$15,682,764 | \$41,416,745 | \$40,373,910 | \$16,725,599 |

* Unaudited figures

Motor Fuel Tax Fund: Increase revenues and expenses by \$350,000 due to additional revenue received from the State of Illinois. Shortly after the FY2011 budget was adopted, the Village received additional distributions from the state of Illinois from the Illinois Jobs Now program. Each year the Village attempts to expend all funds collected, since dollars spent on the Village's roadway maintenance program in the current decreases the cost of street maintenance in the future.

Sales Tax Rebate Fund: Increase revenues and expenses by \$200,000 due to greater than budgeted sales tax revenues and related payouts based on the terms of approved rebate agreements.

Equipment Replacement Fund: Increase expenses by \$805,000 due to the purchase of the ladder truck. The Village Council authorized purchase of a new ladder truck in 2011 for \$805,000. This vehicle was originally scheduled for replacement in 2012. Since the existing vehicle was out of service due to structural damage and significant corrosion to the vehicle frame, the purchase was moved up to 2011. This fund had sufficient fund balance to allow for this purchase in 2011 without creating a negative fund balance. However, because the vehicle was not budgeted in FY2011, a budget amendment is required.

Fleet Services Fund: Increase expenses by \$30,000 due to higher than expected fuel costs. The Village consumed less fuel in 2011 compared to 2010 due to the changing vehicle mix including the increase in CNG vehicles. However, the cost of fuel was up on average of 28% over 2010 levels, which resulted in the budget amendment.

Health Insurance Fund: Increase expenses by \$500,000. The Health Insurance Fund is the Village's self-insured medical, dental, vision and life insurance fund. In self-insured plans, claims are projected based on historical trends. Due to the unpredictable nature of claims, there is a margin of uncertainty in any given year. Although total claims expense decreased from 2010 levels as a result of changing to the Blue Cross Blue Shield Plan, claims expense was greater than budgeted. Claims experience for FY11 has been higher than anticipated to date, and FY11 claims are still being processed. As a result, a budget amendment is required.

The following table summarizes the budget amendments by fund.

| Fund | FY11 Adopted Budget | Amt of Budget Amendment | FY11 Budget, as Amended |
|---|----------------------|-------------------------|-------------------------|
| General Fund | \$40,073,910 | \$300,000 | \$40,373,910 |
| Motor Fuel Tax Fund | 1,100,000 | 350,000 | 1,450,000 |
| Sales Tax Rebate Fund | 700,000 | 200,000 | 900,000 |
| Equipment Replacement Fund | 1,231,412 | 805,000 | 2,036,412 |
| Fleet Services Fund | 1,825,114 | 30,000 | 1,855,114 |
| Health Insurance Fund | 5,670,629 | 500,000 | 6,170,629 |
| Total Village & Library Budget | \$107,471,929 | \$2,185,000 | \$109,656,929 |

ORDINANCE NO. _____

AN ORDINANCE PROVIDING FOR AN AMENDMENT TO ORDINANCE #5166 AND THE VILLAGE OF DOWNERS GROVE BUDGET FOR FISCAL YEAR 2011

WHEREAS, on November 9, 2010, the Village Council of the Village of Downers Grove adopted Ordinance #5166 entitled “AN ORDINANCE ADOPTING THE FISCAL YEAR 2011 BUDGET IN LIEU OF PASSAGE OF AN APPROPRIATION ORDINANCE”; and

WHEREAS, proposed amendments to the fiscal 2011 budget have been prepared; and

WHEREAS, the Village Council of the Village of Downers Grove has examined said amendments and have determined that it is necessary, desirable and in the public interest to further amend the fiscal 2011 budget as provided herein.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Village of Downers Grove, in DuPage County, Illinois, as follows:

SECTION 1. That Ordinance #5166 entitled “AN ORDINANCE ADOPTING THE FISCAL YEAR 2011 BUDGET IN LIEU OF PASSAGE OF AN APPROPRIATION ORDINANCE”, as amended, be and is hereby further amended as follows:

| Expenses By Fund | FY 2011 Adopted Budget | FY 2011 Amendment | FY 2011 Amended Budget |
|---|-------------------------------|--------------------------|-------------------------------|
| 001 General Fund | \$40,073,910 | \$300,000 | \$40,373,910 |
| 102 Motor Fuel Tax Fund | \$1,100,000 | \$350,000 | \$1,450,000 |
| 111 Sale Tax Rebate Fund | \$700,000 | \$200,000 | \$900,000 |
| 530 Equipment Replacement Fund | \$1,231,412 | \$805,000 | \$2,036,412 |
| 531 Fleet Services Fund | \$1,825,114 | \$30,000 | \$1,855,114 |
| 563 Health Insurance Fund | \$5,670,629 | \$500,000 | \$6,170,629 |
| Total Village & Library Budget | \$107,471,929 | \$2,185,000 | \$109,656,929 |

SECTION 2. That, except as amended herein, the original budget ordinance shall remain in full force and effect.

SECTION 3. That this Ordinance shall be in full force and effect from and after its adoption and publication as required by law.

Mayor

Passed:

Published:

Attest: _____

Village Clerk

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