

Village of Skokie

Fiscal Year 2012 (FY12) Budget Presentation



April 6, 2011





FY12 Proposed Budget

Village Continues to Navigate Challenging Economic Times

- Tradition of careful financial management
- Controlled budgeting and spending
- Frozen positions (no layoffs)
- Maintaining Village services
- Use of reserves

Budget Presentation



- Revenue Overview
- Expenditure Overview
- Capital Improvement Program (CIP)



Village of Skokie

Financial Status & Revenue



Overview of Presentation

- Discussion of key funds for Fiscal 2012
 - The Punch Line:
 - General Fund
 - Water Fund
- Revenues:
 - Fiscal 11 Experience
 - Fiscal 12 Projections
 - Fund Balance Scenarios

Overview of Presentation (Continued)



- Revenues (Continued)
 - Water Fund
 - Rate comparison charts
- Fire and Police Pensions

**Fiscal 2012
General Fund and
Water Fund**



Fiscal 2012 General Fund

- General Fund revenues for Fiscal 2012 are projected at \$49,491,113 which are sufficient to:
 - Fund the Fiscal 2012 budget;
 - Maintain the property tax freeze;
 - Not require any new taxes;
 - Maintain AAA bond rating.



Fiscal 2012 Water Fund

- Water Fund resources for Fiscal 2012 are projected at \$11,925,419 which:
 - Includes an 4.94% water rate increase
 - The increase is 26% less than the recent five-year average rate increase.
- Even with the increase, Skokie will now have the lowest effective rate among fifteen other local communities!

Fiscal 2011 Revenue Experience



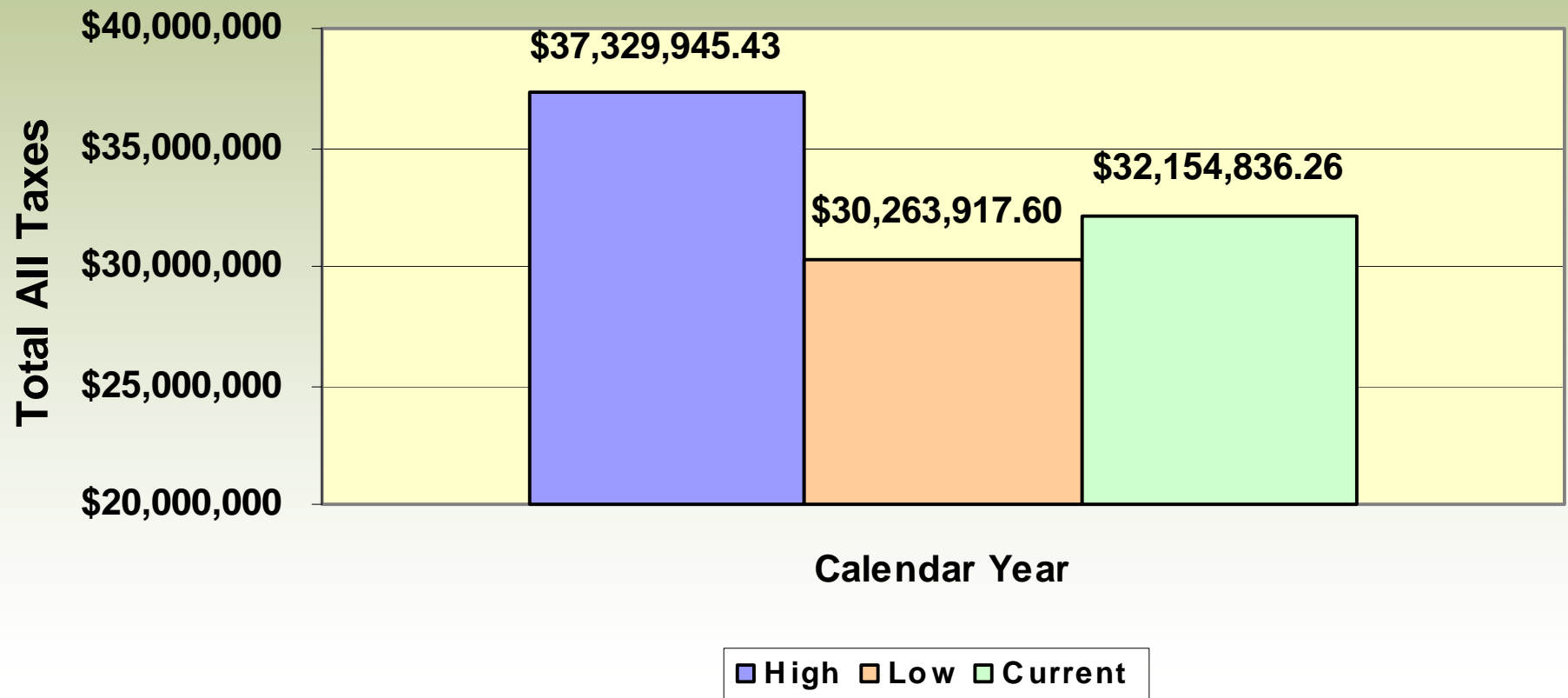
Revenues – Fiscal 2011

- Overall improvement from recent recession:
 - The 7 major Non-property tax sources are up 5.4% or \$1,309,000 from last year.
 - Fiscal 2011 is projected to outperform budget by 2.6% or \$1,028,000.
- While there has been improvement, Skokie has not fully recovered the revenues lost to the recession.



Composite of Taxes - Chart

Village of Skokie Non-Property Taxes
(Excl. Municipal Utility Tax)





State Income Tax

- There are four major concerns:
 - Revenues have not bottomed out;
 - The impact of the 2010 census on Skokie's per capita distribution is unknown;
 - The State has lagged in its payments to municipalities. At its highest, the State was four months behind owing Skokie a total of \$1,906,933.
 - The State is currently two months behind for a total of \$972,599.
 - And, worst of all...



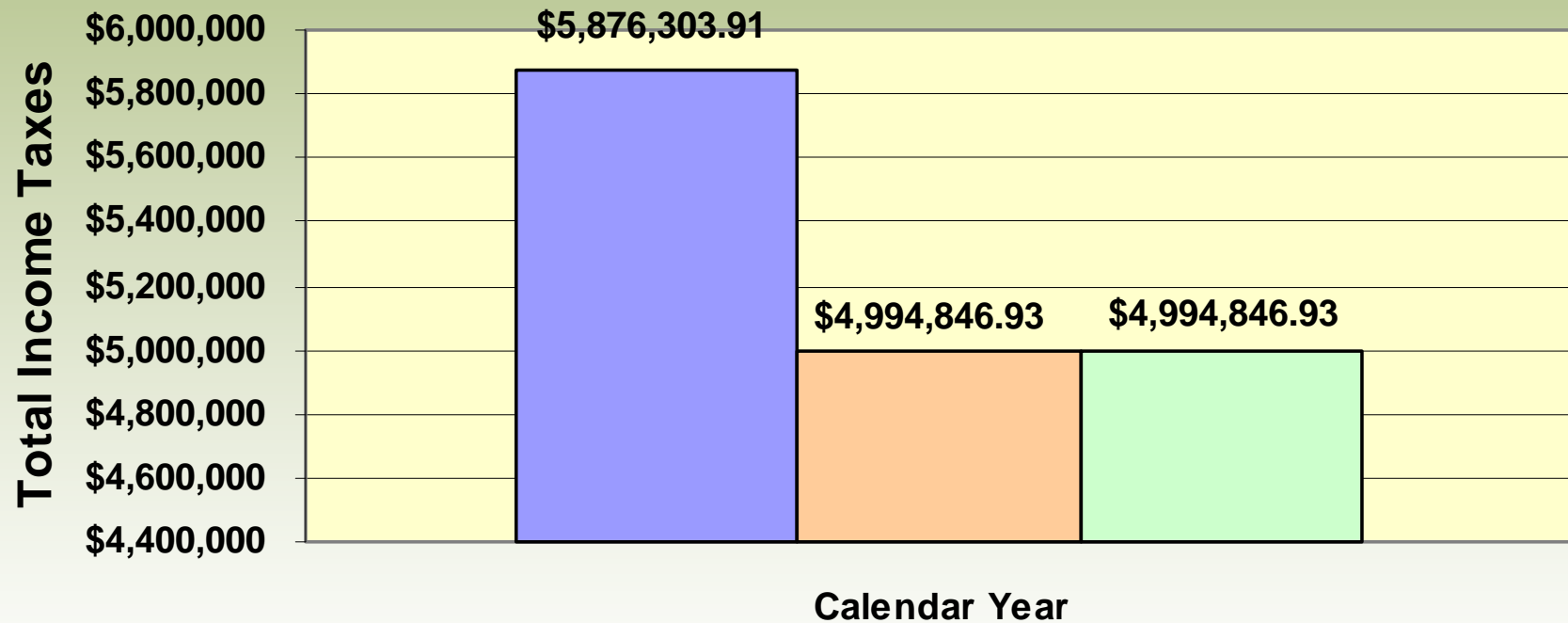
State Income Tax (Cont.)

- Springfield may eliminate distributions to municipalities!
 - For the State's most recently completed fiscal year, this would net the State an additional \$1.1 billion.
 - Skokie would lose \$5 million.

State Income Tax (Cont.) - Chart



Village of Skokie Income Tax



■ High-12 Months to 2/28/09 ■ Low-12 Months to 2/28/11 ■ Current-12 Months to 2/28/11



State Income Tax (Cont.)

- While Springfield considers elimination of municipalities' share of the income tax, keep in mind Springfield has already:
 - Increased the income tax on 1/1/11 for individuals (from 3% to 5%) and for corporations (from 4.8% to 7%);
 - For the State's most recently completed fiscal year, the tax increase is estimated to net \$7.1 billion in new revenue **SOLELY** to the State.



State Income Tax (Cont.)

- Municipalities were locked out of the income tax rate increase by reduction of their share from 10% to 6%/6.86%.
 - Based on income tax receipts for the State's most recently completed fiscal year, municipalities could have received an additional \$706 million.
 - Skokie could have received an additional \$3,449,000.

Fiscal 2012 Revenue Projections

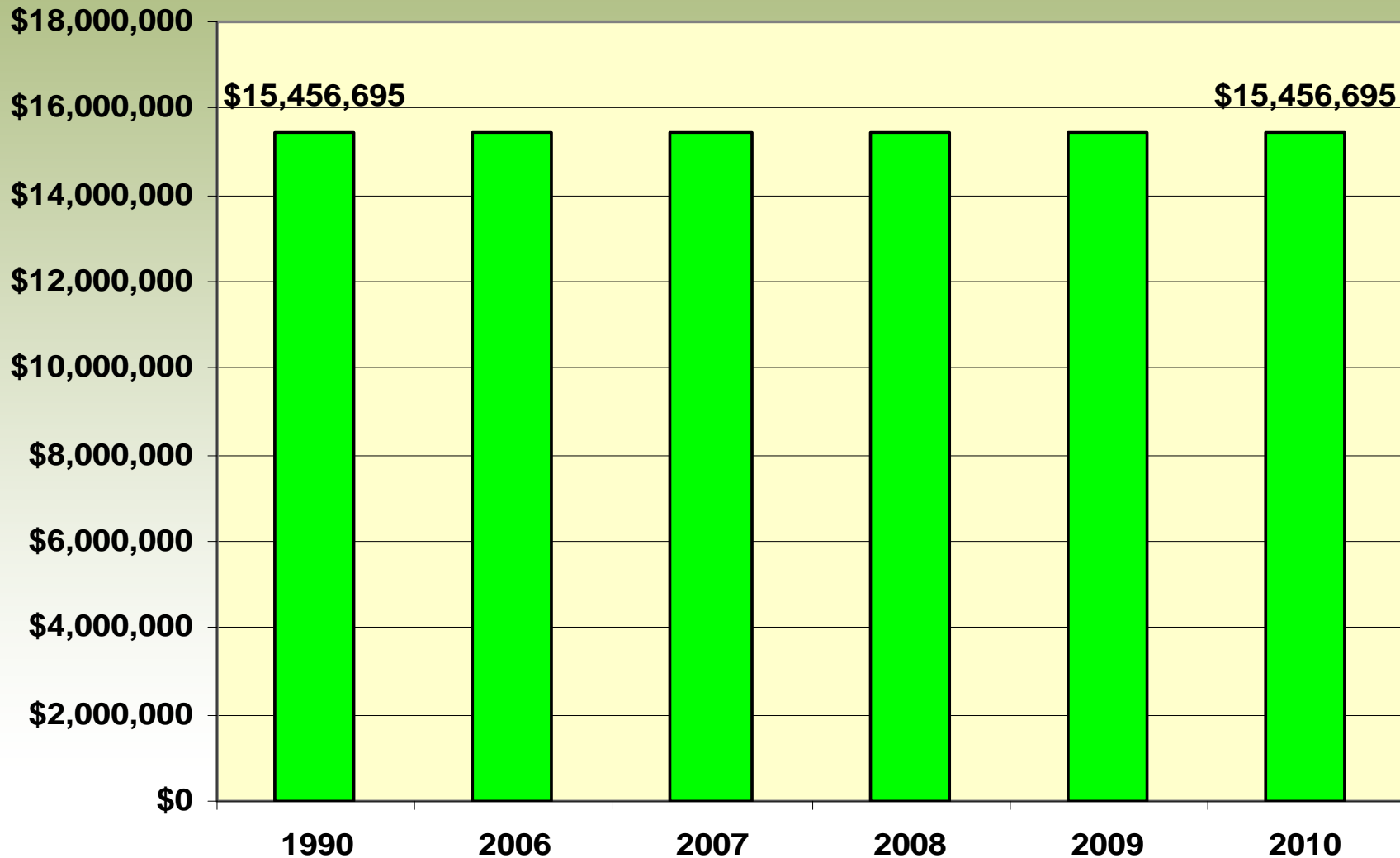


Revenues – Fiscal 2012

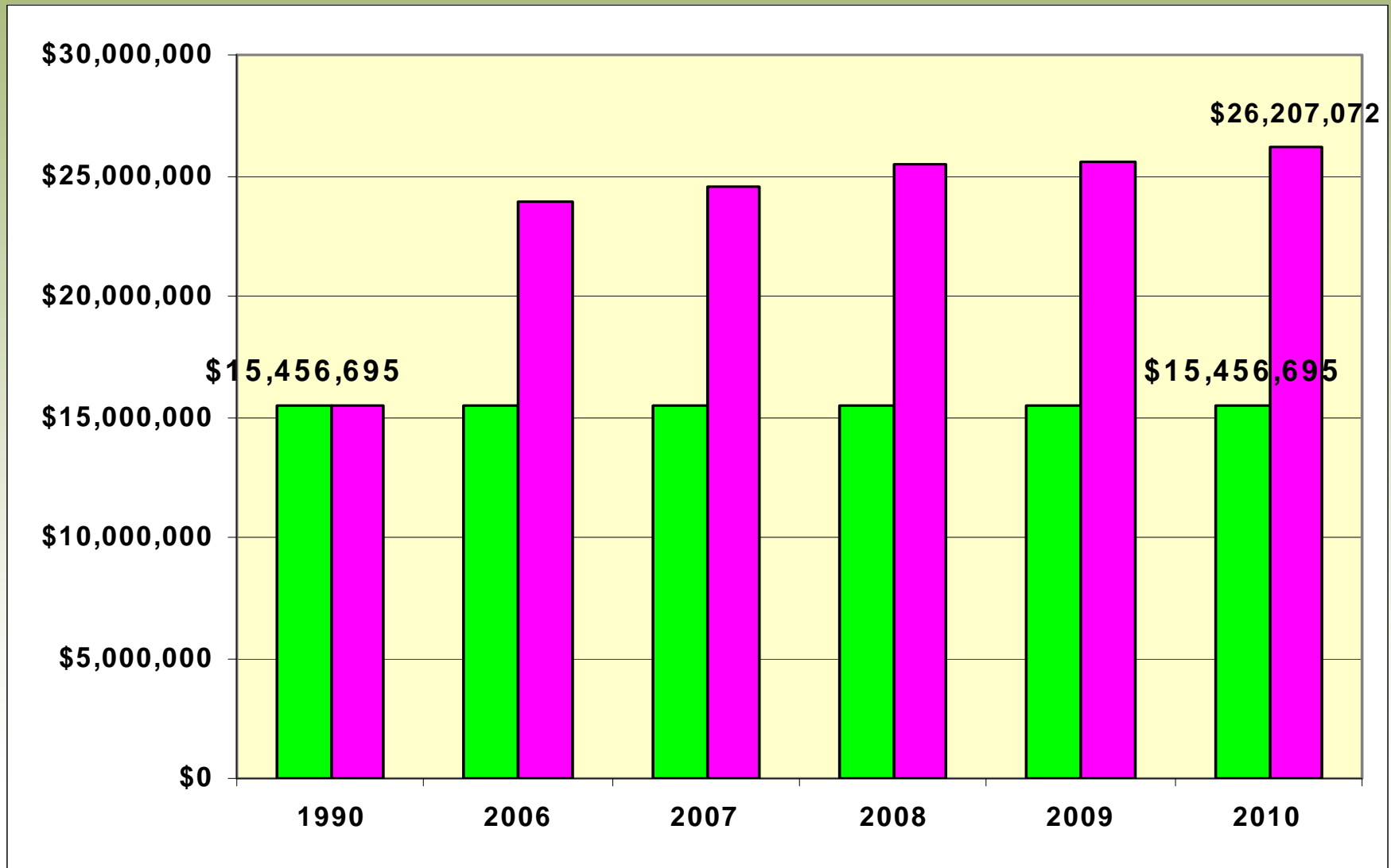
- Improvement in the economy has resulted in projected revenue increases.
- Leading the way are non-property taxes which are projected to increase 5.8% (sales, use, replacement, income, real estate transfer, hotel/motel, simplified telecommunications, local fuel, and motor fuel taxes).
- The Village Board will be able to continue the property tax freeze.



Property Tax – History Chart



Property Tax – With Inflation



General Fund Fund Balance

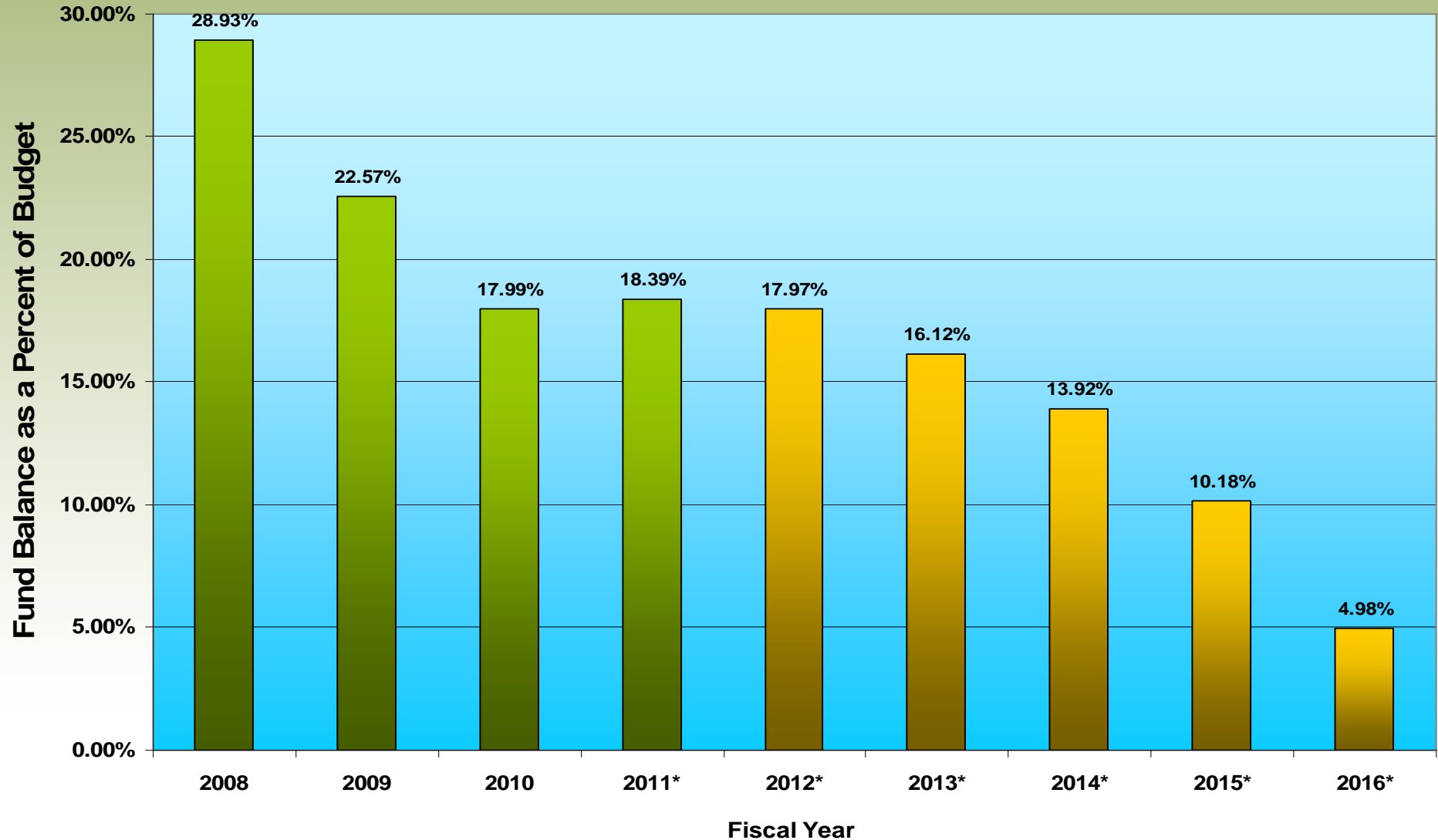


General Fund – Fund Balance

- Skokie has a long-standing fund balance goal of 25% of budget
 - Fund balance is maintained as a buffer against adverse circumstances.
 - During the economic downturn, the Village utilized almost \$5.5 million of its fund balance.
- The projected fund balance at the end of Fiscal 2011 is 18%.
- The fund balance at the end of Fiscal 2012 is projected to be 18%.

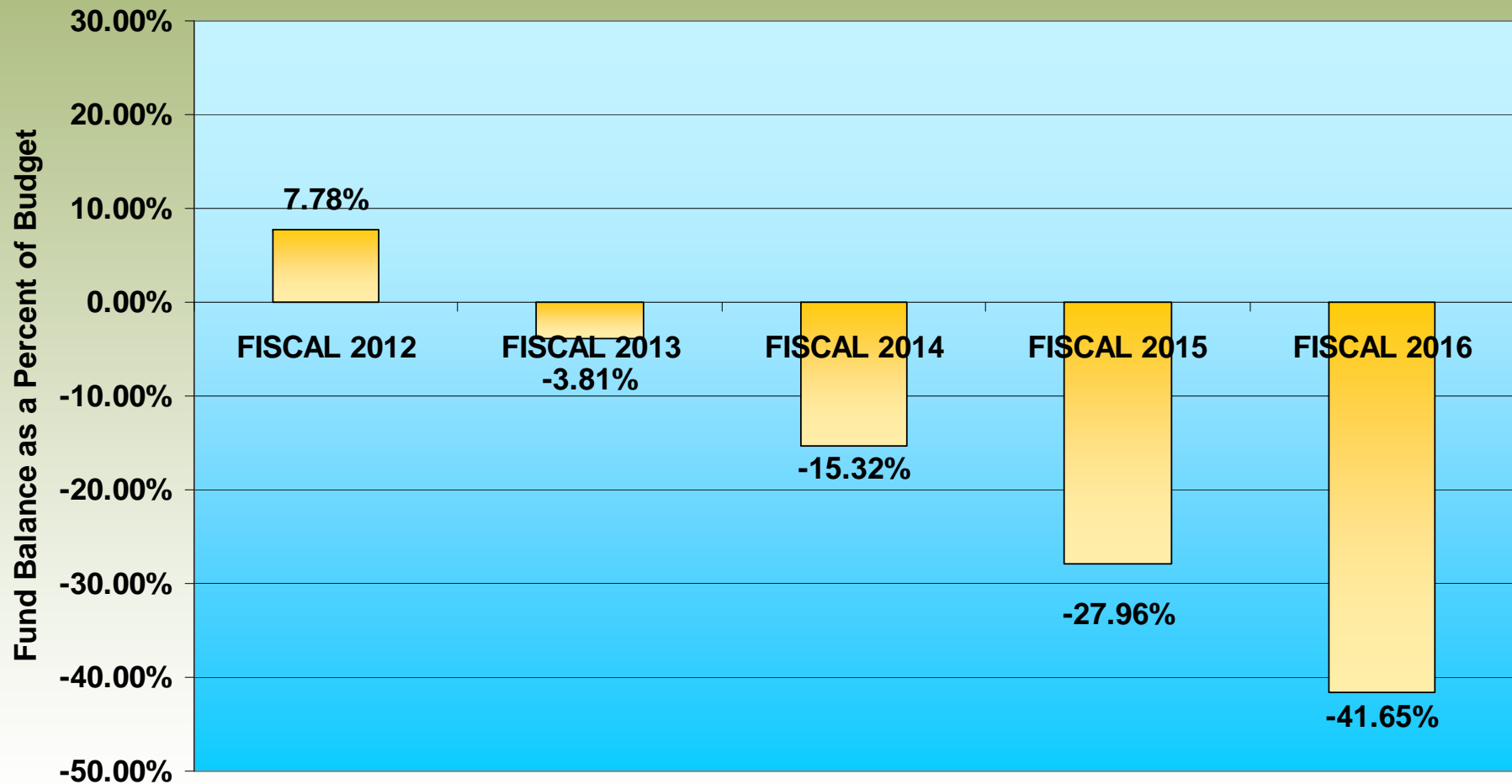
Fund Balance History and Projections

(* Denotes Projections)





Fund Balance without Income Tax



1. Revenues are based on FY2012 estimates but exclude state income tax distributions
2. Assumes expenditure growth of 3.0%, 3.5%, 3.5% and 3.50% for fiscal years 2013 through 2016.

Water Fund Rate Adjustment

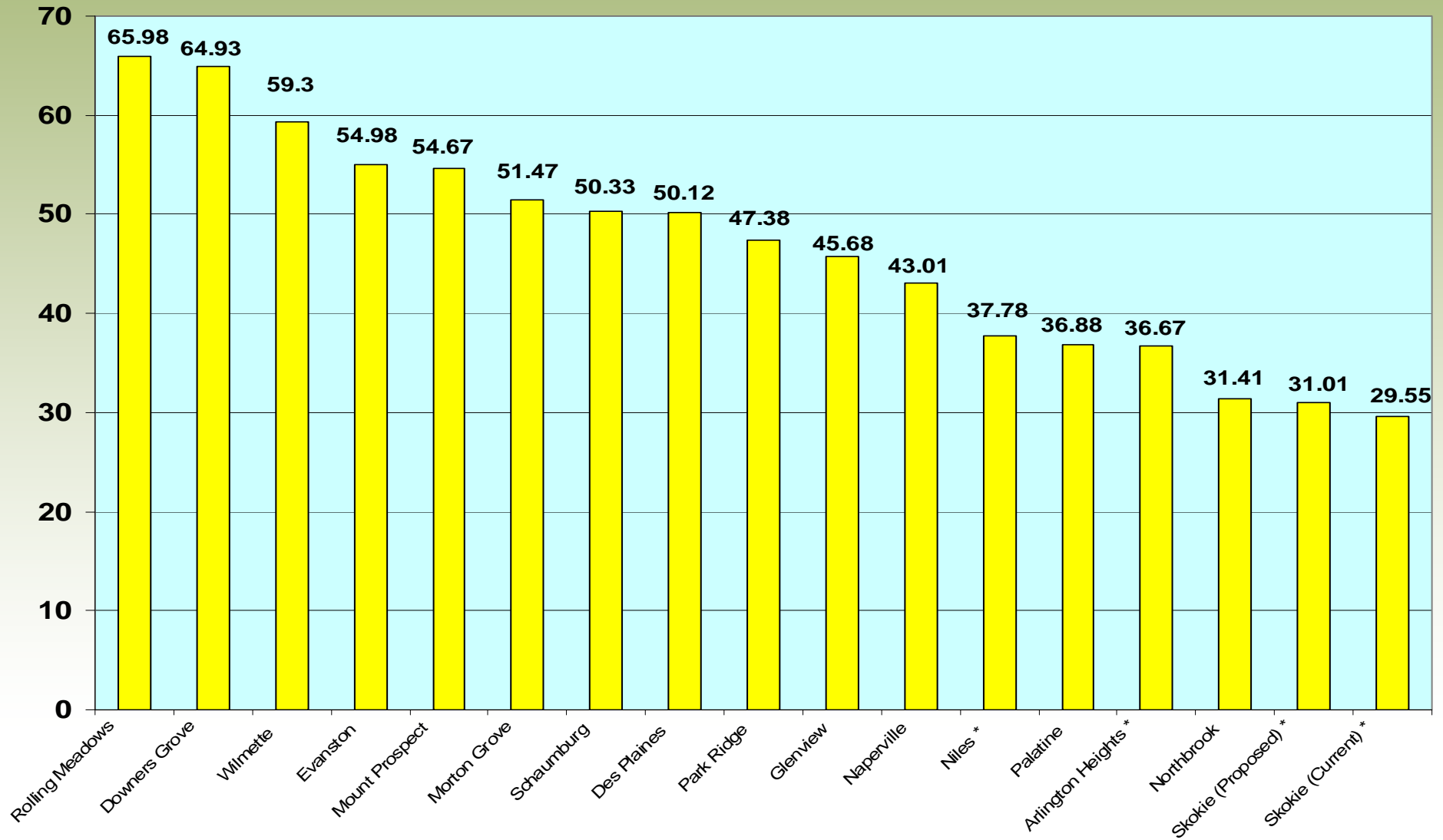


Water Fund – Water Rate

- The water rate is recommended to increase from \$29.55 to \$31.01.
- This is a 4.94% increase which reflects:
 - 2% increase in the cost of water purchased from Evanston
 - Proposed Operations and CIP Budgets
 - Reduction in consumption
- With a rate of \$31.01, Skokie will have the lowest effective water rate in the area.

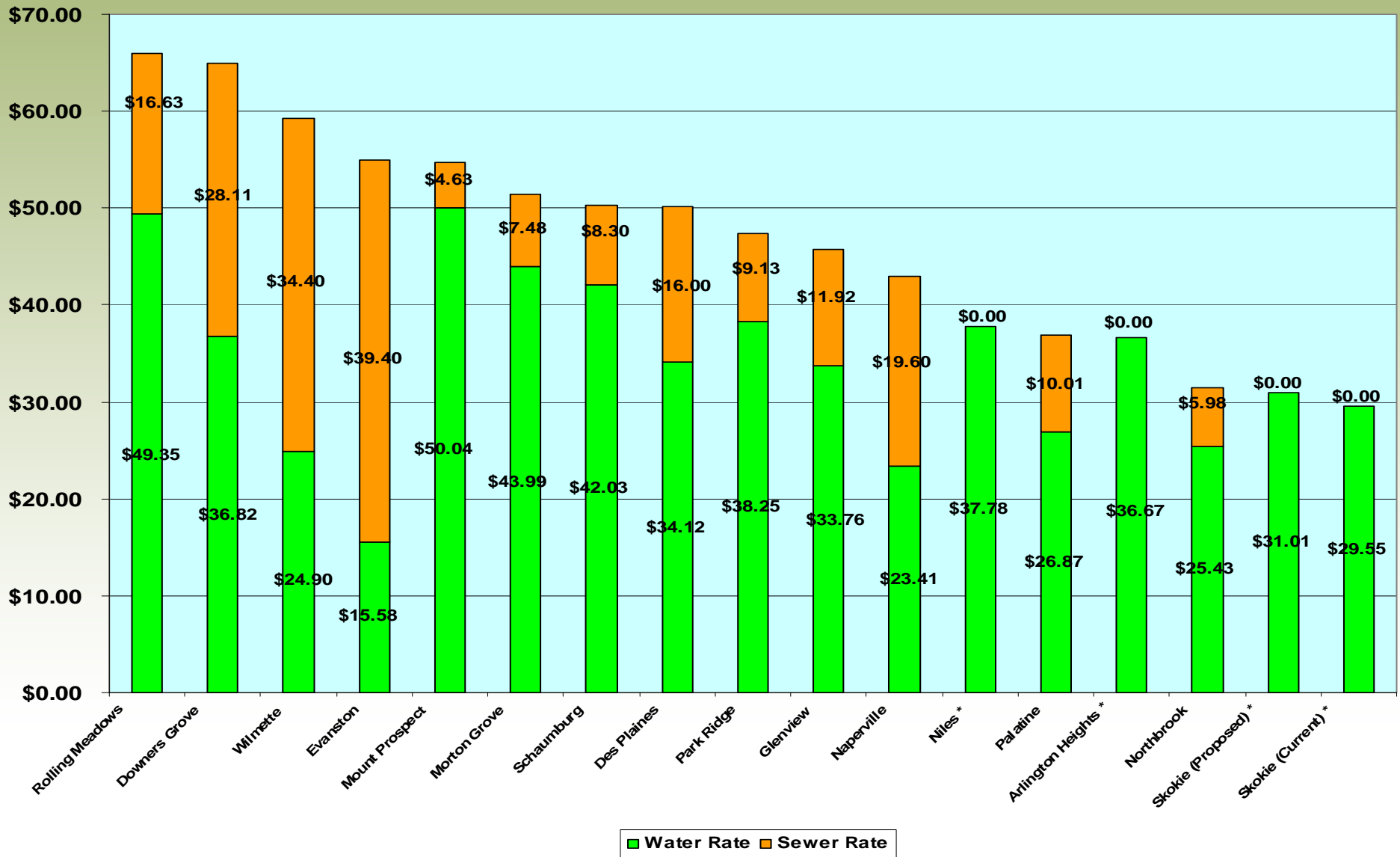
Village of Skokie Water Rate Comparison

(* indicates that there is no separate sewer charge)



Village of Skokie Water Rate Comparison

(* indicates that there is no separate sewer charge)



Fire and Police Pension Funds



Fire & Police Pension Funds

- The funding levels of the Fire and Police Pension funds improved for the first time in over a decade.
- The results of the last two actuarial valuations are as follows:
 - Fire Pension:
 - 2009 Valuation – 60.5%
 - 2010 Valuation – 61.4%
 - Police Pension:
 - 2009 Valuation – 70.3%
 - 2010 Valuation – 78.4%

Fire & Police Pension Funds (Cont.)



- The improvement as of the 2010 valuation was due solely to improved investment earnings.
- Further improvement is likely as a result of the Board's adoption of the Municipal Utility Tax (MUT) in 2010.
 - Fiscal 2011 will be the first year with contributions of the MUT to the pension funds.

Fire & Police Pension Funds (Cont.)



- The Fire and Police Pension Funds will undergo another actuarial valuation as of April 30, 2011.
- The results are expected in late summer.

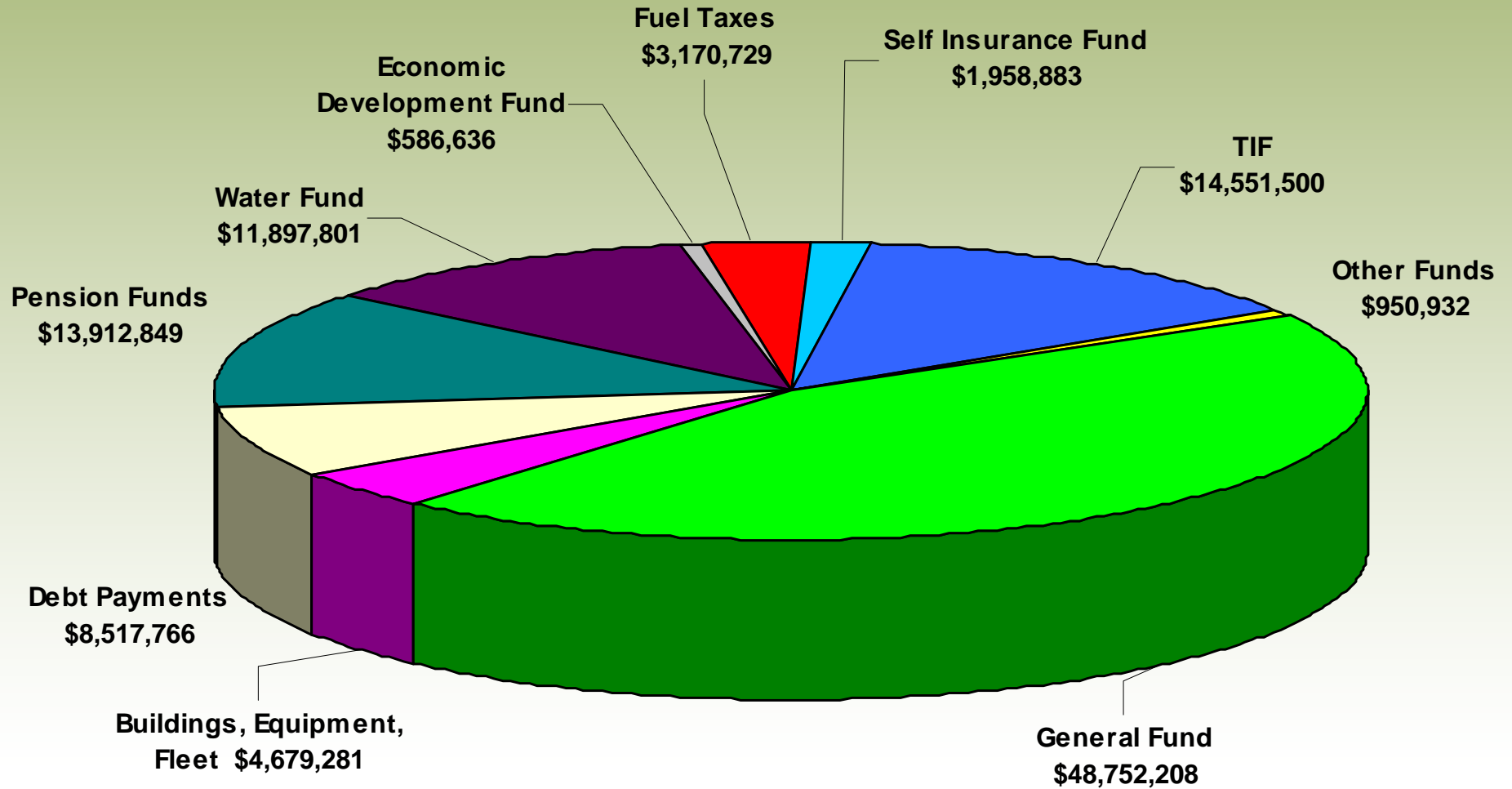


Village of Skokie

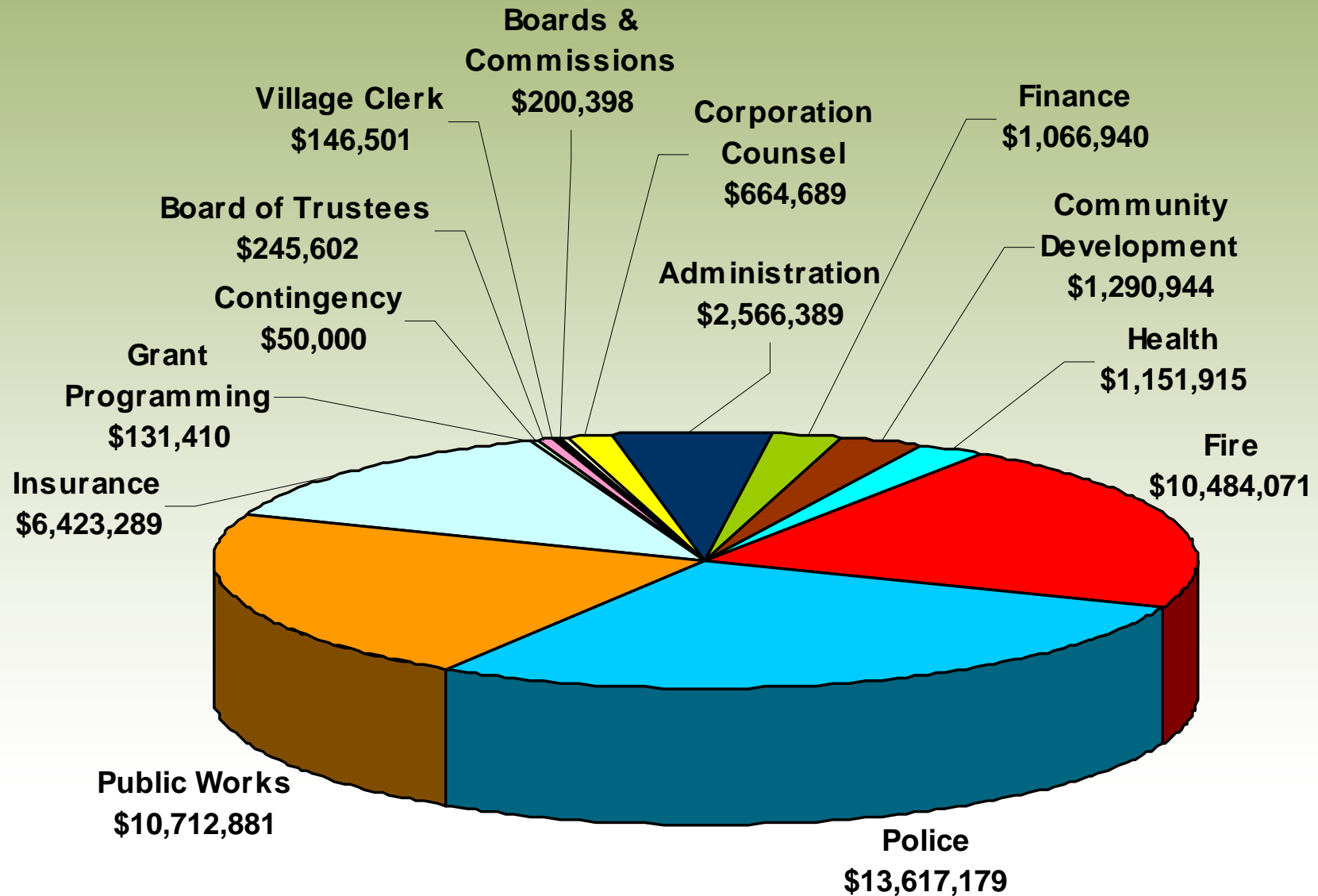
Fiscal Year 2012

Budget Expenditures

FY12 Budget by Major Fund

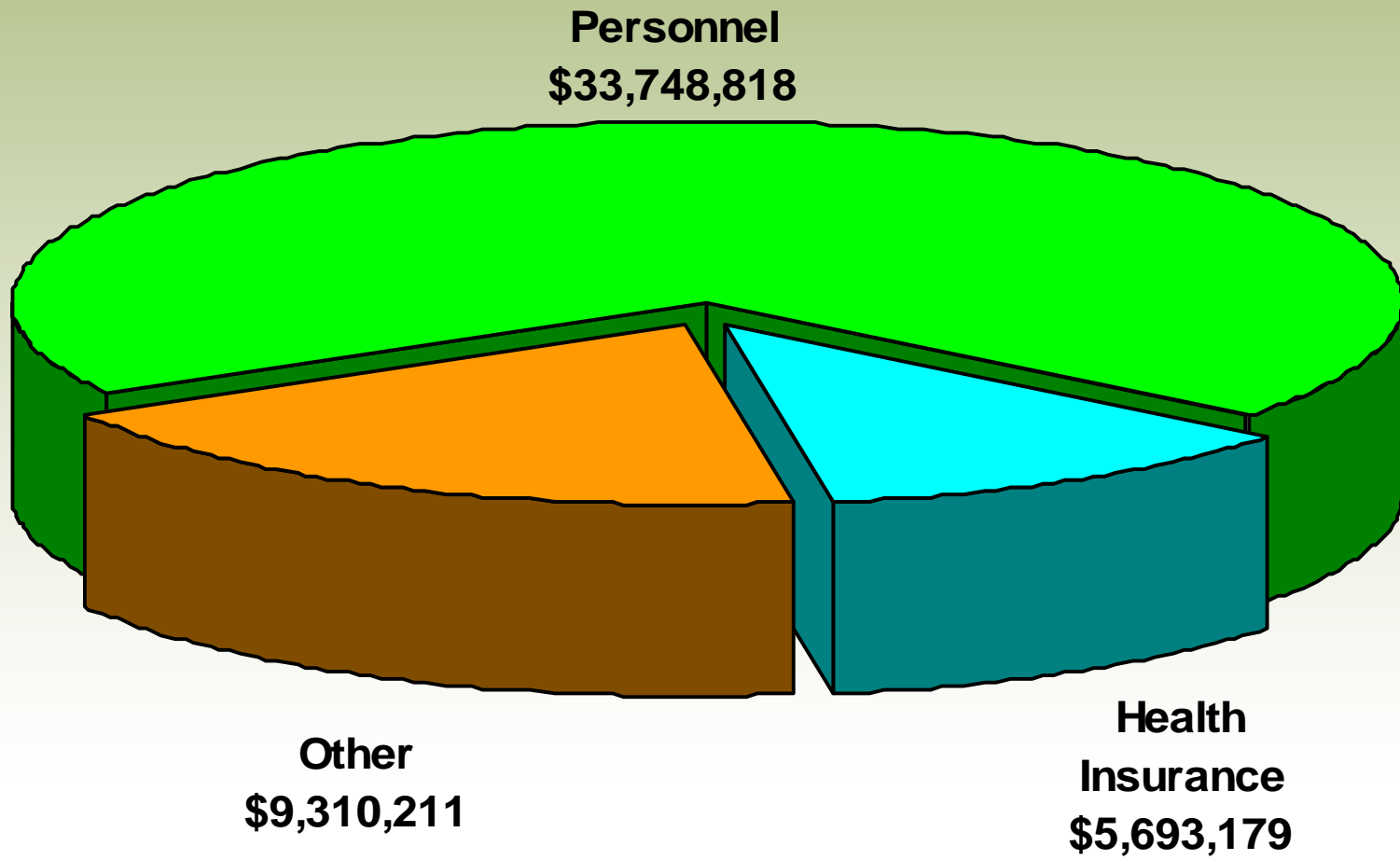


FY12 General Fund





FY12 General Fund



FY12 General Fund



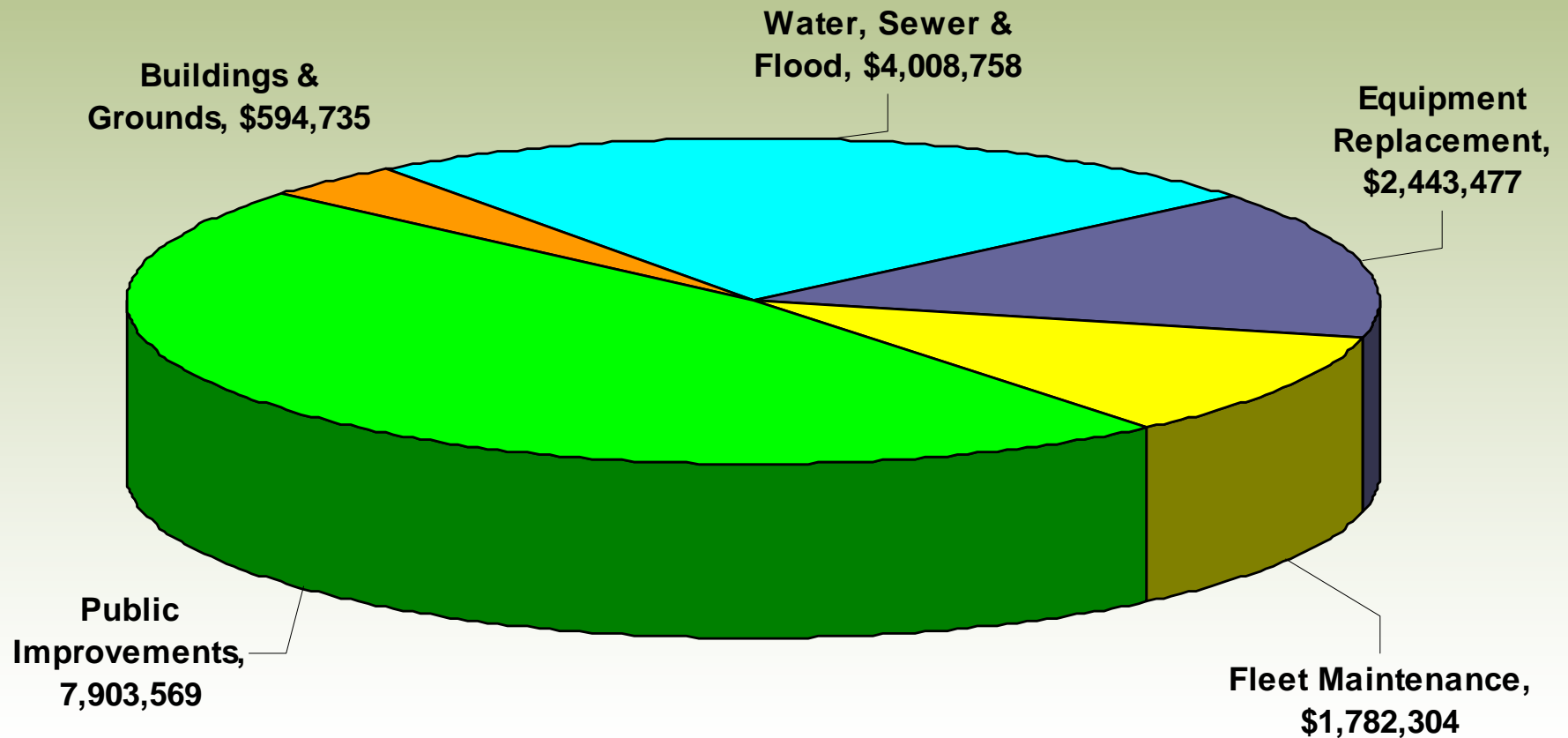
General Fund Increased 1.38% or \$ 664,123

Noteworthy Changes:

Health Insurance	\$ 377,779
Recycling Contracts	\$ 231,302
Fuel Increase	\$ 55,042

Without these increases the operating budget would have been \$16,998 less than the current budget.

FY12 Capital Improvement Program



Equipment Replacement



Fire Pumper
\$ 592,250



Computer Replacement
\$753,550



**Police Mobile Data
Computers and Video**
\$444,000



Street Sweeper
\$159,984



Refuse Packer
\$239,683

Capital Improvement Program

FY12 – FY16 Funding = \$112.7 million*



**Includes funding provided by sources other than the Village*

Continued Investment in Infrastructure



Street Resurfacing

- \$2.1 million (FY12)
- \$19.6 million over the next five years for street improvements

Corridor Improvements

- Oakton Street
- Old Orchard Road and Skokie Boulevard Intersection Improvements



Village of Skokie