



**MANAGER'S REPORT FOR JUNE 17, 2016**  
**GENERAL INFORMATION AND RESPONSES TO MAYOR & COMMISSIONER REQUESTS**

***Places to be this Week...***

**Village Council Meeting** - The next Village Council meeting will be held on **June 21 at 7:00 p.m. in the Council Chambers** at Village Hall.

***Future Calendar Reminders...***

**Village Council Meeting** - The Village Council meeting will be held on **June 28 at 7:00 p.m. in the Council Chambers** at Village Hall.

## **Downtown TIF Financial Performance**

### Summary

Recently planned and/or approved redevelopment projects within downtown Downers Grove are expected to generate about \$5.5 million in property tax increment revenue over the next six years - from now until to the expiration of the district in 2021. The revenue from these developments should allow the Village to make all downtown debt service payments from the TIF Fund.

### Background

As part of the [2014 long range plan](#), the Village projected that the Downtown TIF Fund would have a negative fund balance by the end of FY18. The negative fund balance would grow every year from 2018 through 2021 as a result of the annual debt service obligations exceeding TIF increment revenue. The projections prepared at that time indicated that the accumulated negative fund balance would reach approximately \$5.2 million by the expiration of the TIF.

One of the recommended strategies to address the projected negative fund balance was to facilitate redevelopment projects by using economic development tools. New redevelopment projects generate revenue for the Downtown TIF fund in the form of property tax increment.

### Updated Revenue & Expense Projection

In the past two years, the Village has approved four redevelopment projects and is currently considering a petition for a redevelopment project at Main Street & Maple Avenue. These redevelopment projects are expected to generate significant property tax increment revenue as shown in the table below.

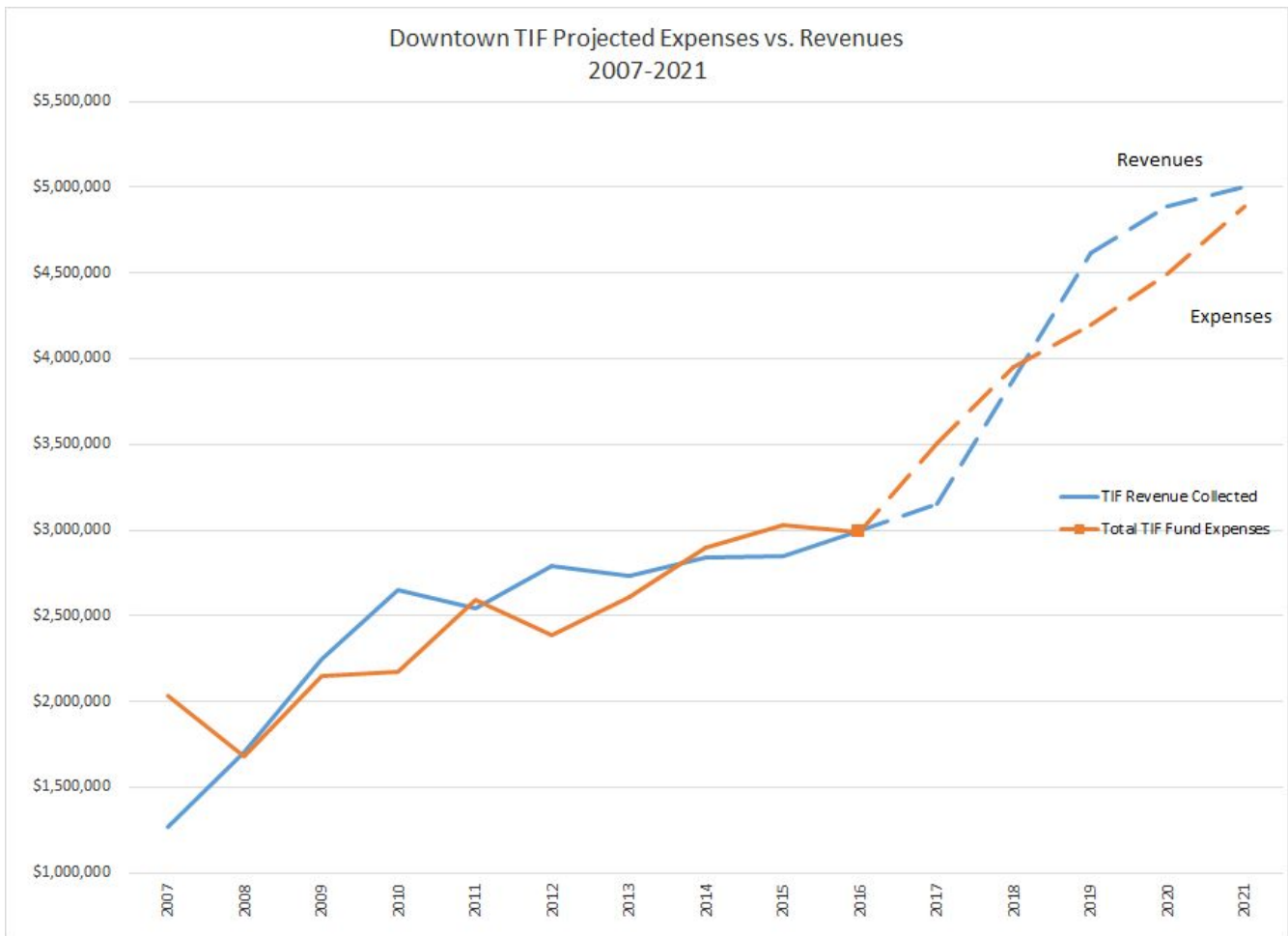
*Projected Downtown TIF Fund Revenues for Recent Projects, 2016-2021*

<b>Project</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
<a href="#"><u>922 Warren</u></a>	--	22,972	124,952	127,654	130,410	133,221	<b>539,209</b>
<a href="#"><u>Marquis on Maple</u></a>	--	52,309	533,556	544,227	555,112	566,214	<b>2,251,418</b>
<a href="#"><u>Burlington Station</u></a>	4,675	5,222	57,985	306,400	312,981	319,694	<b>1,006,957</b>
<a href="#"><u>Adriatic Grove</u></a>	17,518	18,444	--	77,712	157,574	161,301	<b>432,549</b>
<a href="#"><u>Main &amp; Maple</u></a>	134,521	8,598	18,851	333,025	414,697	423,433	<b>1,333,525</b>
<b>Total</b>	<b>156,714</b>	<b>107,545</b>	<b>735,344</b>	<b>1,389,018</b>	<b>1,570,774</b>	<b>1,603,863</b>	<b>5,563,258</b>

Current projections, updated to include the recently approved and pending developments, show that revenues will be slightly higher than expenses during the last years of the Downtown TIF District. These projections indicate that the Village will be able to make all debt service payments from Downtown TIF revenues.

*Projected Downtown TIF Fund Revenues and Expenses, 2017-2021*

<b>Fiscal Year</b>	<b>Increment Revenue</b>	<b>Expenses</b>	<b>Difference</b>
2017	\$3,150,000	\$3,700,000	<b>(\$550,000)</b>
2018	\$3,880,000	\$3,950,000	<b>(\$70,000)</b>
2019	\$4,615,000	\$4,200,000	\$415,000
2020	\$4,885,000	\$4,500,000	\$385,000
2021	\$5,000,000	\$4,840,000	\$160,000
<b>Total</b>	<b>\$21,530,000</b>	<b>\$21,190,000</b>	<b>\$340,000</b>



As shown in the graph above, there have been years when revenues have exceeded expenses and years when revenues have fallen short. The Downtown TIF Fund and Downtown TIF Debt Service Fund will have a combined fund balance of approximately \$1,350,000 by the end of FY 16. The balances in these funds will be used to make debt service payments in the next one to two years when annual expenses are projected to exceed revenues.

### **Monthly Financial Statements**

Please see attached statement for May 2016

### **Attachments**

May 2016 Financial statement

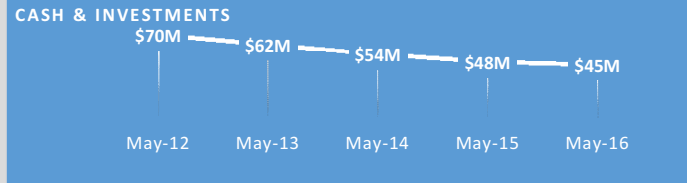
**CASH AND INVESTMENTS BY FUND AND TYPE - for the Five Months Ending 05/31/2016**

**HIGHLIGHTS**

Referring to the trendline, \$35 million in bonds were issued in 2012 for infrastructure projects - \$25 million for road reconstruction and \$10 million for water projects. The Village refunded \$8 million in October 2013 and held that amount in escrow until January 1, 2014. In April 2015, \$5 million in bonds were issued for water infrastructure projects of which \$3.6 million have been spent. Debt service payments are made from the Downtown TIF in January and July and property taxes will be received in June and September.

**CASH & INVESTMENTS BY FUND**

General Fund	\$ 13,535,775
Water Fund	\$ 9,320,300
Stormwater Fund	\$ 7,164,716
Capital Project Funds	\$ 4,896,270
Ogden Corridor TIF	\$ 4,694,171
Equipment replacement	\$ 2,005,793
Health Insurance	\$ 1,554,743
State & Federal Drug Forfeiture	\$ 1,338,811
Motor Fuel Tax	\$ 880,606
Parking Operations	\$ 492,131
Debt Service Funds	\$ 412,169
Foreign Fire Insurance Fund	\$ 270,972
Downtown TIF	\$ (1,670,267)
<b>TOTAL</b>	<b>\$ 44,896,190</b>

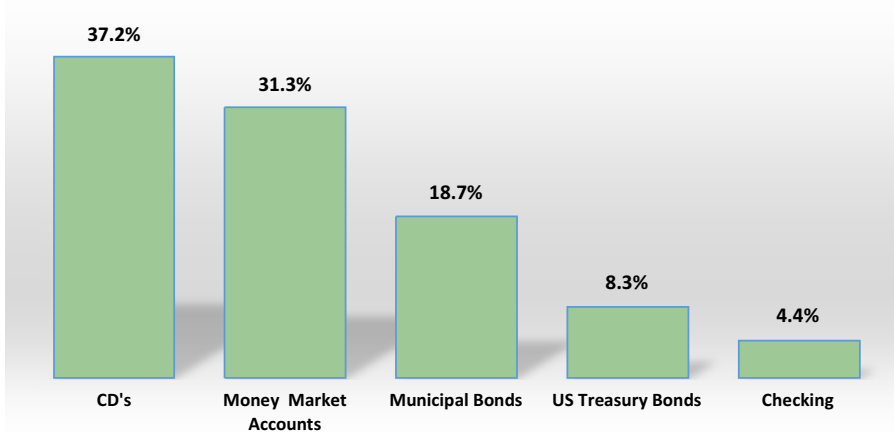


**CASH & INVESTMENTS BY TYPE**

Type	Amount	Average Rate of Return
CD's	\$ 16,712,509	1.18%
Money Market Accounts	\$ 14,068,387	0.13%
Municipal Bonds	\$ 8,408,048	1.35%
US Treasury Bonds	\$ 3,721,560	1.40%
Checking	\$ 1,985,685	0.61%
<b>TOTAL *</b>	<b>\$ 44,896,190</b>	

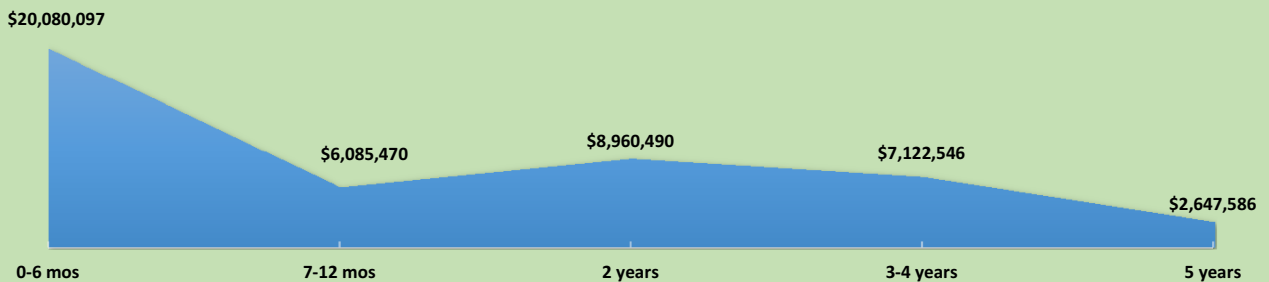
\* NOTE - Total amount excludes Police Pension, Fire Pension, Library and Construction Deposit Funds

**CASH & INVESTMENTS BY TYPE**



**AGED CASH & INVESTMENTS**

Weighted average maturity is 1.14 years

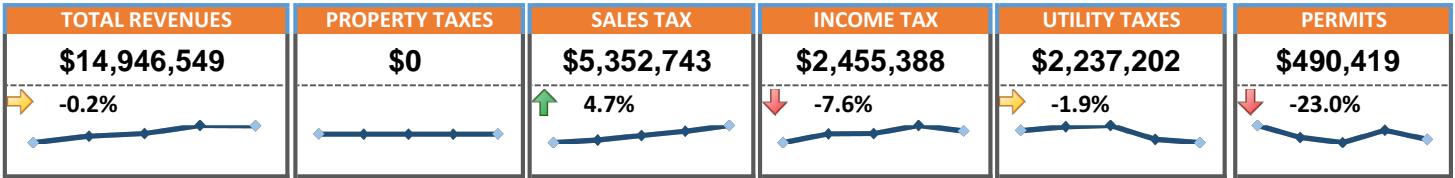


# GENERAL FUND REVENUES-for the Five Months Ending 05/31/2016

## HIGHLIGHTS

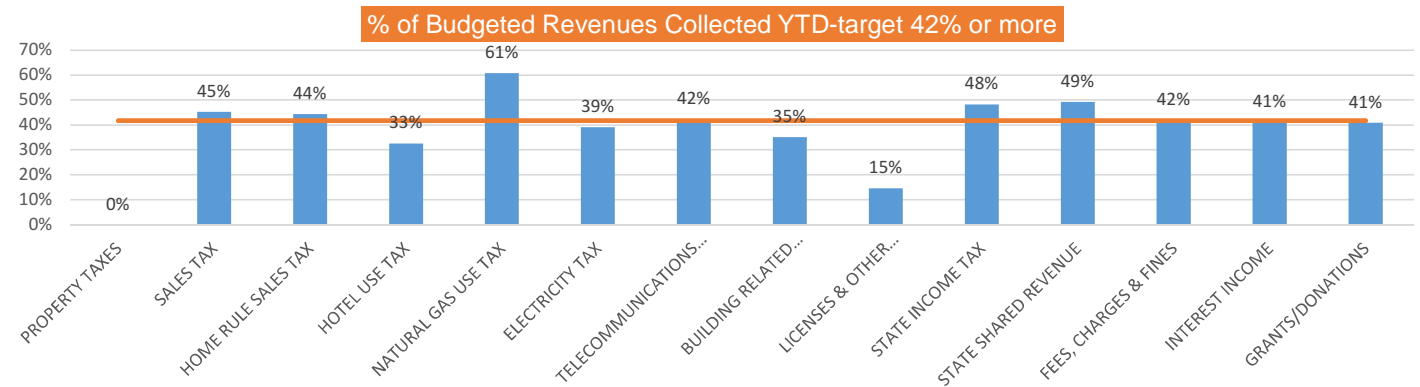
May 2016 YTD revenues are 0.2% or \$28K lower than May 2015 YTD. Sales Tax increased by \$239K. Natural Gas Use Tax and Electricity Tax fell below last year due to a warmer winter. Permits are running behind last year due to large commercial permits (Art Van and American Access Casualty) issued in January 2015. Telecommunication Tax increased this year due to monies collected by the state for audits. State income tax was running even with 2015 until a large decrease in May of \$209K below last year.

## General Fund Revenue Analysis - Major Sources



## General Fund - All Revenues

	May 2016 YTD Actual	May 2015 YTD Actual	% CHANGE	5 YEAR TREND
<b>TOTAL REVENUES</b>	<b>\$14,946,549</b>	<b>\$14,974,834</b>	→ -0.2%	
PROPERTY TAXES	\$0	\$0		
SALES TAX	\$5,352,743	\$5,113,302	↑ 4.7%	
HOME RULE SALES TAX	\$863,422	\$790,299	↑ 9.3%	
HOTEL USE TAX	\$309,574	\$300,009	↑ 3.2%	
NATURAL GAS USE TAX	\$312,950	\$375,257	↓ -16.6%	
ELECTRICITY TAX	\$741,631	\$789,697	↓ -6.1%	
TELECOMMUNICATIONS TAX	\$1,182,621	\$1,116,058	↑ 6.0%	
BUILDING RELATED PERMITS	\$490,419	\$636,803	↓ -23.0%	
LICENSES & OTHER PERMITS	\$61,673	\$110,279	↓ -44.1%	
STATE INCOME TAX	\$2,455,388	\$2,656,542	↓ -7.6%	
STATE SHARED REVENUE	\$756,673	\$742,740	→ 1.9%	
FEES, CHARGES & FINES	\$2,052,260	\$2,019,017	→ 1.6%	
INTEREST INCOME	\$98,474	\$74,352	↑ 32.4%	
GRANTS/DONATIONS	\$268,721	\$250,479	↑ 7.3%	



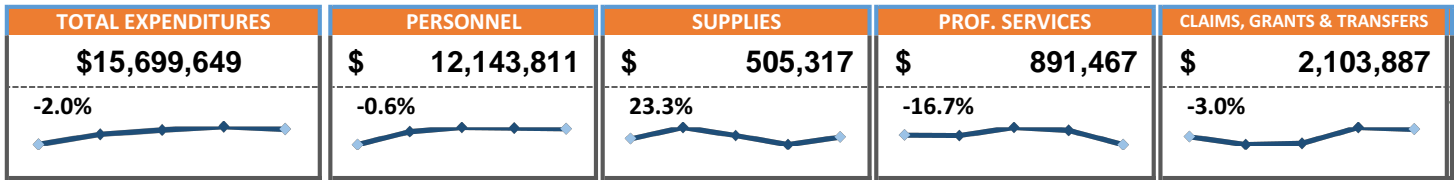
The orange line in this graph represents a "target" of 42%. The target is calculated by dividing 5 months by 12 months in the year. Property taxes are received in two distributions - in June and September. Natural Gas Tax is seasonal with a greater portion received in the winter months. Building related permits are also seasonal, with a greater portion of revenue received in the summer. The bulk of Licensing revenue is received in July (Liquor).

# GENERAL FUND EXPENDITURES-for the Five Months Ending 05/31/2016

## HIGHLIGHTS

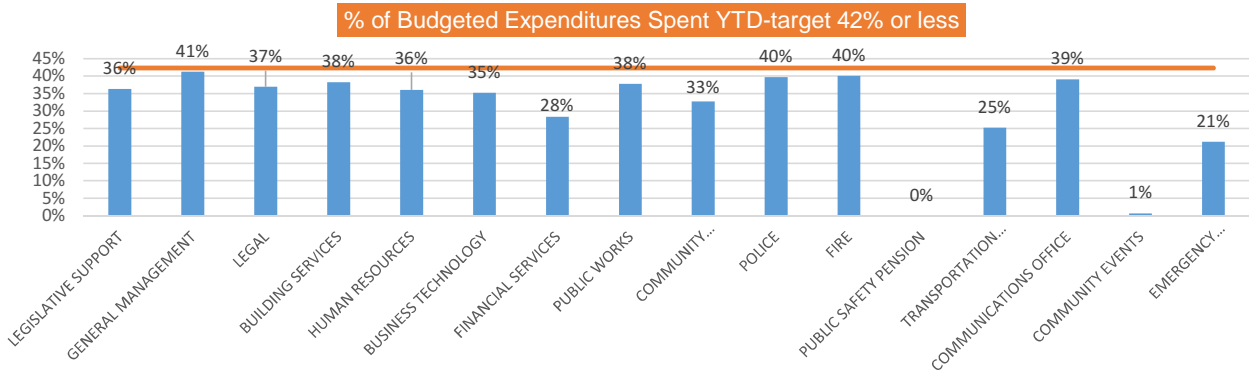
May 2016 YTD expenditures are 2% or \$319K lower than May 2015 YTD, and below in all budgeted levels. Financial Services and Legislative Support are lower due to a reduction in personnel. Community Development is higher due to a new position in 2016.

## General Fund Expenditure Analysis - Major Uses



## General Fund - All Expenditures by Fund

	May 2016 YTD Actual	May 2015 YTD Actual	% CHANGE	5 YEAR TREND
<b>TOTAL EXPENDITURES</b>	<b>\$15,699,649</b>	<b>\$16,018,155</b>	<b>-2.0%</b>	
LEGISLATIVE SUPPORT	\$110,770	\$138,339	-19.9%	
GENERAL MANAGEMENT	\$282,977	\$281,876	0.4%	
LEGAL	\$201,599	\$201,096	0.3%	
BUILDING SERVICES	\$288,574	\$297,741	-3.1%	
HUMAN RESOURCES	\$91,795	\$85,911	6.8%	
BUSINESS TECHNOLOGY	\$370,707	\$363,534	2.0%	
FINANCIAL SERVICES	\$416,468	\$459,059	-9.3%	
PUBLIC WORKS	\$2,308,139	\$2,299,527	0.4%	
COMMUNITY DEVELOPMENT	\$759,269	\$715,715	6.1%	
POLICE	\$5,522,515	\$5,711,237	-3.3%	
FIRE	\$5,072,172	\$5,191,834	-2.3%	
PUBLIC SAFETY PENSION	\$0	\$0		
TRANSPORTATION ASSISTANCE	\$22,912	\$19,411	18.0%	
COMMUNICATIONS OFFICE	\$248,937	\$249,472	-0.2%	
COMMUNITY EVENTS	\$422	\$265	59.2%	
EMERGENCY MANAGEMENT	\$2,393	\$3,138	-31.1%	



The orange line in this graph represents a "target" of 42%. The target is calculated by dividing 11 pay periods paid through May 2016 by the total annual pay periods of 26. Personnel costs account for about 80% of General Fund expenses. Public Safety Pension expenses are expensed upon receipt of property taxes in June and September. Village sponsored Community Events are in July and include the Fourth of July Parade and Fireworks.