Long Range Financial Planning
Village Workshop Meeting
May 19, 2009

The General Fund:
Revenues, Expenses & Reserves

Long Range Financial Planning

- Develops Long-term Financial Strategies and a Long-term Plan for Future Financial Decisions
- Identified as a Top Priority in the 2008-09 Strategic Plan
- Identifies Long-term Financial Issues
- Applies Analysis and Financial Forecasting
- Assists in the Preparation of Annual Budgets

Long Range Financial Planning

- Multiple Opportunities for Input & Discussion
- Allow for a Dialogue Among Community, Council & Staff
- Create Awareness of Issues and Potential Solutions
- Consensus for Solutions and Strategies
- Create a 3 to 5 Year Plan

Long Range Financial Planning

- Difficult and Complicated Decisions
- Manageable
  - Issues Presented and Discussed Early in Process
  - Staff Prepared Potential Solutions and Strategies
  - Solutions and Strategies Discussed Later in Process

Long Range Financial Planning Calendar

Date	Event/Activity
May 19	General Fund Revenues, Expenses, Reserves and Projections
June 2	Other Funds, Debt Capacity and the Tax Levy
July 7	Village Services Discussion, Solutions and Strategies
July 21	Solutions and Strategies
Aug. 4	Solutions and Strategies, Strategic Plan, TCD 3
Aug. 18	Strategic Plan, TCD 3, Conclusions

Historic Information

- Trend Analysis
- Past Explain Current Conditions
- Analysis Dating Back to 1991-92

Multiple Fund System

- Village Uses a Multiple Fund System
- The General Fund
  - chief operating fund
  - accounts for all revenues and offsetting receipts not earmarked by law for a specific purpose
  - supports other funds lacking a sufficient designated revenue source
  - can support any fund lacking revenues

General Fund

- Revenues
- Expenses
- Reserves
- Projections

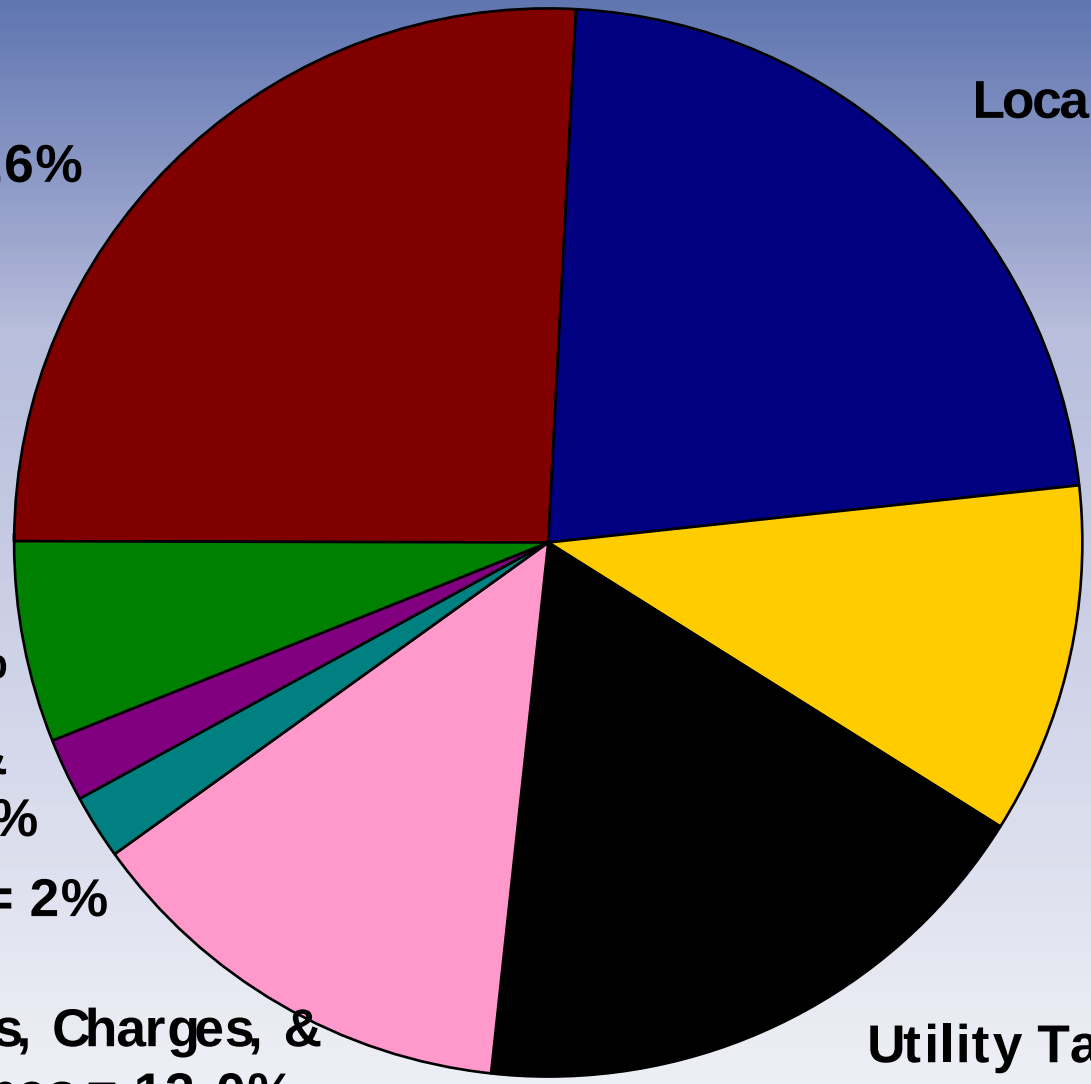
Revenues

General Fund Revenues

- The focus in this presentation is on total revenue in the General Fund
- Total General Fund revenue is impacted by several variables:
  - Tax Base
  - Tax Rate
  - Allocations to other funds

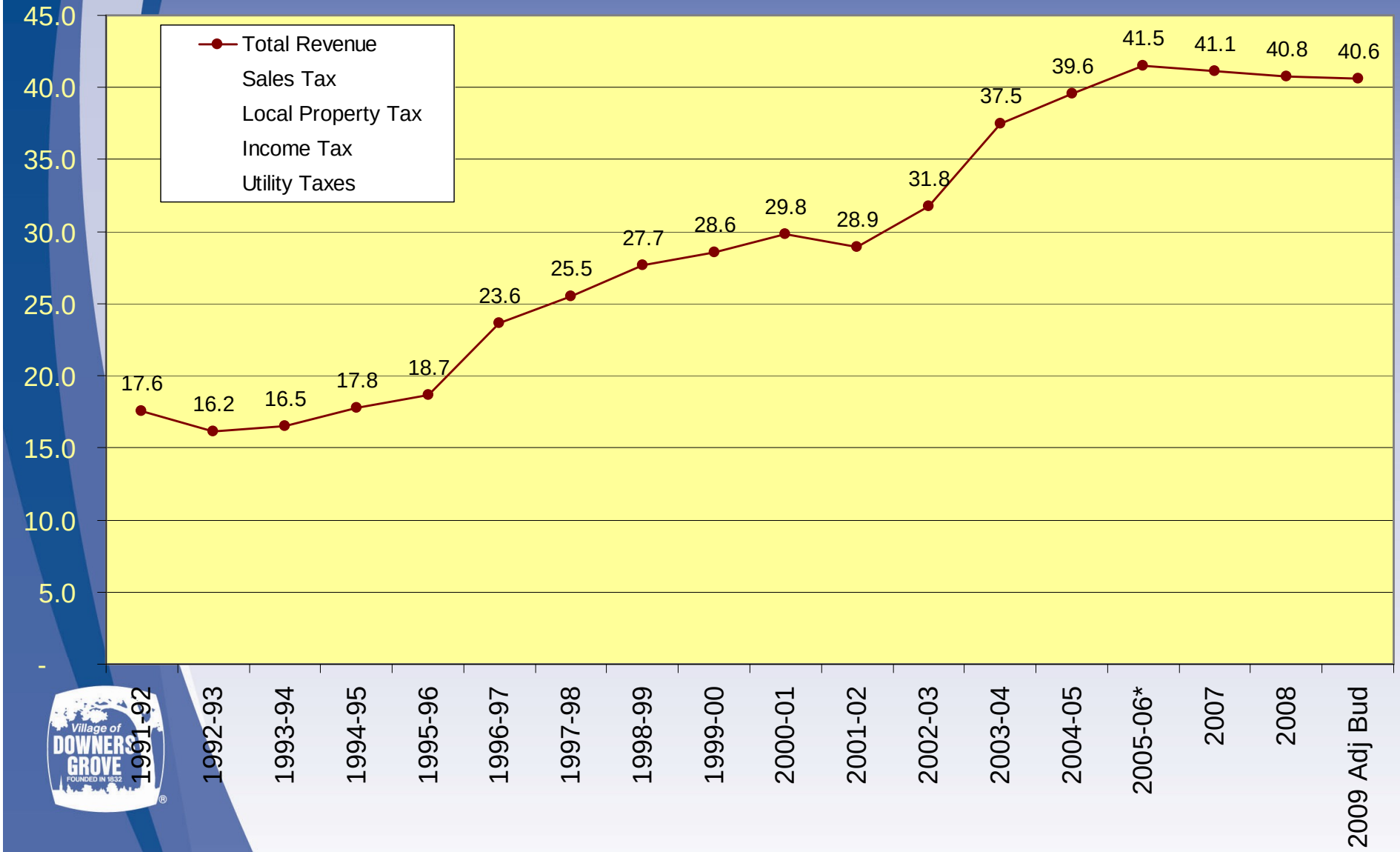
General Fund Revenue

FY 09 Adjusted Budget: $40,579,615



General Fund Revenues

(in millions)



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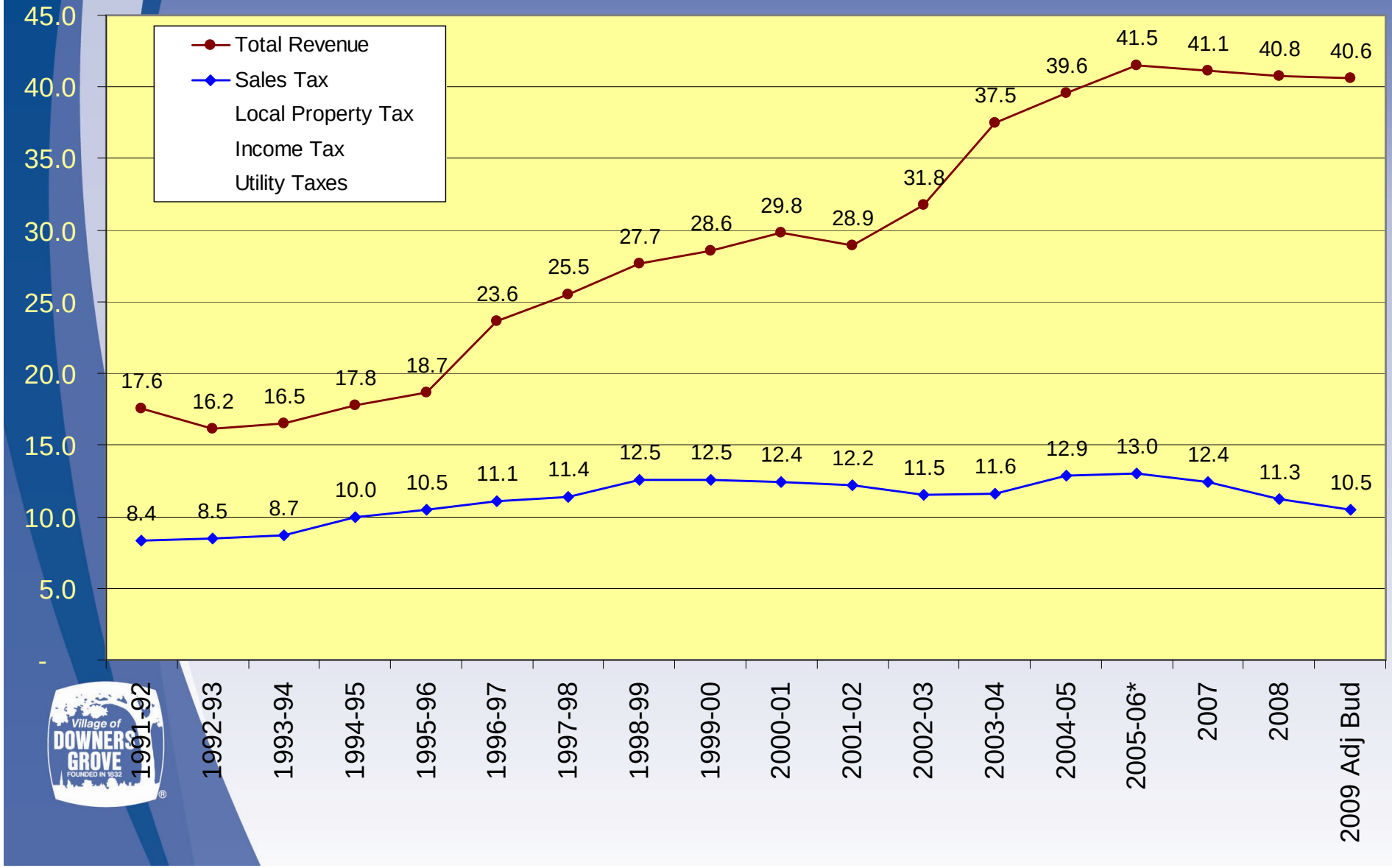


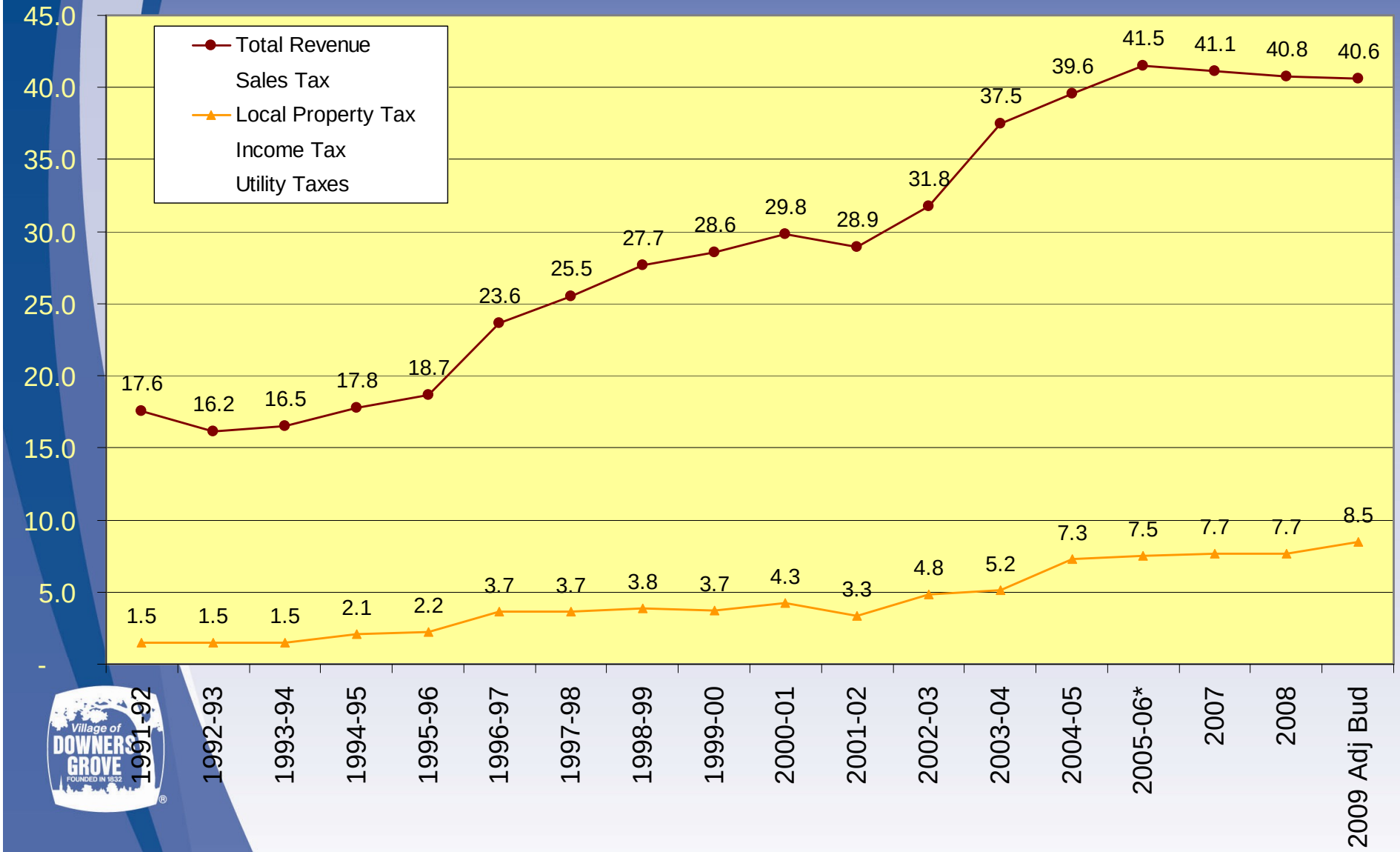
General Fund Sales Tax Revenue Category Comparison

Calendar Year 1996 and Calendar Year 2008

Sales Tax Category	1996 Actual		2008 Actual	
	Revenue	% Total	Revenue	% Total
Automotive Industry	2,675,664	25.46%	3,025,932	25.36%
Drugs & Misc. Retail	1,693,504	16.12%	2,255,125	18.90%
Furniture & H.H. & Radio	1,212,997	11.54%	1,490,886	12.50%
Agriculture, Manufacturing & All Others	1,119,372	10.56%	1,431,015	11.99%
Drinking and Eating Places	789,436	7.51%	1,205,573	10.11%
Food	1,099,287	10.46%	1,081,746	9.07%
Lumber, Bldg, Hardware	706,084	6.72%	729,640	6.12%
General Merchandise	935,041	8.90%	455,512	3.82%
Apparel	277,039	2.64%	254,153	2.13%
Total (Gross)	**10,508,424**	**100.00%**	**11,929,581**	**100.00%**
Sales Tax Rebates	0		678,161	
Total (Net)	**10,508,424**		**11,251,420**	

General Fund Revenues

(in millions)



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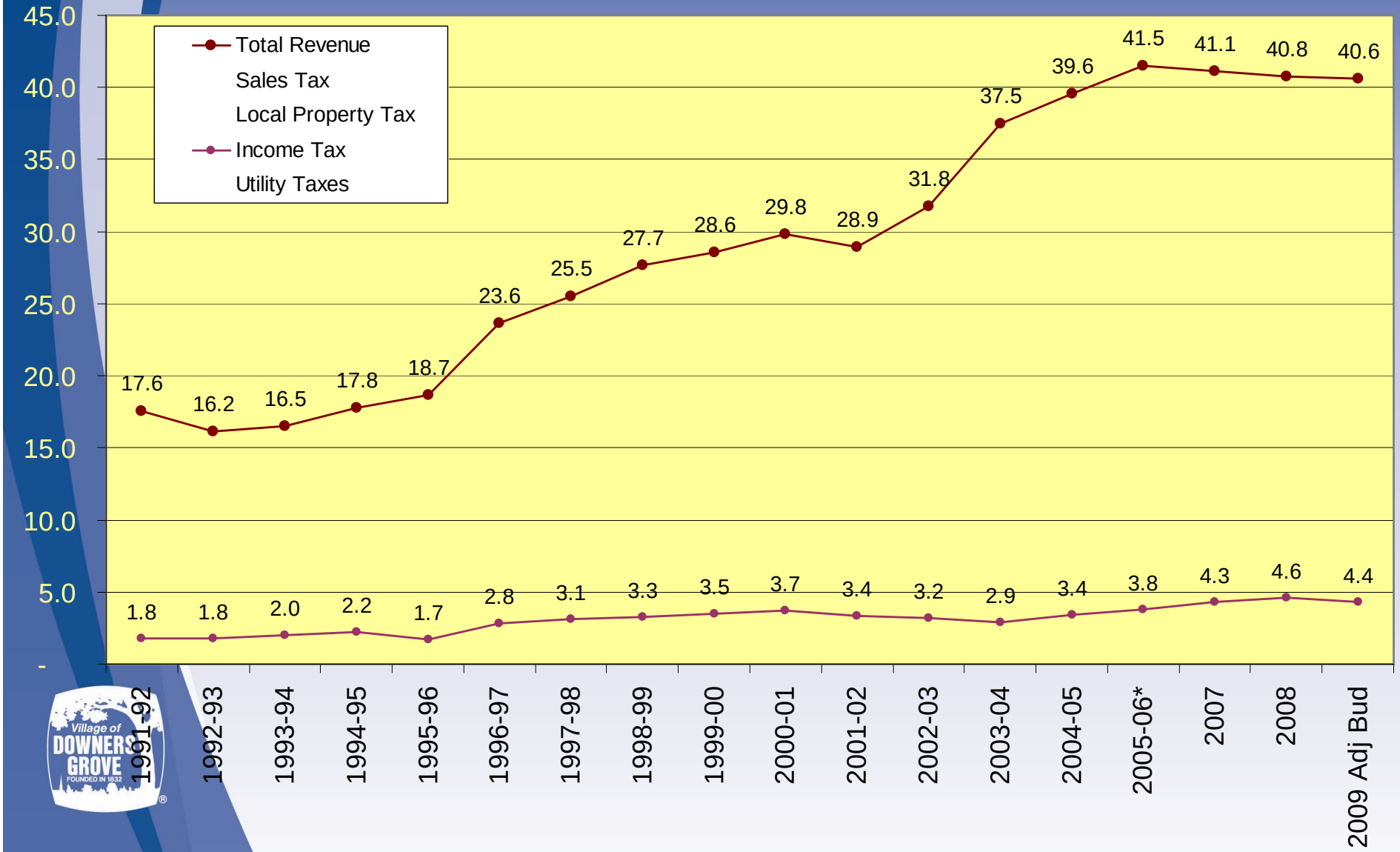

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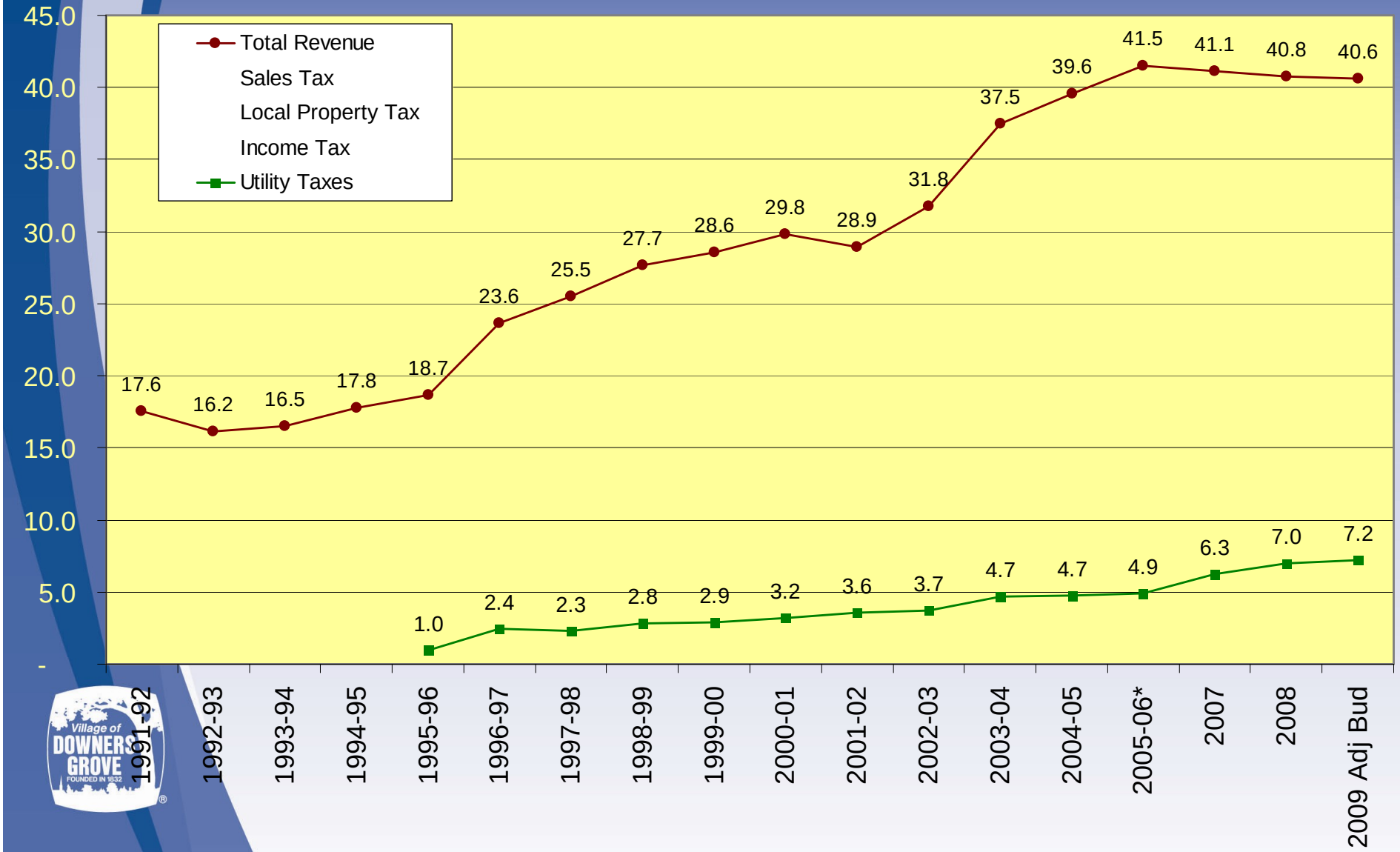

General Fund Revenues

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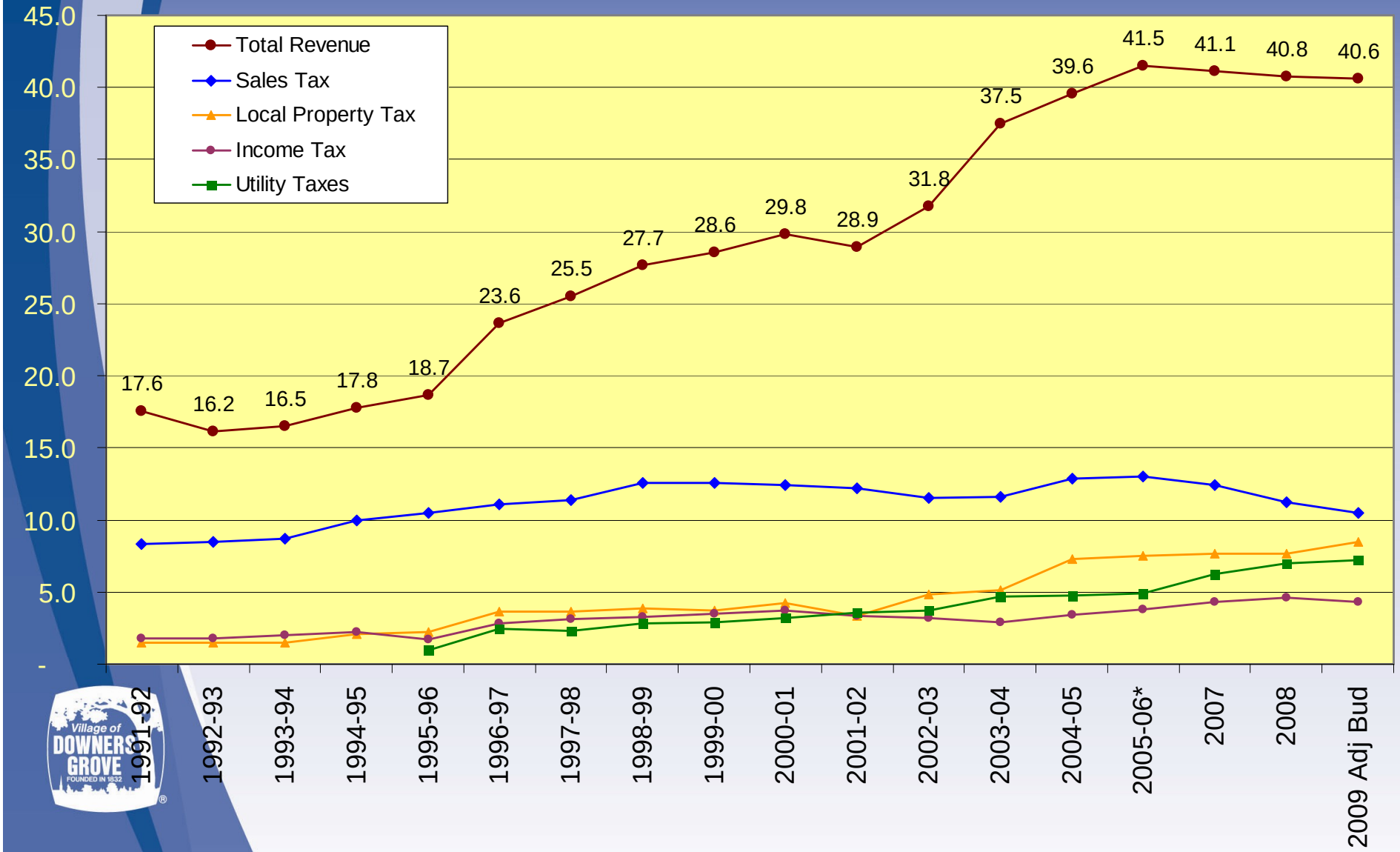


Revenue Sources: Historical Trends

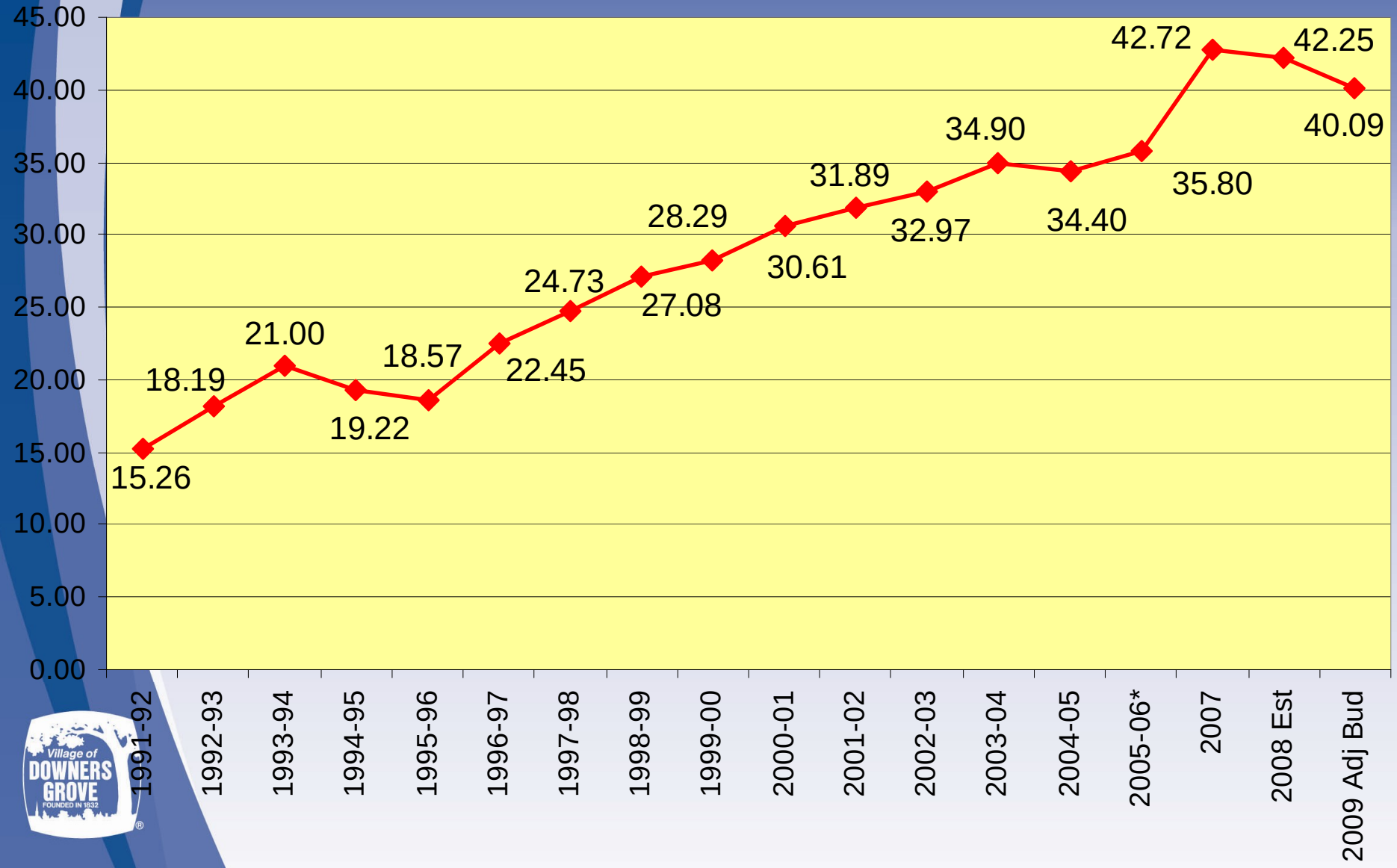
General Fund Major Revenue Category Comparison FY 1996/97 and FY 2009				
	1996/97 Actual		2009 Adj. Bud.	
Major Revenue	**Revenue**	**% total**	**Revenue**	**% total**
Sales Tax	11,056,758	47%	10,500,000	26%
Property taxes	2,775,280	12%	8,502,699	21%
Utility Tax	2,421,642	10%	7,220,000	18%
Income	2,848,984	12%	4,350,000	11%
All Other	4,543,226	19%	10,006,946	25%
Total Revenue	**23,645,890**	**100%**	**40,579,645**	**100%**

Revenues: Key Findings

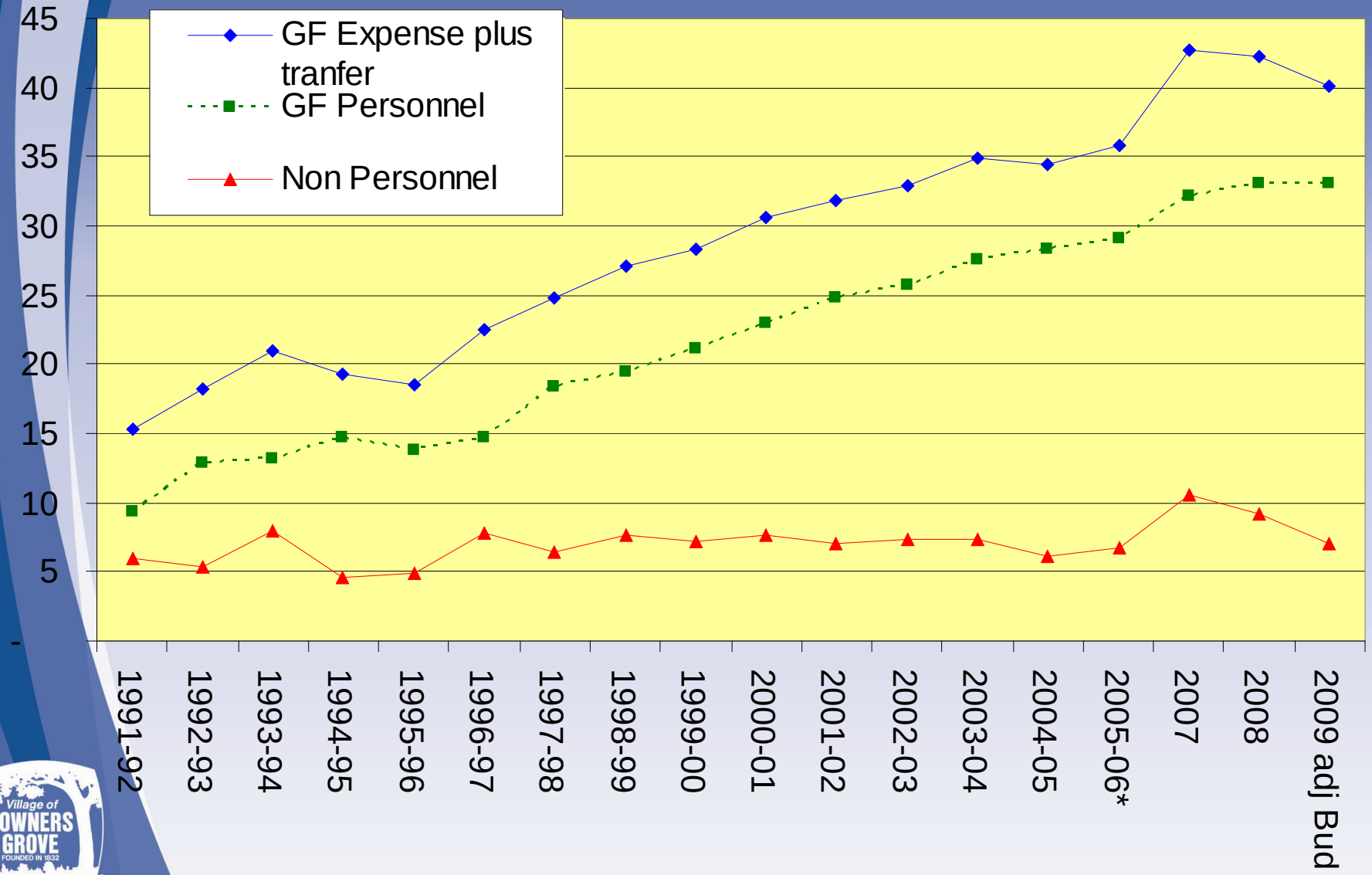
- Sales Tax remains the largest revenue source, but has been generally flat over time and shown signs of significant decline in recent years.
- Property and Utility Tax Revenue has grown steadily over time
- The Village has achieved greater diversification among major revenue sources
- The current economy will threaten future revenue growth in the major revenue categories

Expenses

General Fund Expenses (in millions)



General Fund Expenses (in millions)



Personnel Expenses

- At 74%, Personnel is the largest portion of General Fund expenses.
- Salaries
- Benefits (Health Insurance Primary Component)
- Pensions
  - Benefit Levels Set by State
- Post Employment Benefits

Annual Health Insurance Expenses (in millions)

Personnel Expenses

- At 74%, Personnel is the largest portion of General Fund expenses.
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  - Benefit Levels Set by State
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General Fund Staffing Comparison

FY 1996/ 97 and FY 2009

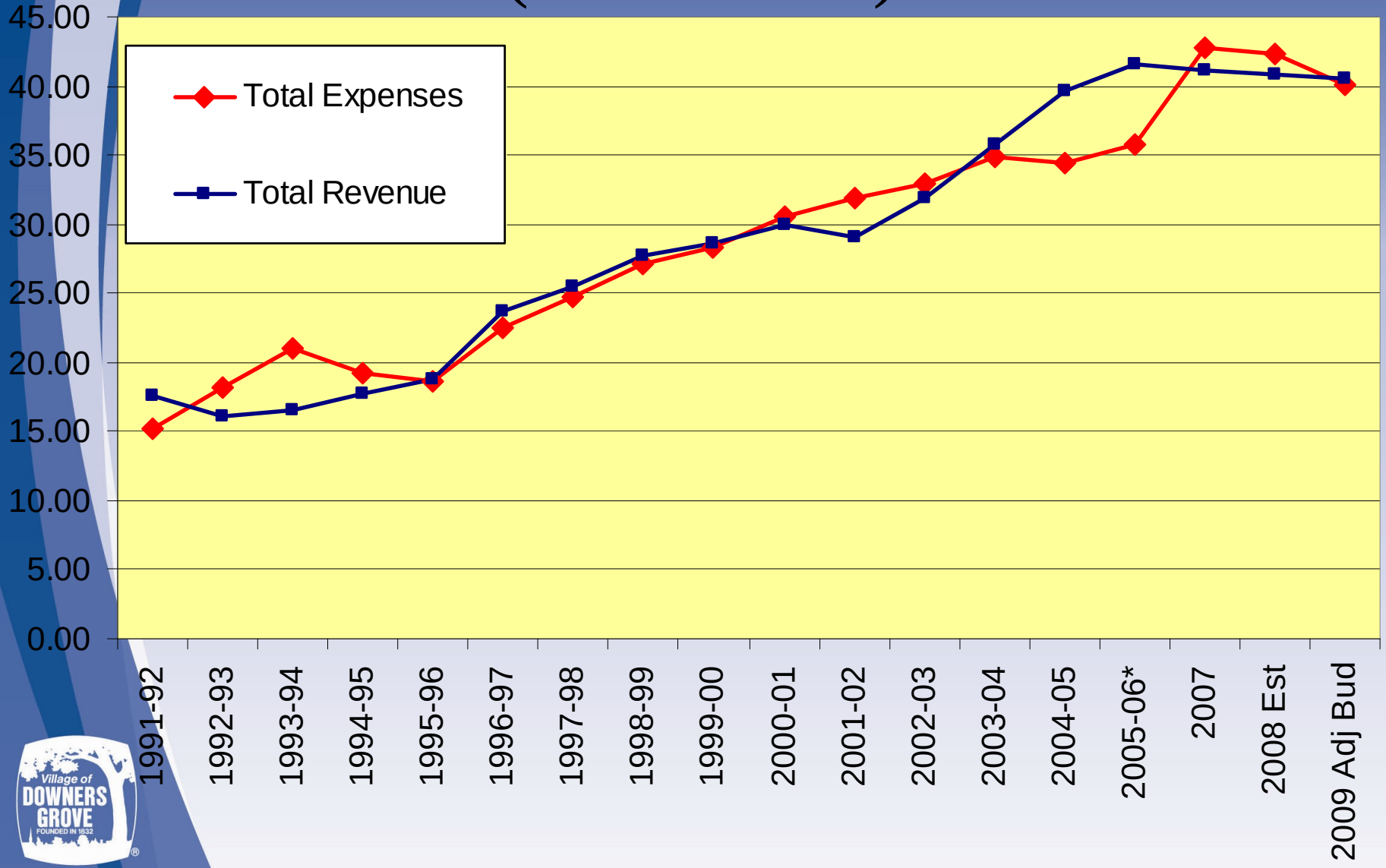
	1996/97 Actual	2009 Adj. Bud.
Total FTE	**364**	**358**
GF Personnel Expenses	**14,690,574**	**$29,655,357**
% of Total Expenses	65%	74%

Expenses: Key Findings

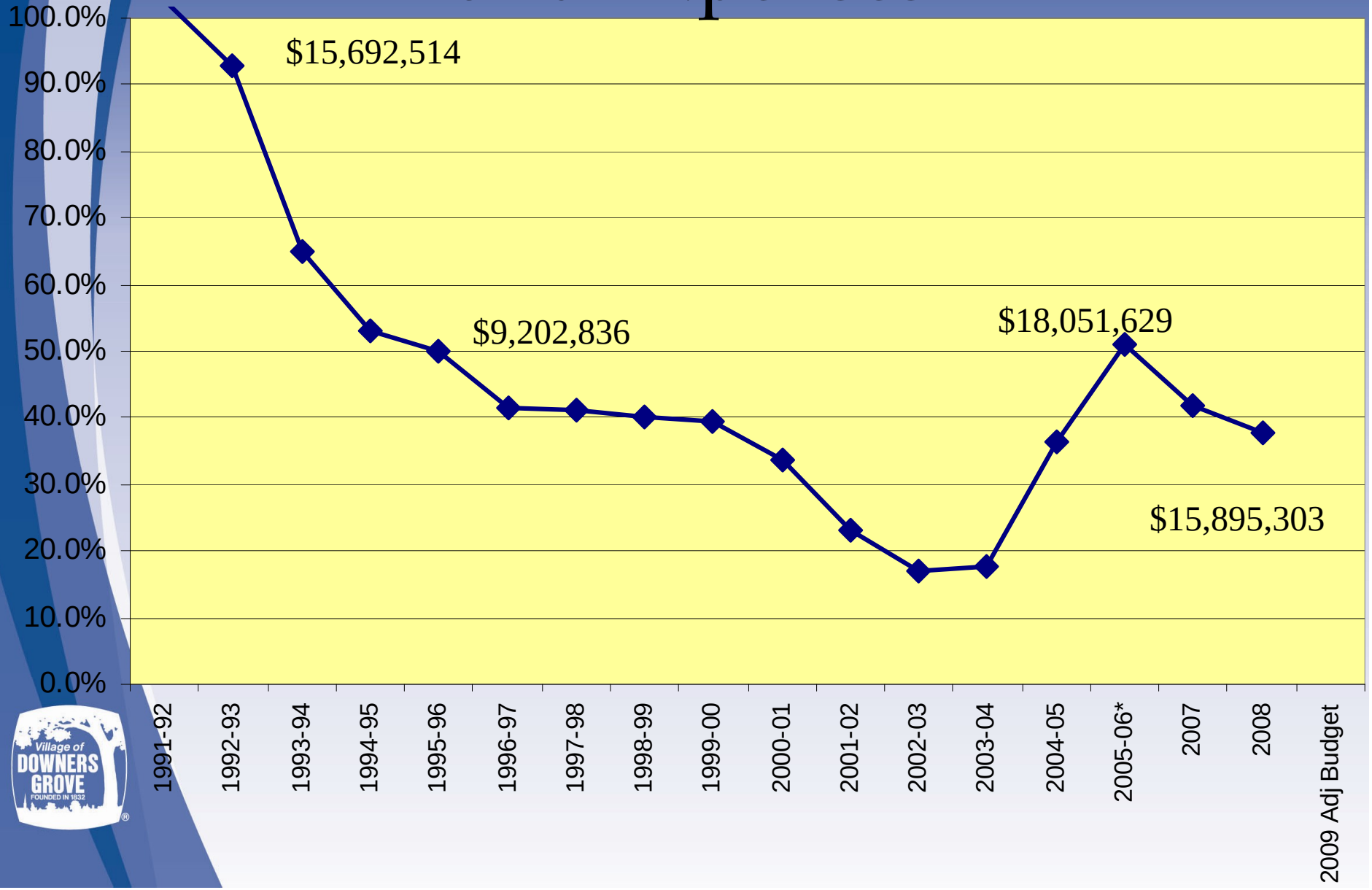
- Personnel Costs are the Primary Expense Driver in the General Fund
  - Benefit Expenses are Increasing
  - Pension Benefits are Increasing
- Non- Personnel Expenses Have Been Flat

Reserves

General Fund Revenues and Expenses (in millions)



Fund Balance as Percent of General Fund Expenses

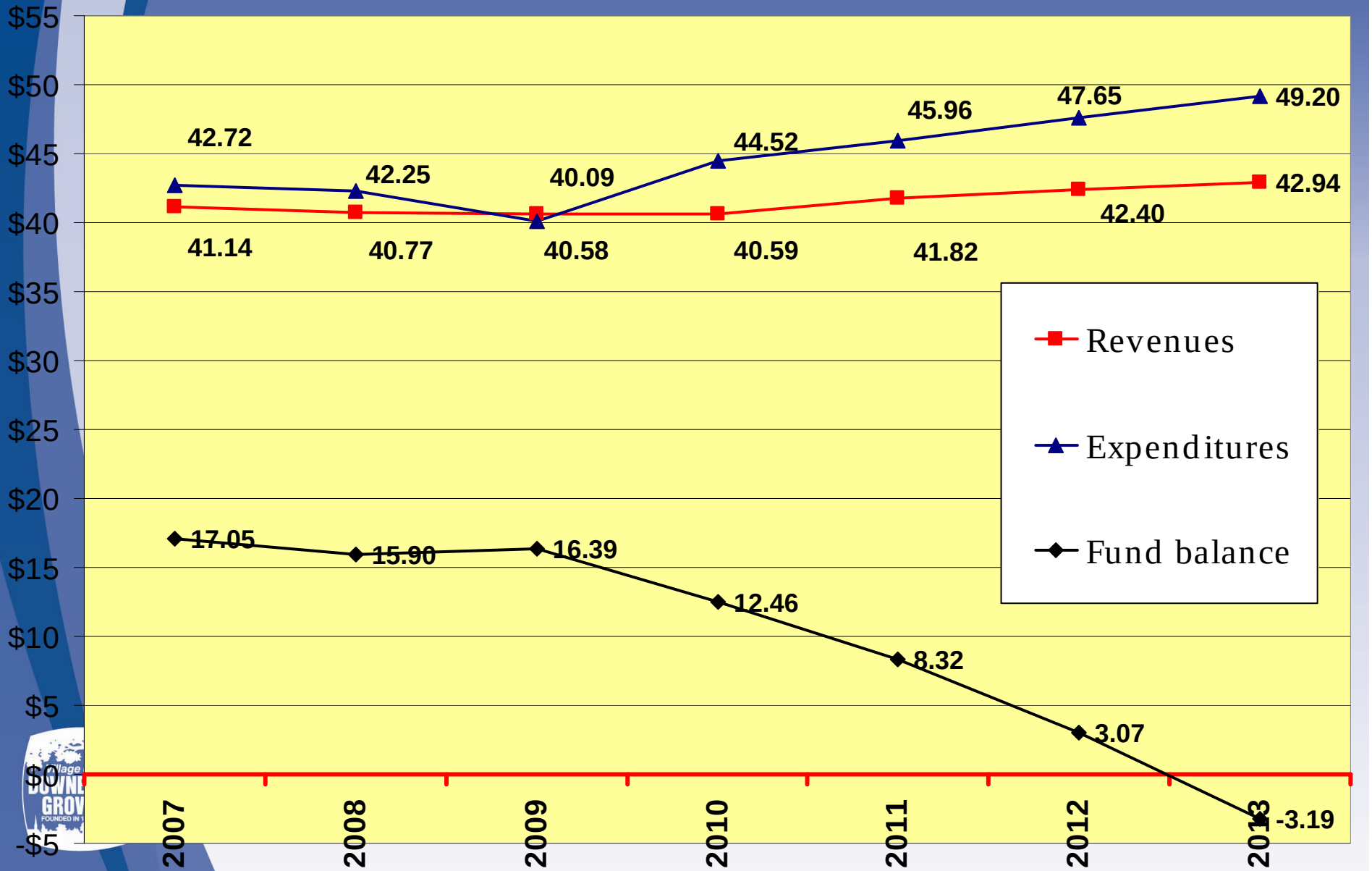


Reserves: Key Findings

- Reserves as a Percentage have Fluctuated
- To Maintain a Specified Reserve Percentage, the Amount must Change with Expense Levels

Projections

General Fund Projections



Projections: Key Findings

- Existing Revenues Growing at Slower Rate than Existing Expenses
- Projected Deficit in Future Years
- Suggests Need to Make Changes to Our Business Model

Solutions and Strategies

Solutions and Strategies

- 3 Approaches
  - Increase Revenues to Pay for Current Services
  - Reduce Services to Match Revenues
  - Combination of Increased Revenues, Expense Reductions and Planned Use of Reserves
- All Approaches Include Continued Efficiency Improvements
  - Implementation Efficiencies
  - Policy Level Efficiencies

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