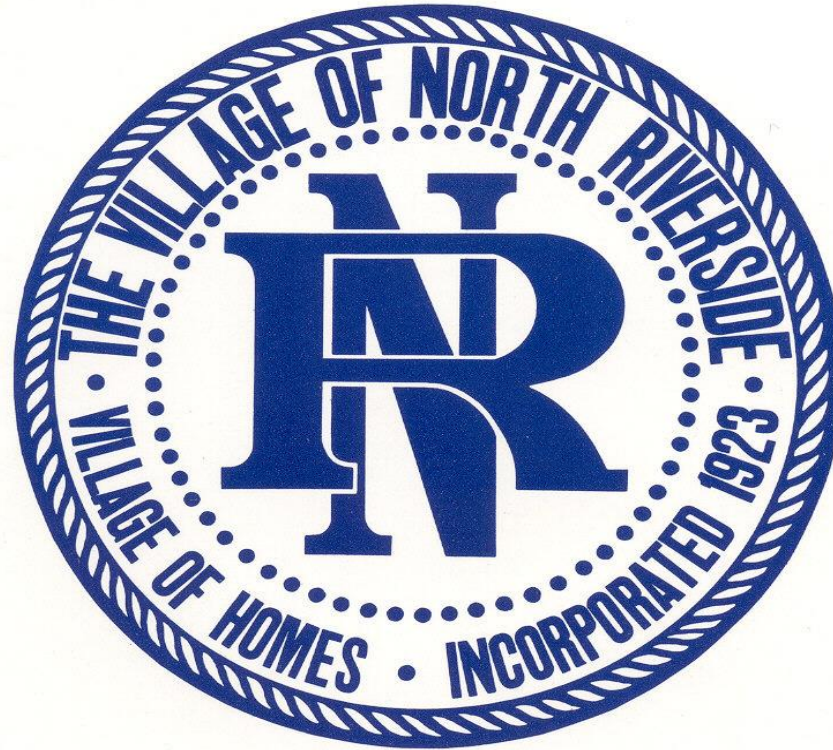
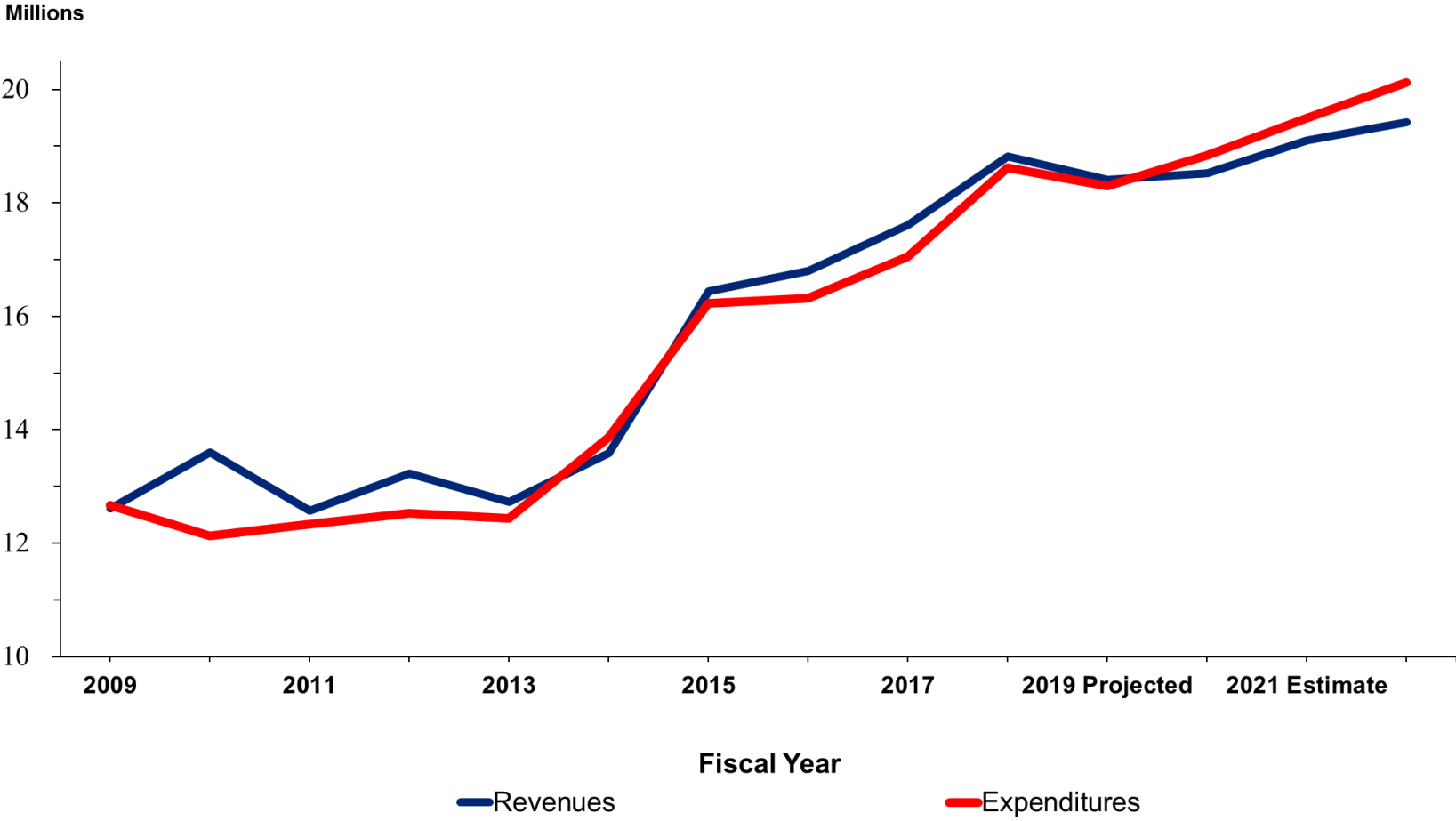


Village of North Riverside



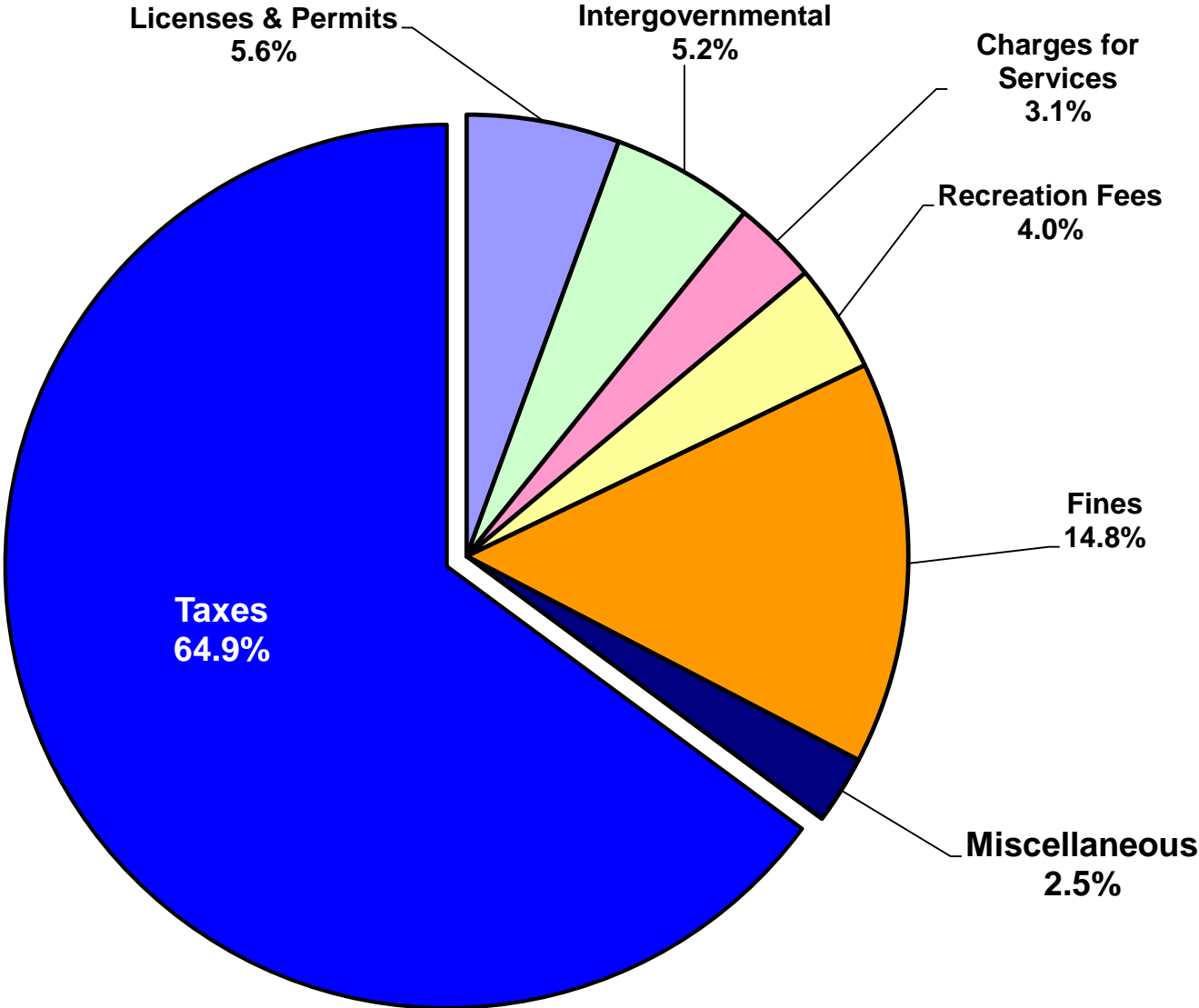
Proposed Operating Budget
Fiscal Year 2019 – 2020

Operating Revenues vs. Expenses General Fund



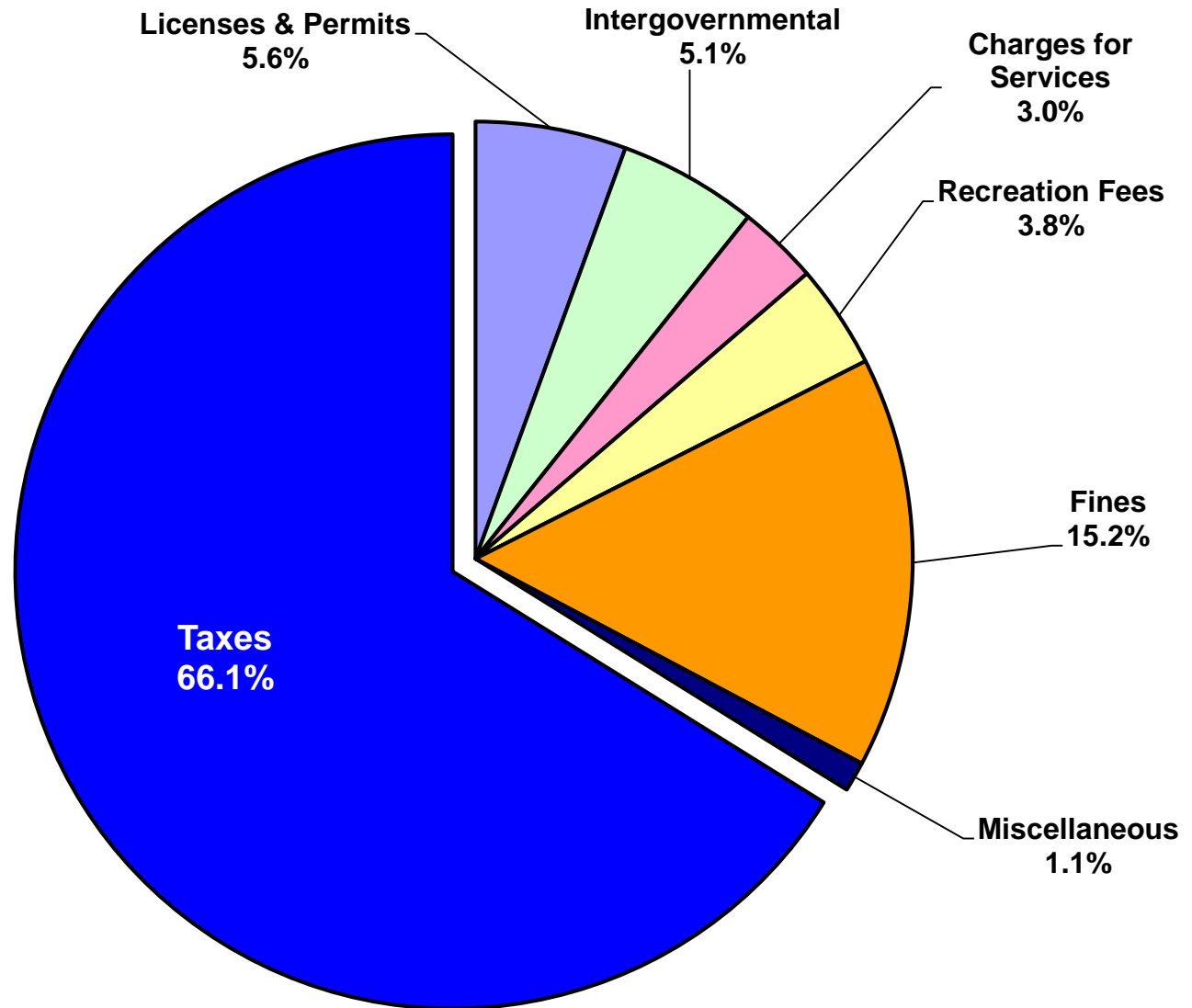
General Operating Revenues

FY19 Projection



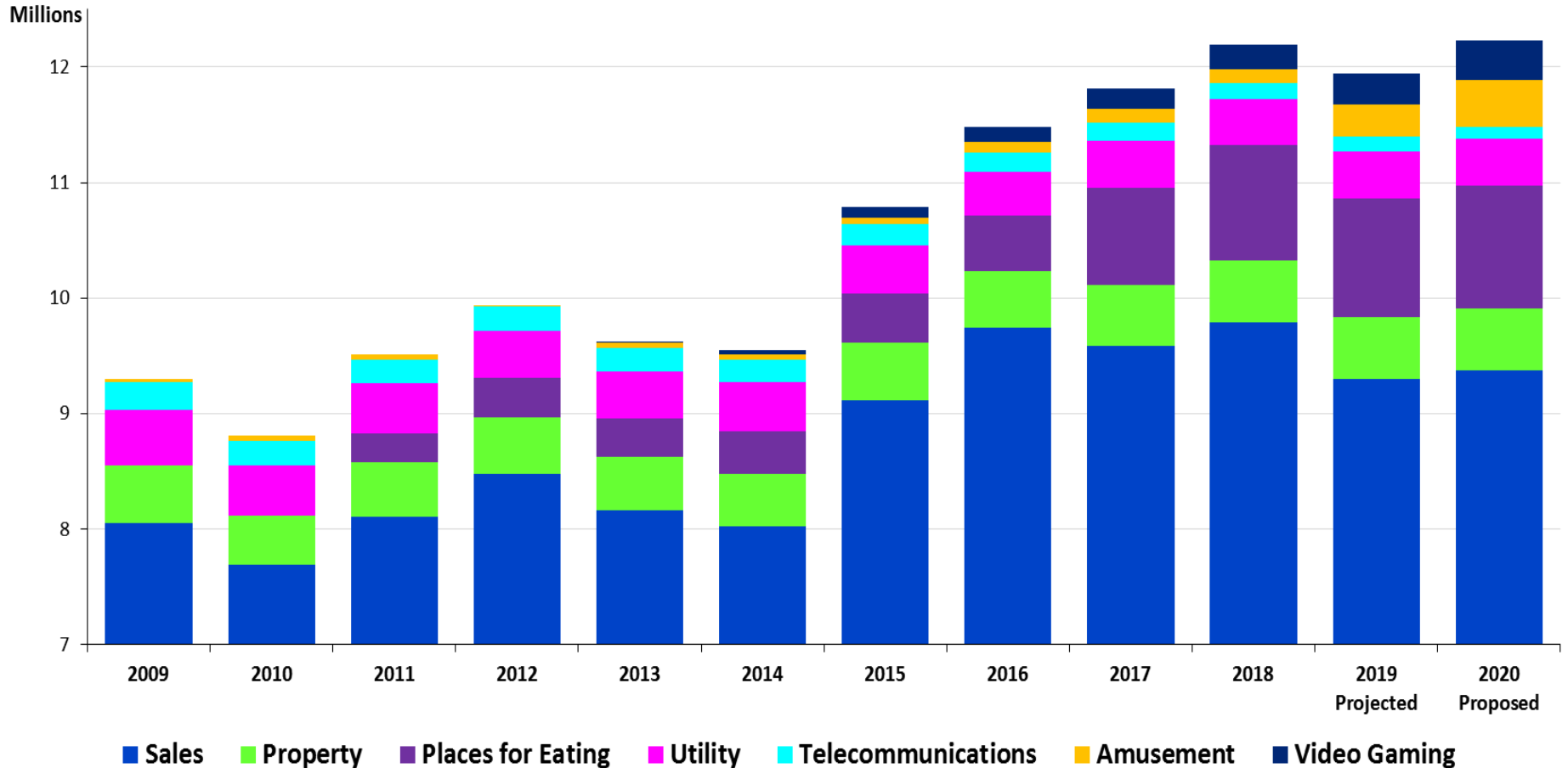
General Operating Revenues

FY20 Proposed Budget



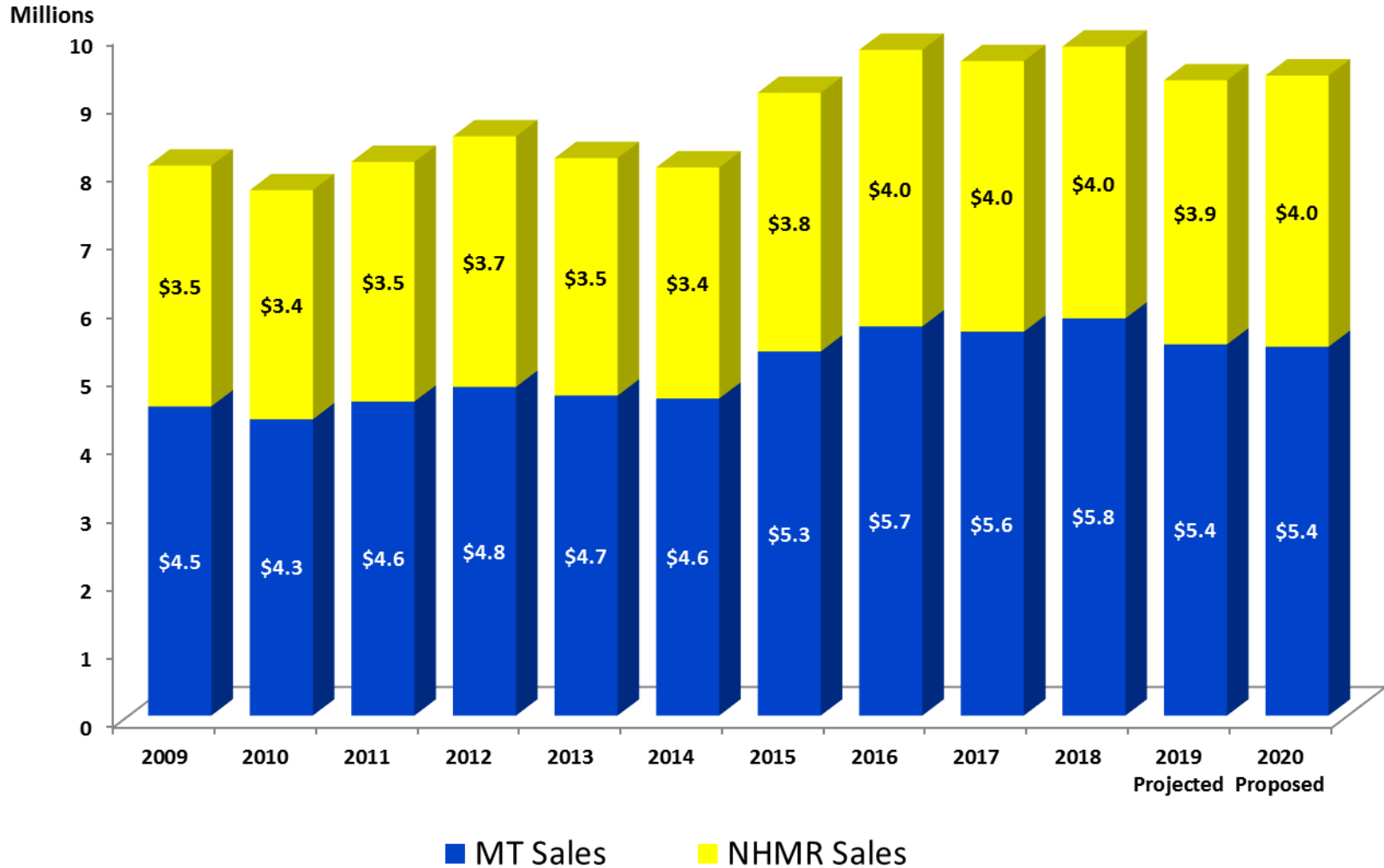
Breakdown of Taxes

General Fund

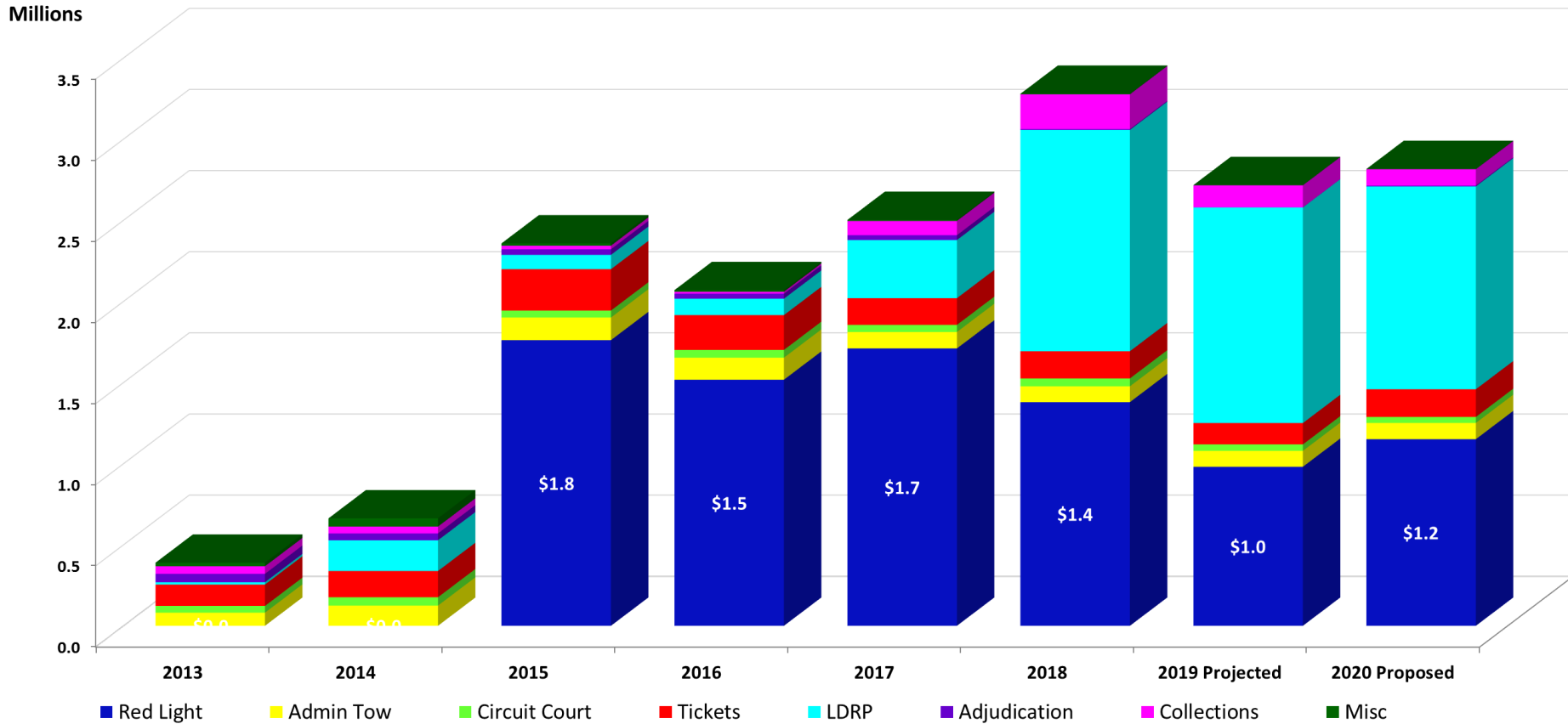


Sales Tax Revenue

10 Year History

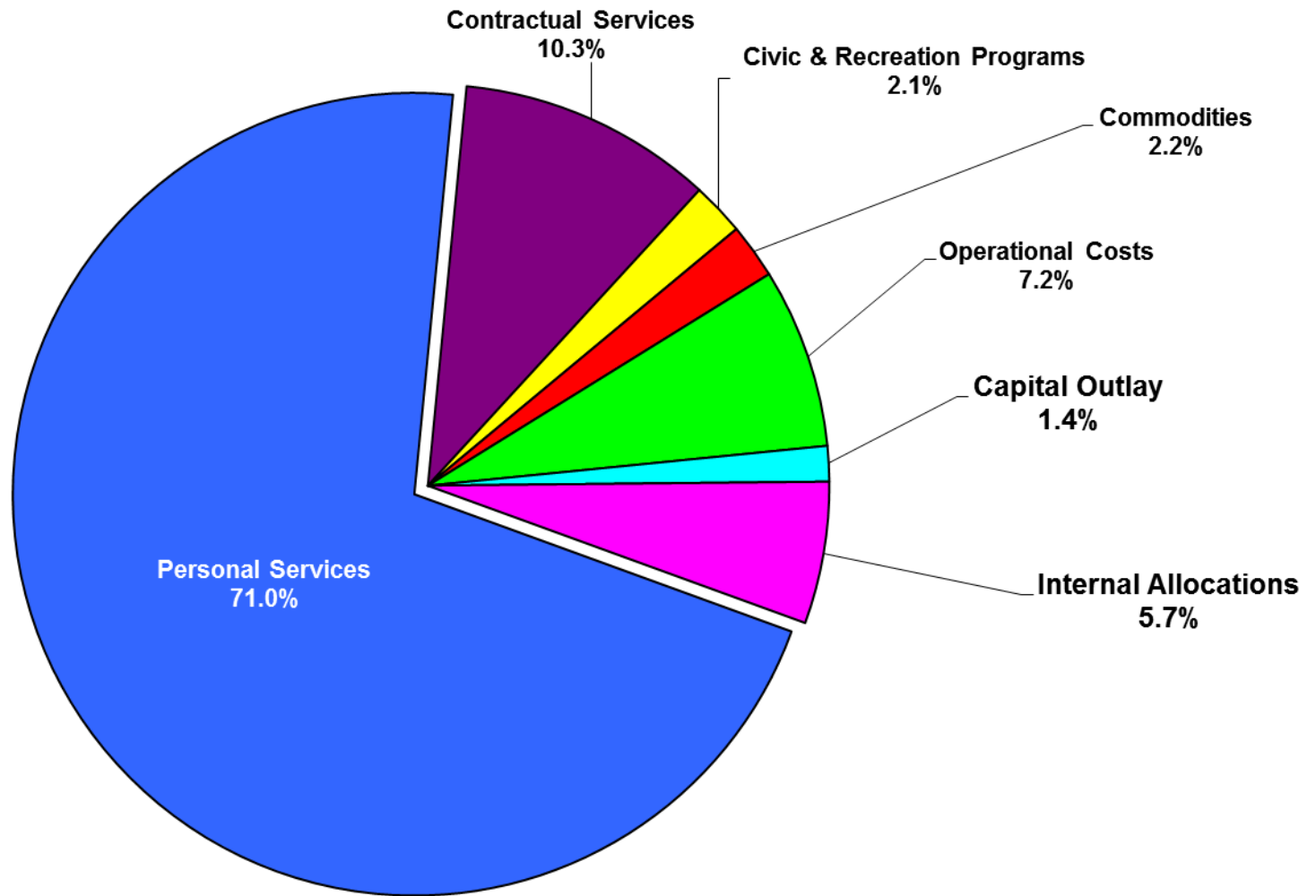


Breakdown of Fines General Fund



General Operating Expenses by Class

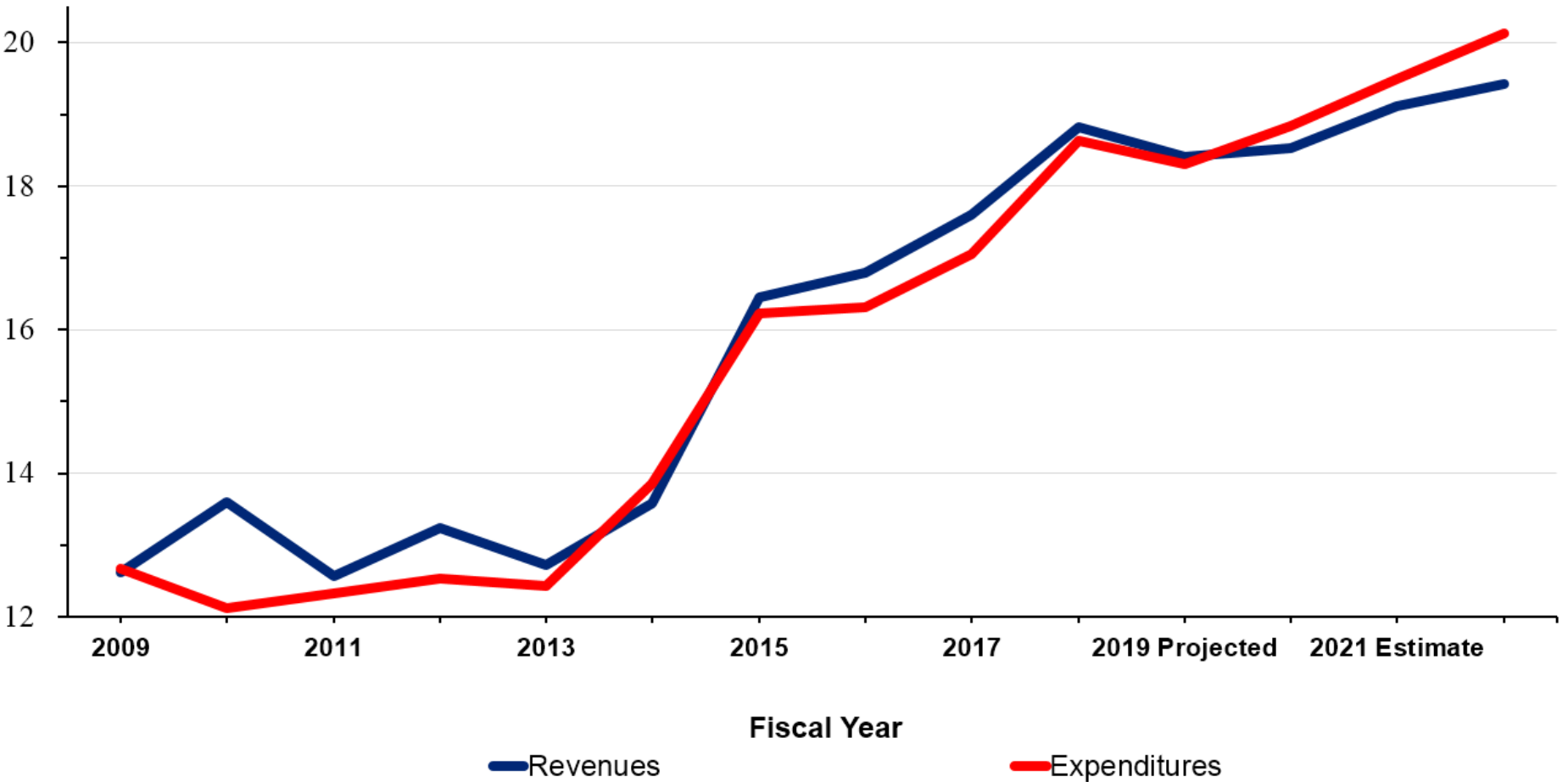
FY20 Proposed Budget



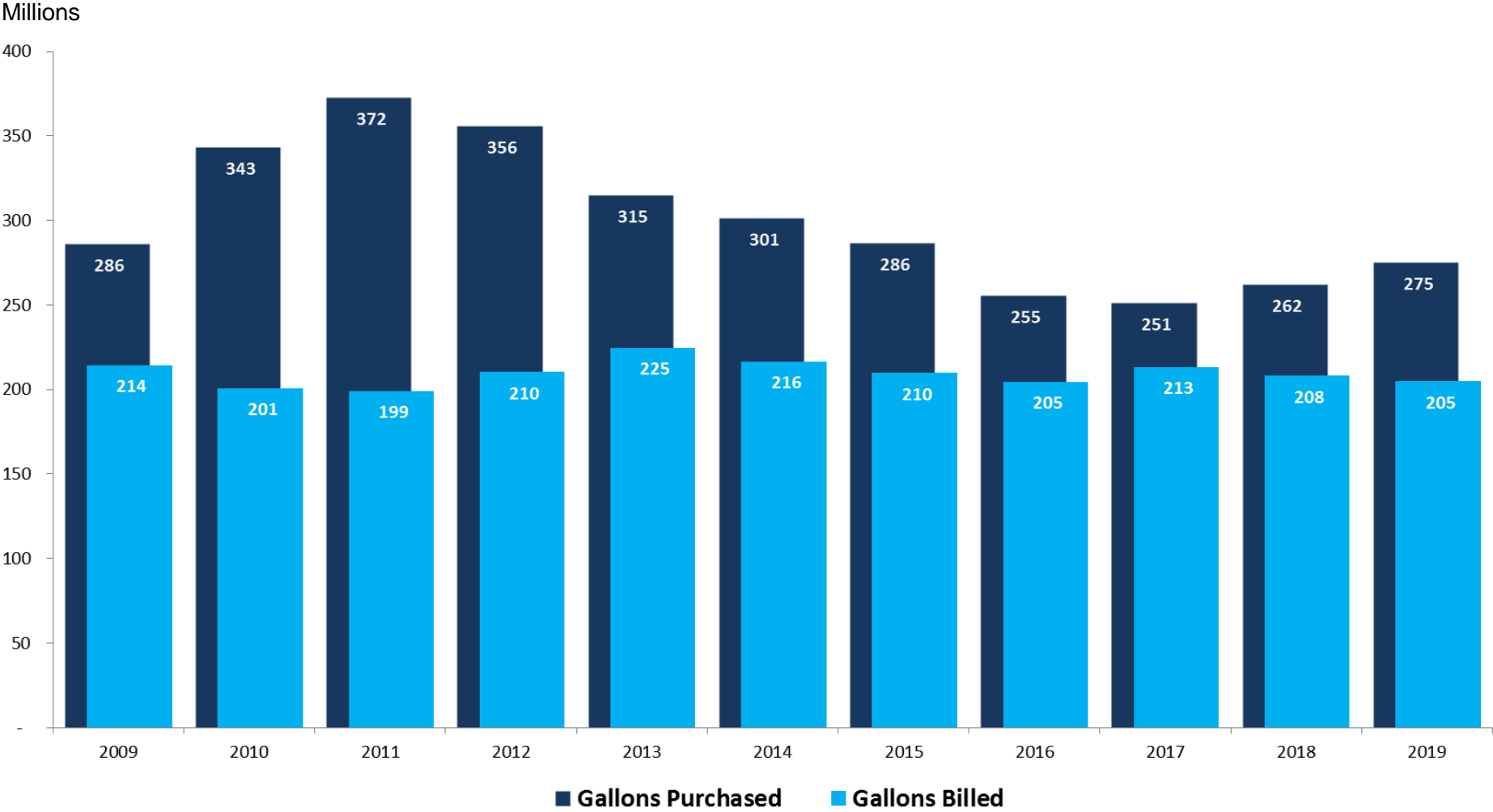
Operating Revenues vs. Expenses

Water Fund

Millions



Gallons Water Purchased vs. Billed Water Fund



FY19 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**

FY19 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

FY19 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

FY19 Revenue Trends

- **Recreation program revenues remain consistent**
 - Program revenues remain flat over 2017 but still operating at strong levels
 - 4th 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

2019-20 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

FY20 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)

FY20 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

FY20 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

FY20 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

FY20 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

FY20 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

- Annual increases - lower of CPI or 5%

- 2018 CPI inflation rate - 0.82%

- \$.03 increase June 1, 2019 (\$3.97 per 1,000 gallons)

- BNRWC water rate

- \$.05 increase June 1, 2019 (\$5.37 per 1,000 gallons)

- No recommended NR water rate increase

- \$13.60 per 1,000 gallons – residential

- \$19.30 per 1,000 gallons – commercial

FY20 Expenditure Assumptions

- **Wage assumptions**

- 2.50% Non-Union (effective 5/1/19)
- 2.50% Union Police (effective 5/1/19)
- 0.00% Union Fire (contract expired 4/30/14)

FY20 Expenditure Assumptions

- **MICA Insurance Pool**

- Self insured workers' comp & general liability coverage
- Policy year May 1st to April 30th
- Premium based on 4 year claim history & risk exposure
- 2019-2020 Premium \$447,376
 - 3rd premium reduction in past 5 years
 - FY16 - 45% increase (\$170,841)
 - FY17 - 10% increase (\$60,000)
 - FY18 - 2.8% reduction (\$17,143)
 - FY19 - 10.2% reduction (\$60,800)
 - FY20 - 16.5% reduction (\$88,600)

- **IPBC Pool**

- Self insured health & life insurance coverage
- Policy year July 1st to June 30th
- Overall IPBC renewal - slight decrease over prior year
 - PPO (-1.4%), HMO (-.1%), Dental (5.9%)

FY20 Expenditure Assumptions

- **Contract services**

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

- **IDOR Collection Fees**

- Remains 1.5% of local tax collections (\$70,000 annually)

- **Motor Fuel Tax Fund**

- Current Year MFT Project (\$170,000)
- Prior Year MFT Projects
 - Carryover \$30,000 from 2018 MFT Project

FY20 Expenditure Assumptions

- **Debt Service**

- 2011 Debt Certificates, Series A

- \$1.05 Million Water Meter Replacement Program

- **Retire December 1, 2026**

- Interest \$27,000 annually

- Principal \$85,000-\$110,000

- Accounted in Water Fund

- 2013 Debt Certificates

- \$6.8 Million Economic Development Incentive

- **Retire December 1, 2032**

- Interest \$200,000 annually

- Principal \$305,000 - \$485,000

- Accounted in Debt Service Fund

FY20 Expenditure Assumptions

- **Debt Service**

- 2016 GO Alternate Revenue Bonds

- \$2.8 Million Street Repaving Project

- **Retire October 1, 2031**

- Interest \$81,000 annually

- Principal \$160,000 - \$235,000

- Accounted in Debt Service Fund

- 2017 Installment Note

- 2016 Fire Ladder Truck

- **Retire August 10, 2026**

- Interest \$24,000 annually

- Principal \$108,000 - \$127,000

- Accounted in Capital Projects Fund

FY20 Expenditure Assumptions

- **Pension Funding**

- Fire Pension Fund (as of 4/30/18)
 - **\$1,260,061 ARC (\$59,480 increase from prior year)**
 - **\$1,109,726 Statutory Minimum Funding (PUC)**
 - **38.2% funded; 39.3% Funded PUC**
- Police Pension Fund (as of 4/30/18)
 - **\$1,777,288 ARC (\$152,553 increase from prior year)**
 - **\$1,505,879 Statutory Minimum Funding (PUC)**
 - **43.4% Funded; 44.8% Funded PUC**
- IMRF (as of 12/31/18)
 - 11.45% of payroll for 2019
 - 11.71% of payroll for 2020 (preliminary rate)
 - Final rate will not be available until November, 2019
 - **85% funded**

Required Pension Contributions

