

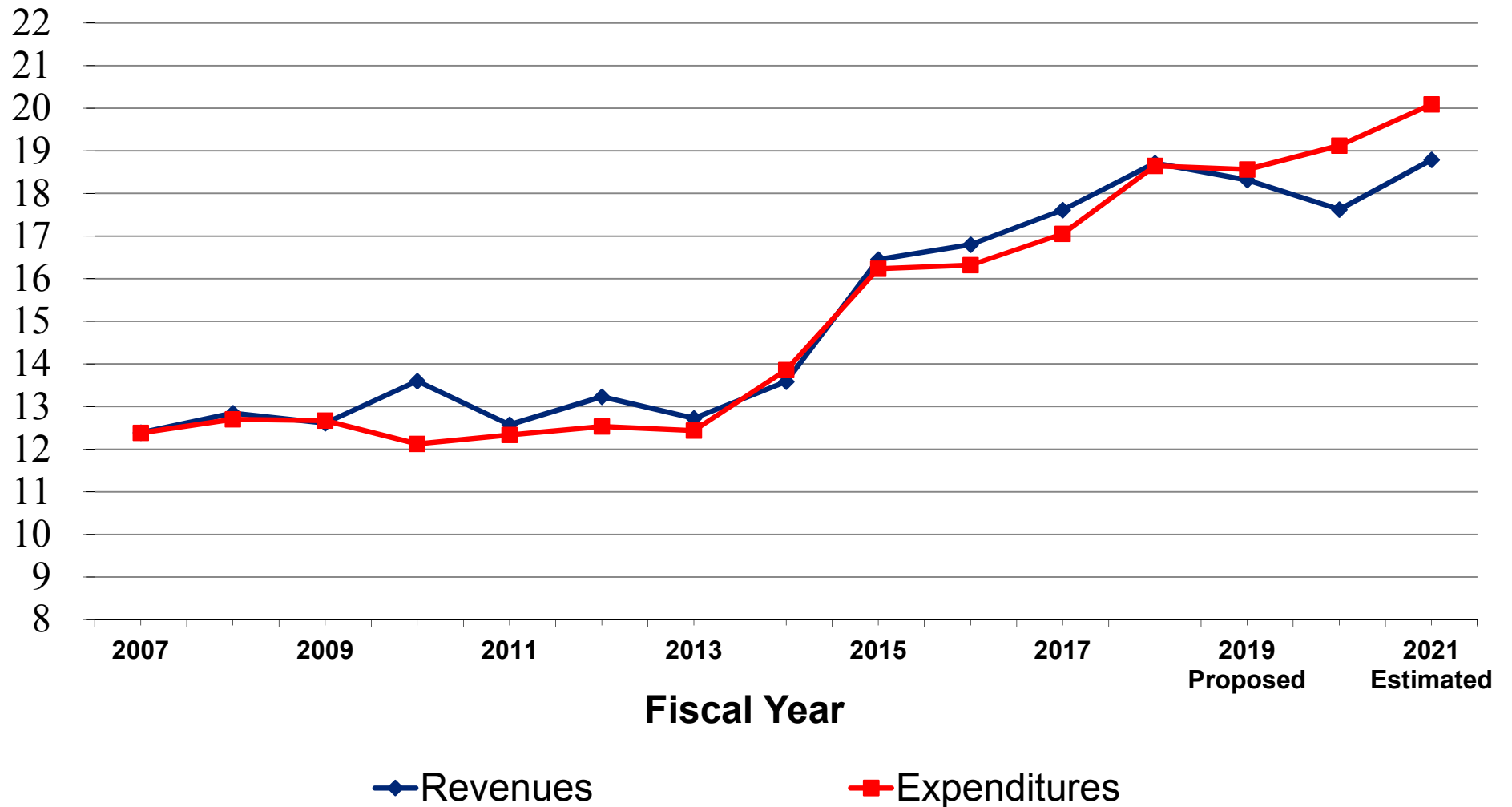
# Village of North Riverside



Proposed Operating Budget  
Fiscal Year 2018 – 2019

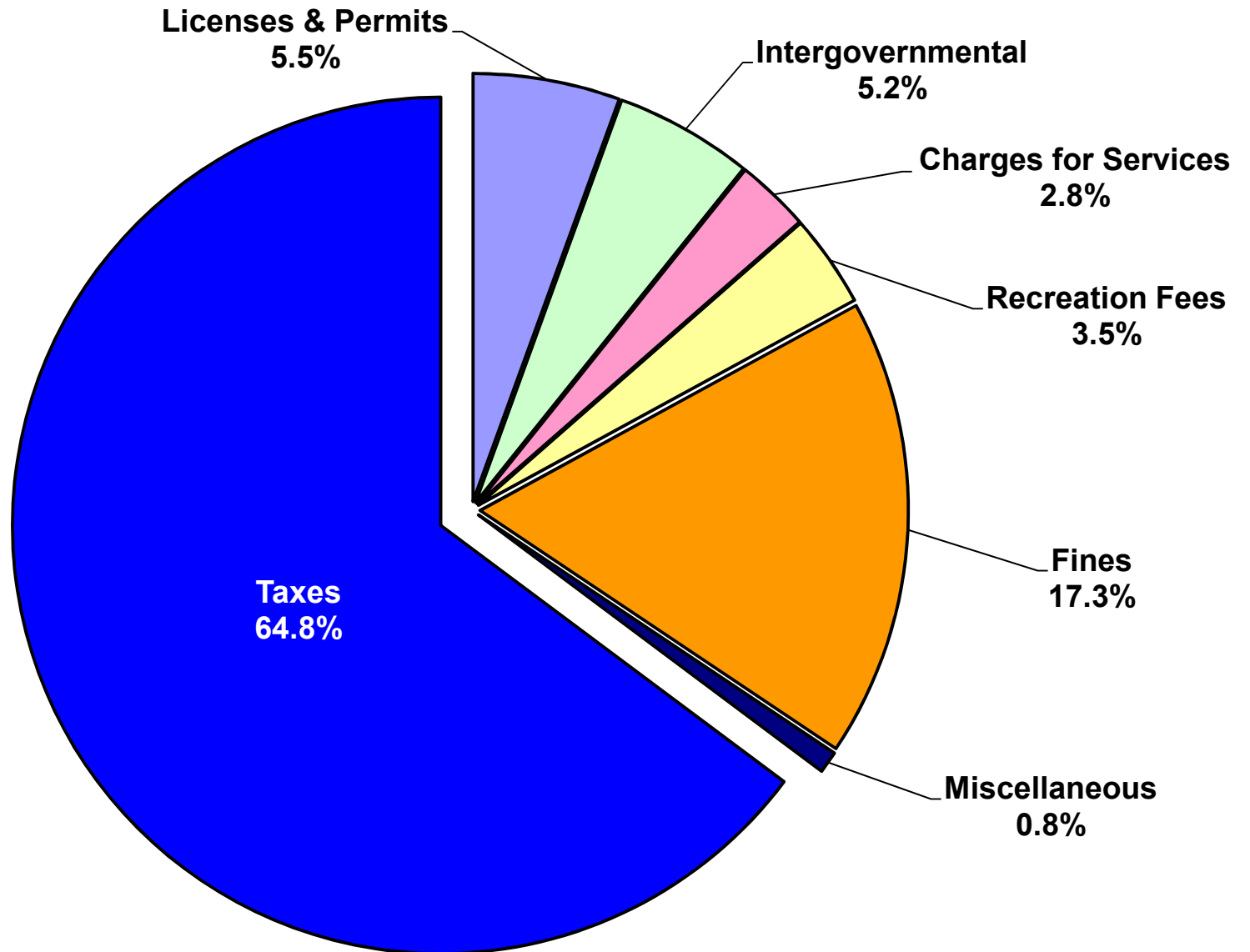
# Operating Revenues vs. Expenses General Fund

Millions



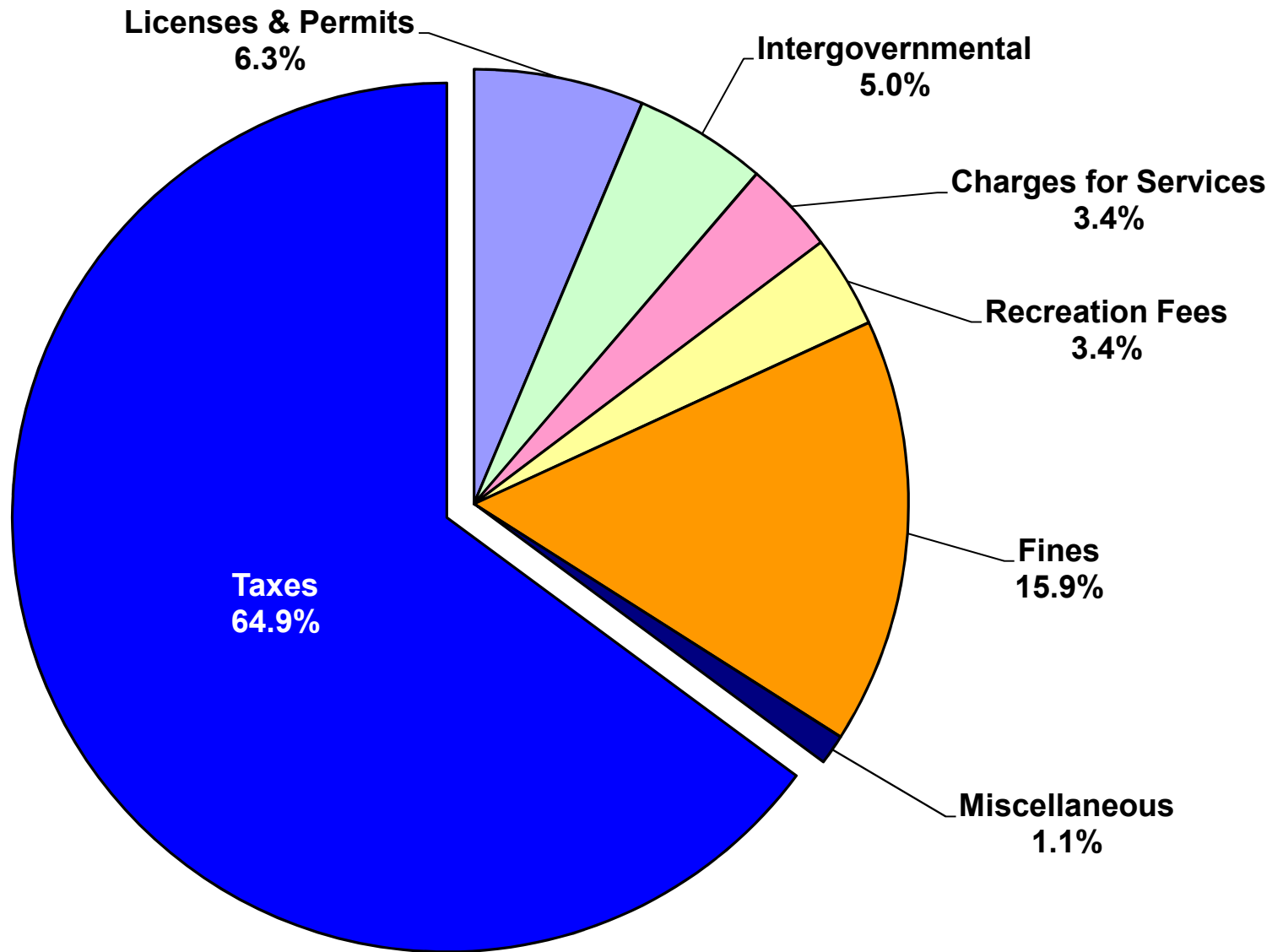
# General Operating Revenues

## FY18 Projection



# General Operating Revenues

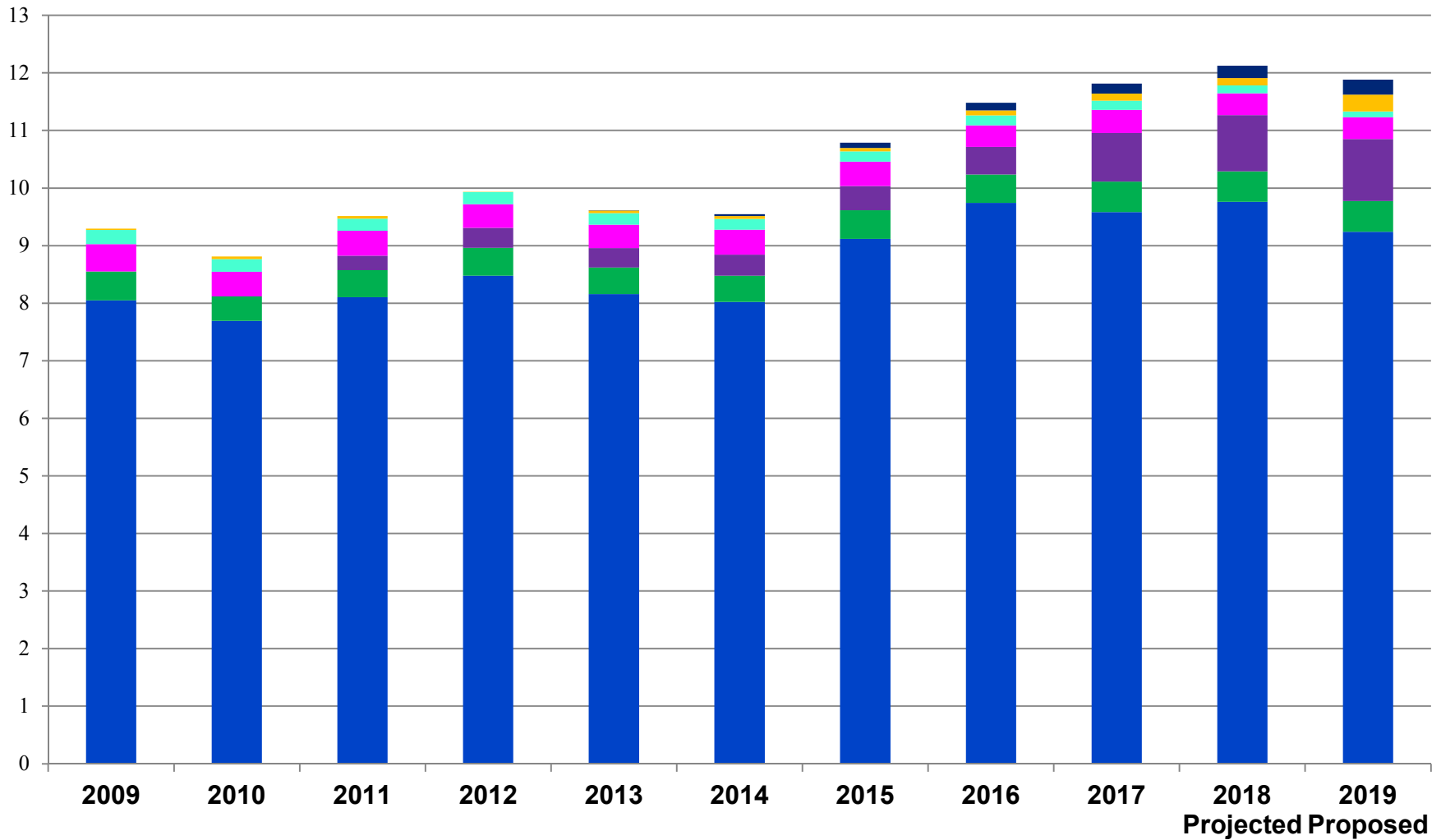
## FY19 Proposed Budget



# Breakdown of Taxes

## General Fund

Millions

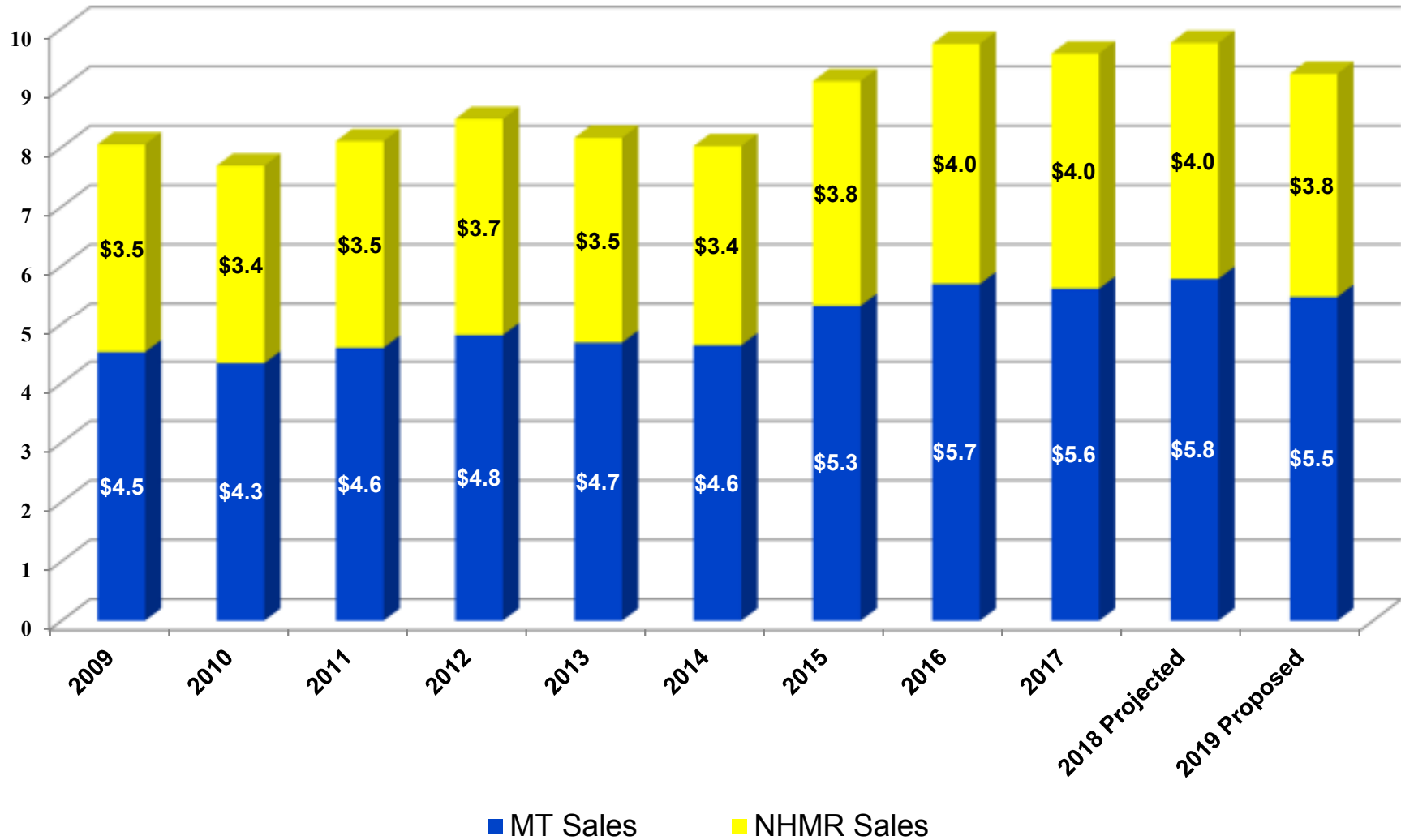


■ Sales 
 ■ Property 
 ■ Places for Eating 
 ■ Utility 
 ■ Telecommunications 
 ■ Amusement 
 ■ Video Gaming

# Sales Tax Revenue

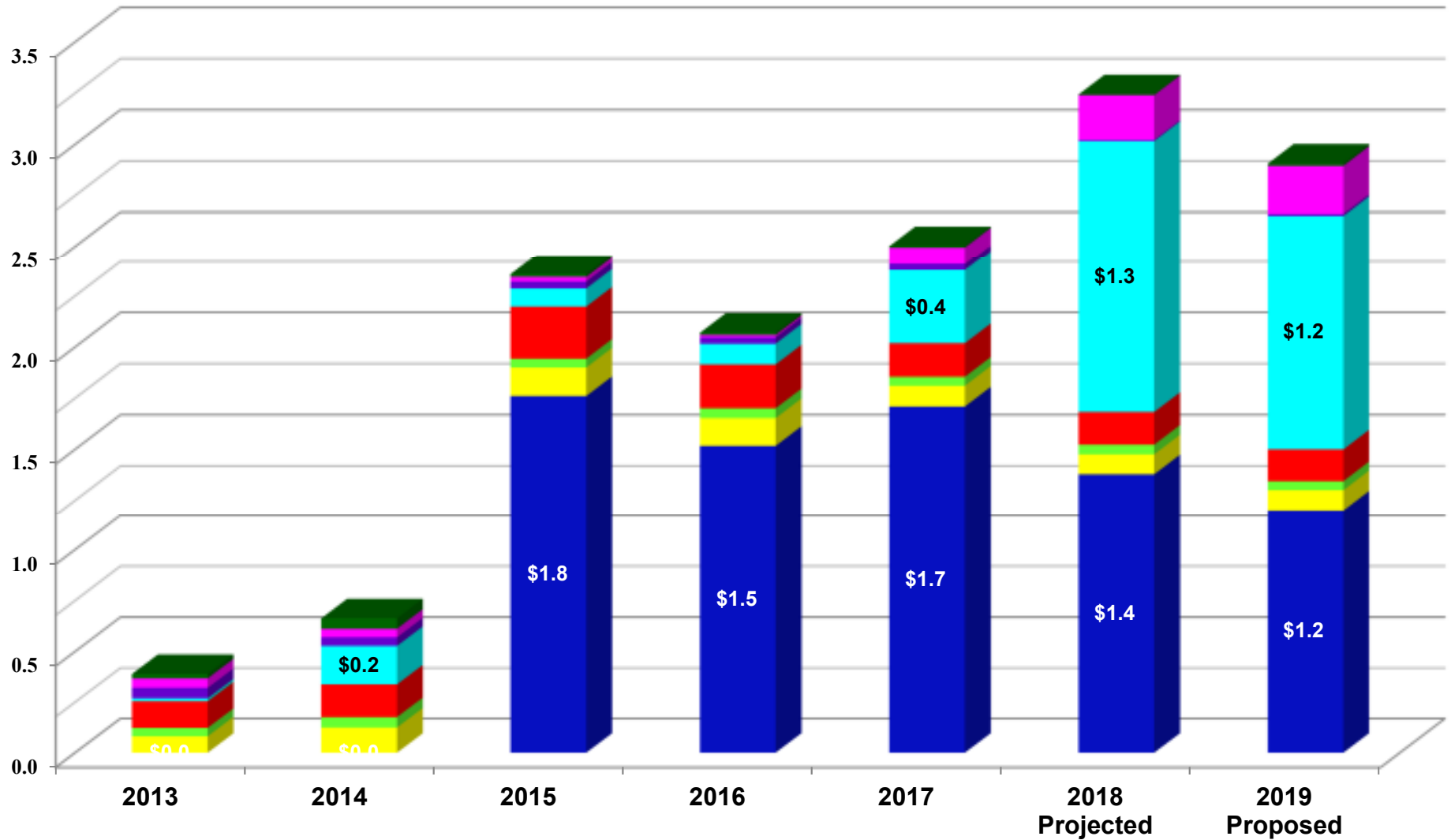
## 10 Year History

Millions



# Breakdown of Fines General Fund

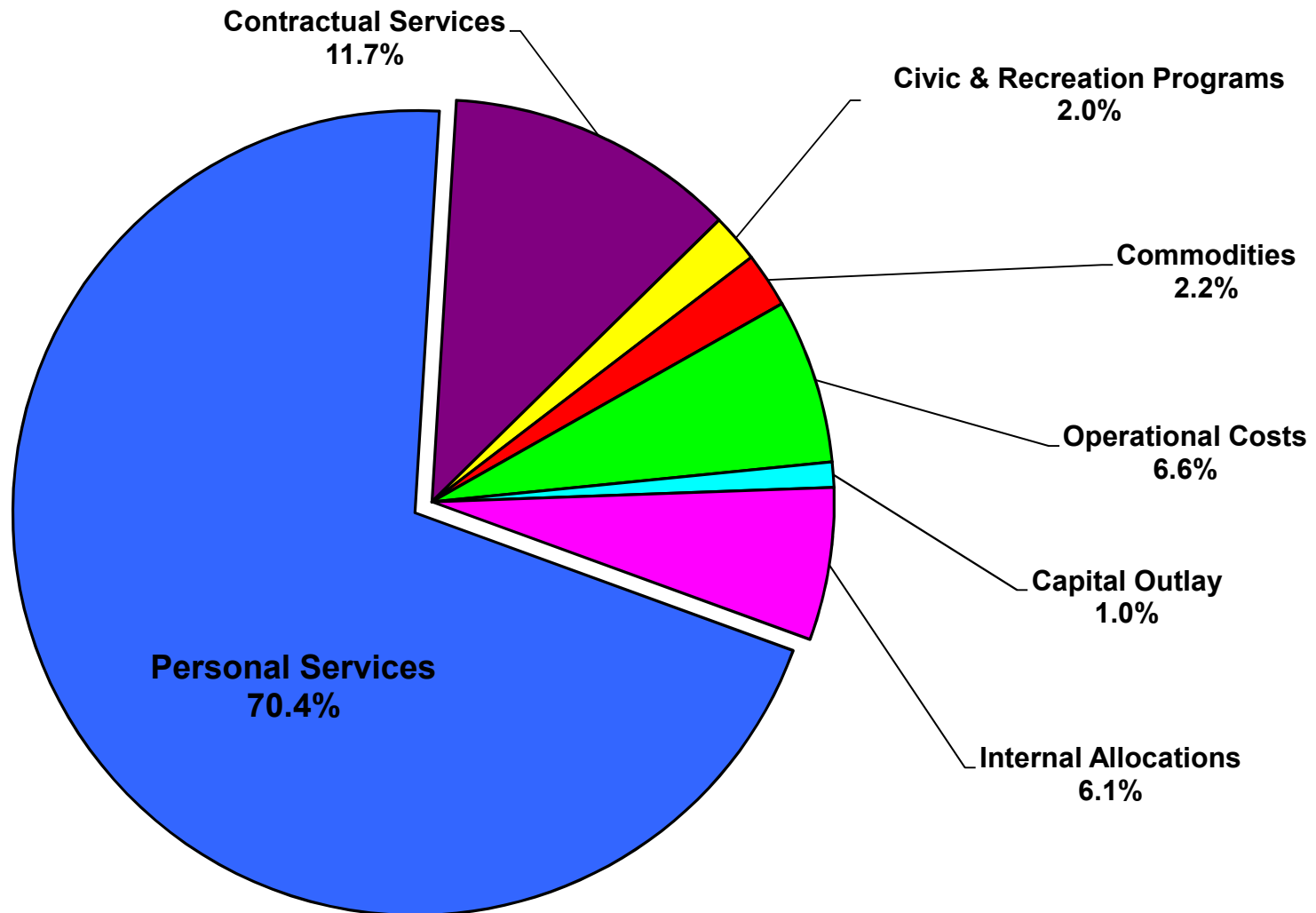
Millions



■ Red Light  
 ■ Admin Tow  
 ■ Circuit Court  
 ■ Tickets  
 ■ LDRP  
 ■ Adjudication  
 ■ Collections  
 ■ Misc

# General Operating Expenses by Class

## FY19 Proposed Budget

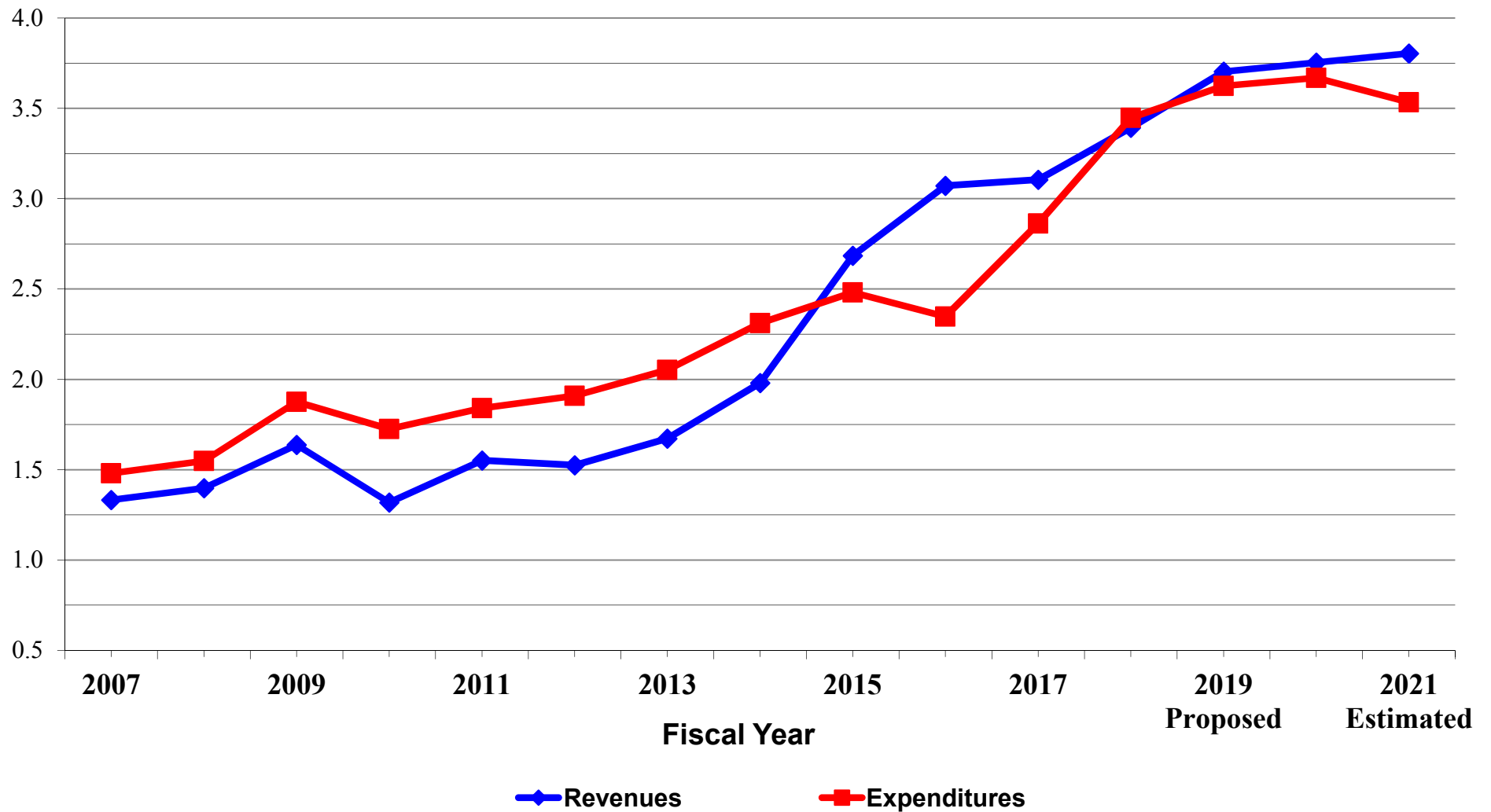




# Operating Revenues vs. Expenses

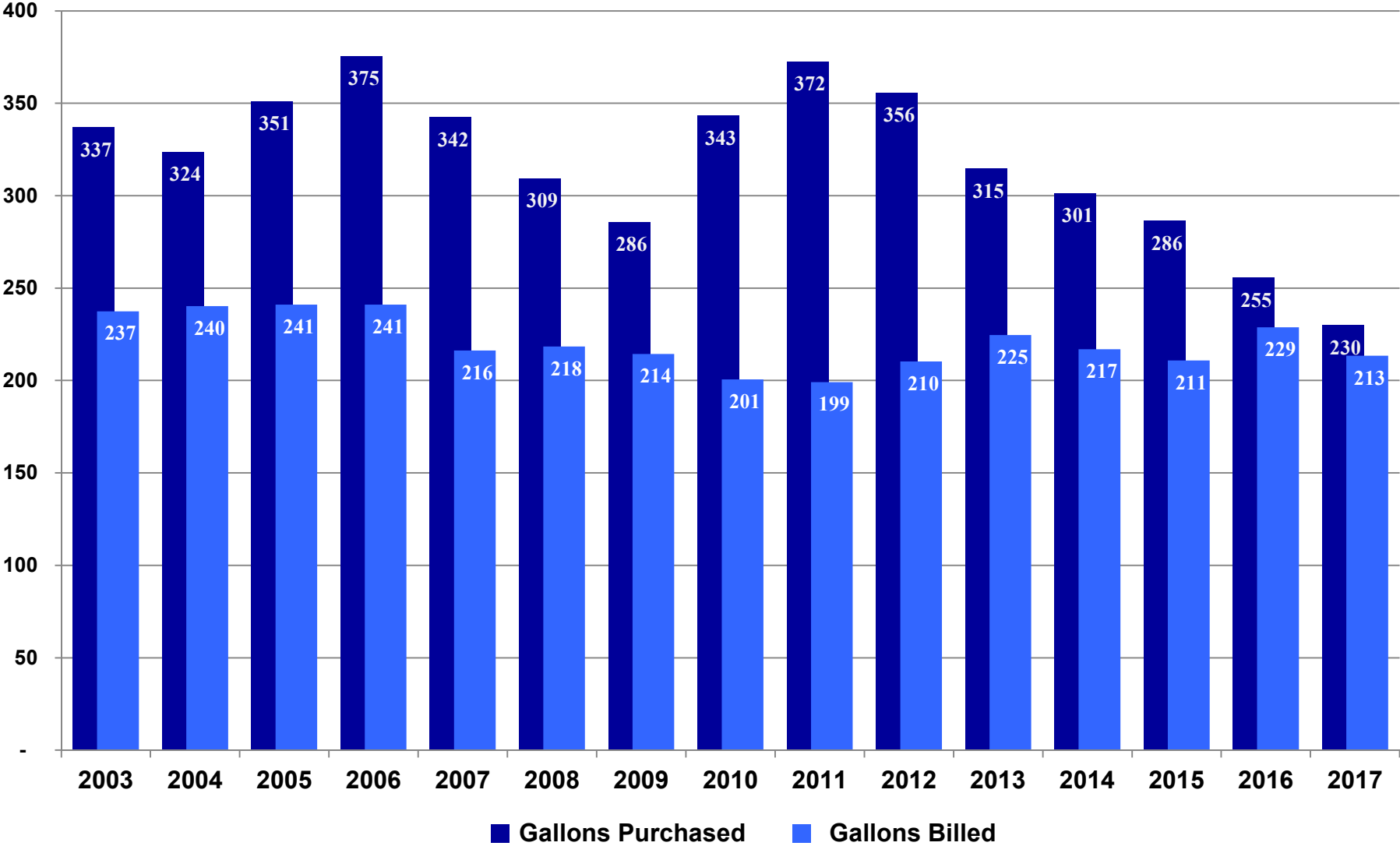
## Water Fund

Millions



# Gallons Water Purchased vs. Billed Water Fund

millions



# FY18 Revenue Trends

- **Sales tax showed strong growth**
  - MT sales tax projected increase 2.9%
  - NHMR sales tax projected increase 1.9%
- **State-Shared tax revenues showing consistent reductions**
  - LGDF (Local Government Distributive Fund) continues to be used to balance State budget
    - Income tax collections
      - Individual rate 4.95%; corporate rate 7.00% (effective July 1, 2017)\
      - 10% reduction to LGDF in SFY18
      - State share of income tax
        - » SFY13 - \$1.20 million (\$93.80 per capita)
        - » SFY14 - \$1.22 million (\$95.34 per capita)
        - » SFY15 - \$1.32 million (\$102.57 per capita)
        - » SFY16 - \$1.30 million (\$101.36 per capita)
        - » SFY17 - \$1.22 million (\$94.71 per capita)
        - » SFY18 - \$1.16 million (\$90.40 per capita) **lowest since 2013**

# FY18 Revenue Trends

- **State-Shared revenues (continued)**

- Corporate PPRT (CPPRT) reduced by 18.5%
- IDOR notifies taxing agencies of gross error in April, 2016
  - Affecting individual income tax (IIT), corporate income tax (CIT), and corporate PPRT (CPPRT) tax returns
  - \$168 million overpaid to local governments and counties
    - » NR portion \$5,586
  - \$100 million CPPRT funds diverted in FY17 to support community colleges and K-12 education
  - \$70 million CPPRT funds scheduled to be diverted in 2018
  - CPPRT over-allocation resulted in LGDF distributions being understated in FY15 & FY16
- Local use tax continues to see strong growth in 2018
  - 2017 e-commerce growth 15.5% over 2016
    - » Accounts for 8.4% of total retail sales in US
  - Amazon's strong sales volume contributing to increase in local use taxes

# FY18 Revenue Trends

- **Property tax collections 97% of levy**
- **Building activity strong during 2017 & early 2018**
  - Increased residential activity with second story additions
  - Binny's opened in November 2017
  - Large commercial remodels in NRPM
    - Sears, Victoria Secret, PINK, Bath & Body, Footlocker
  - 2% vacancy rate in North Riverside Park Mall
- **Health inspection fees continue to support operational costs**
- **Video gaming revenue continues strong growth**
  - Growth rates of 52%, 31% and 21% in last 3 years

# FY18 Revenue Trends

- **Recreation program revenues remain consistent**
  - Program revenues remain flat over 2017 but still operating at strong levels
  - 4<sup>th</sup> straight year of strong program enrollment levels
- **Fine revenue increases 30% over 2017**
  - Red light ticket revenue history
    - \$1.8 million 2015
    - \$1.5 million 2016
    - \$1.7 million 2017
    - \$1.4 million 2018
  - LDRP collections increased \$975,000
    - Collected over \$1.8 million in 3 years
    - Approximately \$7.9 million still outstanding

# 2018-19 Budget Environment

- **State budget crisis**

- Illinois running annual deficits since early 2000's
- Illinois's economic growth lagging nation
  - US GDP grew 1.5% while IL GDP grew .9%
- Illinois lowest bond rating among states
- Unfunded pension liabilities in excess of \$134 billion
- Unfunded state employee retiree health insurance liabilities of \$52.5 billion
- Record unpaid backlog of state bills totaling \$16.7 billion in November, 2017

# FY19 Revenue Assumptions

- **Sales Tax**

- 2% growth anticipated over prior fiscal year
- Full year & additional sales tax revenue anticipated
  - Binny's
  - McCarthy Ford sold to Ziegler Ford in June, 2018
- New businesses growth anticipated for FY19
  - Devine Consign
  - Round 1
- Loss of sales tax from closed businesses
  - Toys R Us (June 30, 2018)
  - Carson's (Estimated July 31, 2018)
  - Tony's Finer Foods (Estimated October 31, 2018)



# FY19 Revenue Assumptions

- **State Shared Revenues**

- **Income Tax (LGDF)**

- SFY19 budget reduces LGDF reduction by 5%
    - Municipalities and counties receive 5.75% of state collections – down from 8% in 2017
    - FY19 projection is \$92 per capita
    - IIT receipts anticipated increase of approximately \$230 million resulting from federal tax reform (one time revenue)

- **Local Use Tax**

- FY19 projection is \$26.75 per capita
    - Expected higher consumer spending and strong e-commerce sales

# FY19 Revenue Assumptions

- **State Shared Revenues**
  - **PPRT (Personal Property Replacement Tax)**
    - Only municipalities who collected personal property tax in 1977 are eligible for distribution
    - General Assembly has history of sweeping funds to pay for expenses that come out of state's general revenue fund
      - SFY19 budget includes a total of approximately \$300 million in diversions
      - Reduction in % allocation of total business income tax (BIT) going to CPPRT
    - FY19 baseline Corporate PPRT disbursements of \$1.27 million
      - Corporate profits expected to grow in the range of 5-6%
      - Net operating losses taken on corporate returns will remain constant
      - IDOR reporting error has been corrected & allocations of BIT is now accurate

# FY19 Revenue Assumptions

- **State Shared Revenues**

- **Motor Fuel Tax Funds**

- FY19 projection remains flat at \$25.55 per capita
    - Assumes no further sweep of funds in FY19
    - Assumes gasoline prices will remain below \$4/gallon causing a minimal increase in demand
    - Repeal of sales taxes for gasohol does not appear to be affecting gasoline consumption
    - Off-the-top administrative expenses at IDOT and MFT payments to other states (IFTA) will stabilize in SFY19

# FY19 Revenue Assumptions

- **Places for Eating Tax**

- 2% tax on all eating establishments
  - Currently 48 active restaurants in North Riverside
  - Anticipated growth
    - 1-2 new restaurants

- **Amusement Tax**

- 5% gross sales
  - Additional amusement tax use opening during FY
    - Round 1 Entertainment
    - Funflatables & other uses

- **Building Permits**

- Strong construction growth expected

# FY19 Revenue Assumptions

- **Telecommunication Tax**
  - Expected phase out of revenue within next 3 years
- **Video gaming tax**
  - Estimated 2 new gaming establishments during FY19
  - Projected \$50,000 increase (24%)
- **Red light violations**
  - Aggressive collection of outstanding unpaid tickets
- **New revenue sources**
  - Vehicle sticker increase
  - Non EMS Billings
  - Fire alarm registrations

# FY19 Revenue Assumptions

- **Water User Fees**

- City of Chicago water rate

- \$.06 (1.54%) increase June 1, 2018

- BNRWC water rate

- \$.17 (3%) increase June 1, 2018

- 2<sup>nd</sup> of 7 \$.08 increases to cover repayment of 20 year EPA loan

- Recommending water rate increase effective 8/18 TBD

- **Grants**

- Federal grant

- \$14,000 JAG Grant

- State grant

- \$16,000 STEP/Elap Grant

# FY19 Expenditure Assumptions

- **Wage assumptions**

- 2.50% Non-Union (effective 5/1/18)
- 2.50% Union Police (effective 5/1/18)
- No Increase Union Fire (contract expired 4/30/14)

- **MICA Insurance Pool**

- Self insured coverage for WC, property & liability ins
- Premium based on 4 year claim history and risk exposure
- 2<sup>nd</sup> premium reduction in over 5 years
  - 2015 - 45% increase (\$170,841)
  - 2016 - 10% increase (\$60,000)
  - 2017 – 2.8% reduction (\$17,143)
  - 2018 – 10.2% reduction (\$60,800)

- **IPBC Pool**

- Self insured coverage for health & life insurance
- Policy year July 1<sup>st</sup> to June 30<sup>th</sup>
- Renewal increased 4.8%

# FY19 Expenditure Assumptions

- **Contract services**

- Ambulance services (PSI)
  - 2.50% increase (\$12,000)
- Refuse Collection (Roy Strom)
  - Adjusts August 1<sup>st</sup> annually
  - CPI Adjustment with minimum 2.85% annually
- Building Inspector Fees
  - Status quo

- **IDOR Collection Fee**

- Reduced from 2% to 1.5% (\$60,000 annually)

- **Motor Fuel Tax Fund**

- Regular MFT program (\$170,000)
- Final IDOT payments to close out projects
  - All prior year projects fully invoiced & closed out by IDOT



# FY19 Expenditure Assumptions

- **Debt Service**

- 2011 Debt Certificates

- Series A - \$1.94 Million Issue

- \$1.05 million Water Meter Replacement Program

- ✓ **Retire December 1, 2026**

- ✓ Interest \$35,000 annually

- ✓ Principal payments starting 12/16 (\$85,000-\$110,000)

- ✓ Accounted in Water Fund

- Series B - \$1.65 Million Issue

- Refunding 2009 Working Cash Loan

- ✓ **Retire Dec 1, 2018**

- ✓ Interest \$9,435

- ✓ Principal \$255,000

- ✓ Accounted in Capital Projects Fund

# FY19 Expenditure Assumptions

- **Debt Service**

- 2013 Debt Certificates

- Economic Development Incentive

- **Retire December 1, 2032**

- Interest \$210,000 annually

- Principal \$285,000 - \$485,000

- Accounted in Debt Service Fund

- 2016 GO Alternate Revenue Bonds

- 2016 Street Repayment Project

- **Retire October 1, 2031**

- Interest \$85,000 annually

- Principal \$155,000 - \$235,000

- Accounted in Debt Service Fund

# FY19 Expenditure Assumptions

- **Debt Service**

- 2017 Installment Note

- Funding for 2016 Fire Truck

- **Retire August 10, 2026**

- Interest \$26,500 annually

- Principal \$105,000 - \$127,000

- Accounted in Capital Projects Fund

# FY19 Expenditure Assumptions

- **Pension Funding**

- Fire Pension Fund (as of 4/30/17)
  - \$1,200,581 ARC (\$131,793 increase from prior year)
  - \$1,112,248 Statutory Minimum Funding (PUC)
  - **39% funded; 40% Funded PUC**
- Police Pension Fund (as of 4/30/17)
  - \$1,624,735 ARC (\$106,186 increase from prior year)
  - \$1,401,063 Statutory Minimum Funding (PUC)
  - **44.3% Funded; 45.8% Funded PUC**
- IMRF (as of 12/31/17)
  - 13.03% of payroll for 2018
  - 11.45% of payroll for 2019 (preliminary rate)
    - Final rate will not be available until November, 2018
  - **80.7% funded**