

**BUDGET RESPONSES – GENERAL BUDGET QUESTIONS**

*What is the current 5-year projection for revenues and expenses in the General Fund?*

The five-year projection for the General Fund is provided below:

General Fund Projections (in thousands)					
	2010	2011	2012	2013	2014
Revenues	\$ 39,857	\$ 42,674	\$ 44,072	\$ 45,159	\$ 46,502
Expenses	\$ 40,834	\$ 42,672	\$ 43,780	\$ 44,989	\$ 46,492
Net	\$ (977)	\$ 2	\$ 292	\$ 170	\$ 10

Plan includes:

- Expense reductions outlined in 2010 Proposed Budget
- Increase Property tax Levy for General Fund Operations by \$500,000 per year in years 10-12
- Increase Home Rule Sales Tax by \$1,000,000 in 2010 (6 month number; \$2,000,000 thereafter)

*What is the total cost for the Village’s core services?*

Staff identified “core” service costs as expenses associated with the Police, Fire and Public Works Departments. While there are some non-core services provided by these departments, there are certain core services provided by other departments. Staff believes that this represents a good approximation. The FY10 budgeted costs for these departments are as follows:

Department	FY10 Budget
Police	\$ 14,119,689
Fire	\$ 12,981,672
Public Works	\$ 5,702,991
TOTAL	\$ 32,804,352

*Please provide additional information related to the .5300, .5400 and .5600 budget categories.*

**Series 5300 Accounts-Professional and Technical Services**

Professional services including auditing, banking, legal, comprehensive plan, meeting minutes and engineering; training, dues and memberships; legal notices; telephone costs

**Series 5400 Accounts-Contracted Services**

Street sweeping, tree supply and planting, tree pruning, grounds maintenance, waste disposal, equipment repair and maintenance, streetlight maintenance, utilities, advertising, entertainment services and community attractions

**Series 5600 Accounts-Claims, Grants & Debt**

Contributions to the Equipment Replacement Fund for vehicles and computers, expenses for fleet maintenance and risk, Downtown SSA, EDC payment, District 58 payment for Ogden TIF, Community Events grants, Debt payments

*Can staff provide a breakdown of personnel expenses in the general fund that are either increasing or decreasing?*

The table below summarizes the changes to General Fund personnel expenses from FY09 to FY10:

	FY09	FY10	Increase / (Decrease)
Salaries and Overtime	22,252,286	21,757,195	(495,091)
Police & Fire Pensions	2,840,352	3,685,460	845,108
IMRF Pensions	1,132,379	1,116,826	(15,553)
Other Benefits	4,400,839	4,131,823	(269,016)
<b>Total</b>	<b>30,625,856</b>	<b>30,691,304</b>	<b>65,448</b>

*What is available in the recommended budget for Council member meetings and training sessions? What is available for staff training and development?*

The FY10 General Fund budgets for Village Council and staff training are provided below:

	FY10
Council	\$ 5,000
Staff	\$ 141,355
<b>Total Training</b>	<b>\$ 146,355</b>

The FY10 General Fund allocation for staff training represents <1% of total employee salaries.

*Are there any employees who are currently off due to workers comp. / disability that are still listed in the staffing plan. Do we expect any of them to not return to work?*

There are currently two employees that are unable to perform their job duties and are receiving workers compensation. These individuals are included in the staffing plan:

- One in the Fire Department is not working, return is uncertain.
- One in Police Department is working light duty, return is uncertain.

*The FD administration has a vacancy for chief, with the current staffing what position is open while Interim Chief Jackson is in his position?*

Under the current staffing arrangement, Jim Jackson is serving as Interim Fire Chief and Jeff Pindelski is serving as Interim Deputy Chief. Jeff's Battalion Chief position is temporarily open.

*Other General Fund expenses, #496 please explain what this is for*

The following items are budgeted in program 496 in the General Fund:

- \$136,572-Payment to District 58 based on an existing IGA related to the Ogden TIF.
- \$1,746-Payment to Darien Woodridge Fire Protection District for property taxes for a previous annexation

*FD Programs #731 please explain more of what this program is for, can some of this work be done by village staff?*

This program tracks the maintenance costs for all Fire Department facilities. The Village's Building Services Department is responsible for these facilities as well as all other Village facilities. There are 2 employees available on staff to do this type of work. The Building Services Manager reviews projects, scheduling and timing. Internal staff is assigned to projects, but if staff doesn't have the time or capability to do the work, outside firms may be used.

*Could staff comment on Gordon Goodman's email on cash balance?*

There is a difference between cash balance and fund balance. The Village's policy relates to cash balance, which at the end of 2010 is projected to be \$9,265,705 as shown on page 2-3 of the Proposed 2010 Budget.

The Village's policy is as follows:

General Operations Fund Cash Balance will be no less than 2 months of annual operating expenses, and not more than 4 months of annual operating expenses. Operating expenses are defined as the total amount of budgeted expenses used for regular operations less the amounts budgeted for

- Controlled assets (5700 type)
- Capital assets (5800 type)
- Pension expense specifically supported with a tax levy (Police and Fire)

2010 General Fund expenses are proposed at \$40,834,257. Subtracting out the 5700 accounts (\$120,696), 5800 accounts (\$10,000) and Police and Fire Pension (\$3,685,460) totals \$37,018,101. The projected cash balance at the end of 2010 is projected to be \$9,265,705 which is equal to three months of operating expenses. Staff does not recommend using additional reserves to address the structural gap in the General Fund.

*Please provide a list of additional General Fund expense reductions that the Council could consider.*

The list below indicates additional General Fund expense reductions which the Village Council could consider. :

- Eliminate the bike race\* - \$34,500
- Eliminate the Independence Day Parade and Fireworks - \$26,400
- Eliminate the Taxi Subsidy Program - \$90,000
- Implement a Cost Share Program for Parkway Tree Planting - \$50,000

\* Please note, if the Council elects to eliminate the bike race, the Village must notify bike race vendors by December 1, 2009.

*What is the financial impact of modifying the taxi program as follows:*

- 45% subsidy, keep the limit at 60 coupons per month
- 50% subsidy, keep the limit at 100 coupons per month
- 60% subsidy, keep the limit at 100 coupons per month
- 60% subsidy, limit of 60 coupons per month

It is difficult to determine the exact cost savings which would be realized through the institution of various taxi coupon purchasing or subsidy changes for two reasons. First, staff does not track the number of outstanding taxi coupons which residents may currently possess and which could be used at a future date due to a lack of an expiration date. Second, staff is unable to forecast how resident taxi coupon purchasing practices may change as a result of a reduced subsidy. However, staff has completed a preliminary analysis of the approximate cost savings the Village could realize as a result of various taxi subsidy program changes. This analysis is summarized in the table below:

<b>Change in Program FY10</b>	<b>Estimated Village Savings</b>
45% Subsidy, Limit \$60	\$ 55,000
50% Subsidy, Limit \$60	\$ 50,000
60% Subsidy, Limit \$60	\$ 40,000
50% Subsidy, Limit \$100	\$ 30,000
60% Subsidy, Limit \$100	\$ 20,000

*Please provide an estimate of the net \$ effect of eliminating PSRT coverage on Sundays.*

Staff estimates that eliminating PSRT coverage on Sundays would result in a net savings of \$8,000 for the Village. Approximately \$10,000 would be deleted from the budget with the elimination of Sunday PSRT coverage. This would be offset by overtime costs for off-duty PW employees for calls deemed to be an emergency. Staff estimates overtime costs for emergencies at approximately \$2,000 per year.

*Can we provide one or two persons to do basic emergency maintenance and contract out for other fleet maintenance services? For example, do we need to do our own vehicle prep? Include overhead allocations – not just direct labor.*

Staff is always investigating new and different methods for reducing the cost of maintaining the Village fleet. Recently staff has analyzed the Village's fleet and implemented several operating efficiencies which have resulted in substantial cost savings. During this analysis staff compared the Village's fully loaded labor cost to a retail repair station. The Village's fully loaded cost per hour is \$80 compared to a \$100 per hour cost of a private sector vehicle repair station. This cost analysis of the retail repair station did not consider the cost of moving vehicles around to various facilities for repair and maintenance.

Staff could investigate this option further if directed by Council as part of the Village's Strategic Plan.

*Should staff consider taking a one time transfer from General Fund to the Transportation Fund in the amount of \$2M to eliminate carry forward operating debt from previous years*

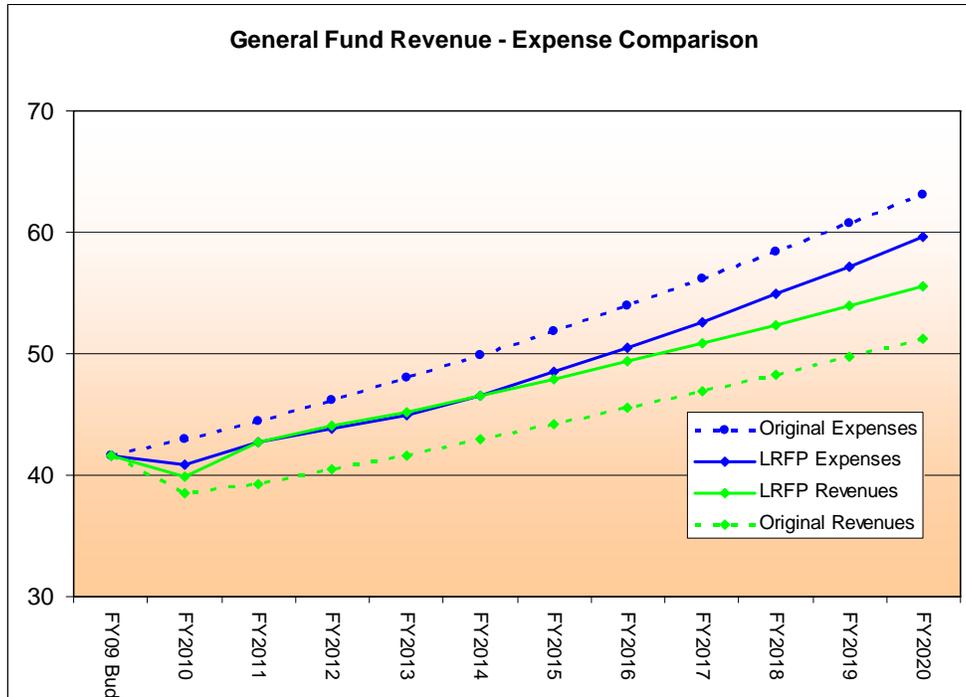
Staff is going to research this issue with the Village's Financial Advisor to determine if there will be an effect on the Village's bond rating by making this transfer.

*Could/Should we consider taking a \$1.5M transfer from the General Fund to the 562 Risk Management Fund?*

Staff will analyze the Village's Risk Management Fund as part of the Strategic Plan in 2010 and will seek out various cost effective measures in an effort to address the comments made by the Village's auditor.

*Please provide the 2010 – 2020 estimated General Fund Revenue and Expense Curve*

The chart below compares the projected General Fund revenues and expenses for a period from FY09 to FY20. The dotted lines indicate the forecasted revenues / expenses if no changes are made in the Village's current business model. The solid lines indicate the projected revenues / expenses if staff's proposed long range financial planning recommendations are implemented.



*General Fund; what are the “Other Local Taxes”?*  
 This line item is for Automobile Rental Tax.

*General Fund; what are the “State Shared Local Taxes”?* (\$620,000-2009 estimate)  
 State Shared Local Taxes are those taxes that are collected by the state and “shared” with units of local government (For example, motor fuel taxes, income taxes, replacement taxes, and sales and use taxes). These taxes are reported on returns that are filed with the state for the particular type of tax, and the local government’s portion is remitted to them by the state.

Use tax is a type of sales tax designed to distribute the tax burden fairly among Illinois consumers and to assure fair competition between Illinois and out-of-state businesses. Illinois law requires you to pay tax at the Illinois rate when you buy an item from another state or country to use in Illinois. If you pay less than the Illinois rate to another state, you must pay Illinois the difference. If you purchase an item from another country, you must pay Illinois the full use tax rate.

*General Fund; what are the “Administrative Fees”?*  
 This line item is for Administrative Towing Fees. The Village Code provides for seizure and impoundment of vehicles upon commission of certain offenses. The fine under this ordinance is \$500.

*General Fund; what are the “Other Fees, Charges and Fines”?...why the \$800k reduction in the 2010 budget?*  
 The revenues in this line item include many miscellaneous items including public hearing fees, alarm board fees, false alarm services, animal traps, taxi coupons, sale of seized property, and recovered costs (pass-throughs).

The following are the major decreases in this revenue category from 2009 to 2010:  
 In 2009 the Village took \$517,000 into income for old unclaimed construction bonds.  
 In addition, 2009 reflects \$131,000 that relates to Primeco. Under the Primeco settlement, the funds received by the Village had to be spent on unbudgeted items. The accounting for these transactions shows an unbudgeted expense in the General Fund with offsetting unbudgeted revenue in the General Fund. The 2009 budget contains \$39,000 in revenues for Counseling and Social Services. This program was eliminated in the proposed FY10 budget.

*General Fund; what are the "Other Financial Resources"?...why the elimination in the 2010 budget?*

This line item is for transfers from other funds. 2009 includes a transfer from the Municipal Buildings Fund for interest earned on Fire Station 2 proceeds in the amount of \$355,000. The remaining amount is for sales tax rebates from Luxury Motors that will not be paid.

*General Fund; what is the line 59 "Other Financial Resources"? (\$200,000 in 2010)*

This line item is for transfers to other funds. In 2010 the \$200,000 transfer is to the Risk Fund.

*What is the anticipated use of the 998 account? Why was this number zero in 2009 but substantial in both 2007 and 2008?*

This item is for a transfer to the Village's Risk Fund. This transfer was made from the Water Fund in 2009.

*Please describe the positions, responsibilities and duties of the "Assistant Finance Director" and "Budget Officer".*

The Assistant Finance Director manages all the Accounting functions in the department including Financial Statement Preparation, Payroll, Water Billing, Accounts Receivable and Payable, Cash Receipts, Account Reconciliation, Fixed Assets, Debt and Cashiering. This position also manages the preparation of the CAFR and all client prepared audit work papers and assists in the preparation of the Budget and Long Range Financial Plan.

The Budget Officer manages the Purchasing and Grant functions. The primary duty is to monitor the Village's budget including reviewing all expenditures, researching and implementing operating efficiencies, and leading the innovation team. The Budget Officer assists in the preparation of the Budget and Long Range Financial Plan and handles the Treasury functions of the department including banking, cash management and investing.

*Please provide a comparison of the 2010 Village contributions for pensions, social security and medicare for IMRF employees, Police Officers and Fire Fighters*

The table below compares the 2010 Village Contribution for pensions, social security and medicare for Police, Fire and IMRF employee types.

<b>Village Contribution 2010</b>	<b>% IMRF*</b>	<b>% Social Security</b>	<b>% Pension</b>	<b>% Medicare</b>	<b>Total %</b>
<b>IMRF Employees</b>	10.30%	6.20%		1.45%	<b>17.95%</b>
<b>Police</b>			25.07%	1.45%	<b>26.52%</b>
<b>Fire</b>			30.86%	1.45%	<b>32.31%</b>

\*IMRF: 13.04% net of 2.74% paid for Early Retirement Incentive

*Can you provide 2007, 2008, 2009 YTD total operating (non-capital) costs and total payroll hours?*

This information is provided below:

	<b>2007</b>	<b>2008</b>	<b>YTD 10/30/2009</b>
General Fund Personnel Operating Expenses	29,777,237	30,493,054	24,350,451
General Fund Operating Expenses (non-capital)	10,694,266	11,167,229	7,464,087
Payroll Hours All Funds	883,550	855,327	665,375

*Can volunteerism be used as a viable resource by the Village?*

Yes. Volunteers are currently being utilized in various capacities throughout the Village. There may be potential for the Village to expand the utilization of volunteers in certain areas in the future and staff will continually evaluate this opportunity. While volunteers may be a potential resource for the Village, staff is concerned with the difficulty in recruiting, monitoring and ensuring the accountability of volunteer workers. These administrative challenges should be considered when deciding when and how to expand the Village's use of volunteers.