

## COUNCIL WORKSHOP ITEM

**ITEM:** Fiscal 2003-04 Revenue Discussion  
**DATE:** November 21, 2002  
**PREPARED BY:** David Van Vooren – Deputy Village Manager - Administration  
**PURPOSE:** Revenue Information

### DISCUSSION:

In preparation of the 03-04 fiscal budget, the Budget Team has prepared information regarding the current trends for the Village's major revenue sources. I would like to, however, review a couple of items that were discussed at the November 12 Workshop as part of the tax levy presentation.

First, the Budget Team estimate for revenues in fiscal 02-03 are as follows:

**TABLE I**

<b>Revenue Categories</b>	<b>FY 02-03 Amended</b>	<b>FY 02-03 Estimate</b>	<b>Variance</b>
Local Taxes Property	5,055.1	5,080.0	24.9
Local Taxes –Non-property	18,348.8	16,657.5	-1,691.4
Licenses & Permits	1,546.0	2,284.5	738.5
Intergov. Revenues	4,925.2	4,349.8	-575.4
Sales	21.3	31.0	9.7
Charges for Services	1,949.5	1,871.8	-77.7
Fines & Forfeitures	917.5	582.0	-335.5
Interest & Claims	170.0	206.7	36.7
Misc. Income	110.0	27.0	-83.0
Other Financial Services	1,174.8	1,174.8	0
<b>Total</b>	<b>34,218.2</b>	<b>32,264.0</b>	<b>-1,953.2</b>

As this table indicates, the Budget Team is expecting that revenues will come in under the amended budget by \$1,950,000. This shortfall will result in a comparable reduction in the General Fund's fund balance which as of 10/31/02 was down from last year approximately \$2,340,000 and should move toward \$1,950,000. We are still working on the expense side of the General Fund but with the budget amendment processed we expect only a slight decrease in additional spending of \$250,000 - \$300,000. This will result in a net decrease of cash by approximately \$1,700,000.

Budget Team will need to reinstate into the 03-04 budget (to maintain existing programs) at their reduced levels the following items:

**TABLE II**

Employee Salary & Benefit Increase	\$1,250,000
Union & Non-Union	
Vehicle Replacement	\$ 700,000
CAD Maintenance & Deferred Compensation	\$ 475,000
Re-funding Darien-Woodridge FPD	\$ 80,000
Planning for Municipal Facilities	\$ 125,000
Village share of COP Grant	\$ 100,000
Total	\$ 2,730,000

When the reinstated expenses are included with the revenue shortfall the fiscal 03-04 budget will start with a deficit of a little less than \$4,500,000.

The Budget Team and the Directors over the past 18 months have worked hard maintaining their respective services while reducing expenses on non-essential items. A good example of that was the deferring of vehicle replacement this year, but this reduction cannot continue without impacting services. We have evaluated services and how we deliver them and feel uncomfortable in saying this but either the Village further reduce services received by our residents or increase revenues to balance the budget. This concern is further heightened by the continued poor performance of the Capital Improvements budget reflecting the decline in the telecommunication tax receipts.

The Board has at its disposal several revenue alternatives which could be used in combination to assist the Budget Team in presenting a balanced budget. The revenues are as follows:

**TABLE III**

Property Taxes	\$ 205,000
Telecommunication Tax to 6%	\$ 1,475,000
Electric Tax to 5%	\$ 1,417,000
Natural Gas Tax to 5%	\$ 243,000
Home Rule Sales Tax @ .25%	\$ 1,880,000
Gasoline Tax	\$ 200,000
Total	\$ 5,420,000

The revenues which have been discussed or used by the Board in the past listed in Table III could assist in offsetting the shortfall. However, the Village has other additional sources available to them which are as follows:

Utility Tax on Sale of Water – 5% Max	\$ 300,000
Stormwater Utility Fee	\$ 600,000 - \$1,000,000
Food & Beverage Tax @ 1%	\$ 500,000
Vehicle Sticker @ \$15	\$ 500,000

Real Estate Transfer Tax by Referendum \$2.50/\$1000  
For \$200,000,000 of Sales \$ 500,000

As you can see, the Village has a tremendous amount of flexibility in the area of revenue that can be used to assist in delivering services in fiscal year 03-04.

The Budget Team will be presenting to the Council at Tuesday's Workshop our initial projections for the General Funds revenues in 03-04. Said estimate would then give us a baseline for offsetting Village expenses currently projected at approximately \$37,000,000 if we include all items listed in Table II. We realize that the 03-04 budget will require all of us to re-evaluate all services to determine those that are truly sought by the residents of the Village. We also need an early indication from the Board as to any further assistance that can be anticipated through revenue enhancements.

As always, if you have any questions, please do not hesitate to contact any member of the Budget Team.

