

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
4/7/2015

SUBJECT:	SUBMITTED BY:
General Fund Final Report and Budget Amendment Ordinance	Judy Buttny Finance Director

SYNOPSIS

Staff is providing a report for the FY14 General Fund. An ordinance has been prepared to amend the Village Budget for FY14 to reflect expenses that were not foreseen at the time the budget was adopted. This amendment will formally bring the total budgeted expenses in certain funds in line with actual expenses. Unforeseen circumstances that occurred following budget adoption and during the course of the 2014 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 to bring the budgeted amounts in line with actual expenses.

RECOMMENDATION

Approval on the April 14, 2015 active agenda.

BACKGROUND

The Village's FY14 Budget was authorized by ordinance in November 2013 and the Village's fiscal year began on January 1, 2014 and closed on December 31, 2014.

General Fund Final Report

The FY14 budget was balanced with revenues at \$43.79 million and expenses at \$43.70 million. Actual expenses were very near budgeted levels. Revenues were greater than the budget by \$770,000. The transfers of \$3.80 million discussed during Long Range Planning in the summer of 2014 are to the Transportation Fund (\$1.9 million) and Risk Fund (\$1.9 million).

The following table shows the budgeted vs. actual revenues and expense for the General Fund, and the transfers.

FY 14 General Fund	Budget (in millions)	Actual (in millions)	Difference (in millions)
Revenues	\$43.79	\$44.56	\$.77
Expenses	\$43.70	\$43.43	\$.27
Net Income	\$.09	\$1.13	\$1.04
One time Transfers	-	\$3.80	(\$3.80)
Income After Transfers	\$.09	(\$2.67)	(\$2.76)

The higher-than-anticipated revenues were driven by the following:

- Sales Tax: \$139,000 higher
- State Income Tax: \$179,000 higher
- Local Use Tax: \$171,000 higher
- Licenses/Building Permits/Plan Reviews: \$242,000 higher primarily due to strong activity in permits

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. The explanation for the amendments required in each fund is provided below, followed by a summary table for all of the funds.

General Fund: In spite of extraordinary costs incurred by the Village from the snow in early 2014, Village expenses were within budgeted levels. The budget amendment in the General Fund is to reflect \$3.8 million in transfers discussed during Long Range Planning; \$1.9 million to the Transportation Fund to eliminate the accumulated deficit, and \$1.9 million in the Risk Fund to address the negative cash balance.

Motor Fuel Tax Fund: Increase expenses and revenues by \$200,000 for the additional distribution from the State of Illinois from the 2014 Capital Bill Program which was used to purchase salt.

Sales Tax Rebate Fund: The favorable variance in sales tax revenues produced a greater than anticipated increase in sales tax rebated in the amount of \$100,000.

Capital Debt Service Fund: Increase expenses and revenues by \$7,000,000 for the refunding of the Fire Station 2 bonds which resulted in \$500,000 of present value savings to the Village in debt service payments. This is due to the accounting entry required to show the proceeds from the new lower interest rate bond going into the fund (revenue entry) and paying off the old higher interest rate bond coming out of the fund (expense entry).

Risk Fund: Increase expenses by \$470,000. The Risk Fund accounts for financial activity related to the Village's workers' compensation and liability insurance program. The Village self-insures for a substantial amount of workers' compensation (worker injuries) and property risks (e.g. vehicles). 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. Claims experience for FY14 has been higher than anticipated. As a result, a budget amendment is required.

Library Construction Fund: Increase expenses and revenues by \$200,000 for a donation from Friends of the Library for the Library renovation.

The following table summarizes the budget amendments by fund.

Fund	FY14 Adopted Budget	Amount of Budget Amendment	FY14 Budget, as Amended
General Fund	\$43,698,613	\$3,800,000	\$47,498,613
Motor Fuel Tax Fund	1,350,000	200,000	1,550,000
Sales Tax Rebate Fund	900,000	100,000	1,000,000
Capital Debt Service Fund	3,220,977	7,000,000	10,220,977
Risk Fund	2,550,125	470,000	3,020,125
Library Construction Fund	2,073,666	200,000	2,273,666
Total Village & Library Budget	\$139,133,248	\$11,770,000	\$150,903,248

ATTACHMENTS

Ordinance

ORDINANCE NO. _____**AN ORDINANCE PROVIDING FOR AN AMENDMENT TO ORDINANCE #5346 AND THE VILLAGE OF DOWNERS GROVE BUDGET FOR FISCAL YEAR 2014**

WHEREAS, on November 12, 2013, the Village Council of the Village of Downers Grove adopted Ordinance #5346 entitled "AN ORDINANCE ADOPTING THE FISCAL YEAR 2014 BUDGET IN LIEU OF PASSAGE OF AN APPROPRIATION ORDINANCE"; and

WHEREAS, proposed amendments to the fiscal year 2014 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 year 2014 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 #5346 entitled "AN ORDINANCE ADOPTING THE FISCAL YEAR 2014 BUDGET IN LIEU OF PASSAGE OF AN APPROPRIATION ORDINANCE", as amended, be and is hereby further amended as follows:

Expenses By Fund	FY 2014 Adopted Budget	FY 2014 Amendment	FY 2014 Amended Budget
001 General Fund	\$43,698,613	\$3,800,000	\$47,498,613
102 Motor Fuel Tax Fund	\$1,350,000	\$200,000	\$1,550,000
111 Sales Tax Rebate Fund	\$900,000	\$100,000	\$1,000,000
339 Capital Debt Service Fund	\$3,220,977	\$7,000,000	\$10,220,977
562 Risk Management Fund	\$2,550,125	\$470,000	\$3,020,125
821 Library Construction Fund	\$2,073,666	\$200,000	\$2,273,666
Total Village & Library Budget	\$139,133,248	\$11,770,000	\$150,903,248

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