

PROPOSED BUDGET FISCAL YEAR-END DECEMBER 31, 2016



Efficiency Through Technology

FY2016.5 PROPOSED BUDGET

- ❑ A "Target Level" expenditure base was established for all departments six-months' worth of operations (July 1, 2016 - December 31, 2016).
- ❑ "Target Level" is defined as the amount necessary to provide the same or lesser level of service as last year, with no new programs, staff or one-time capital outlays.

FY2016.5 PROPOSED BUDGET

- ❑ Department heads made additional requests during review meetings with the City Manager and Finance Director.
- ❑ If expanded service levels or programs were approved by the City Manager, those services and programs were added to the Target Level budget.

FY2016.5 PROPOSED BUDGET

- ❑ The City of DeKalb's 2025 Strategic Plan has been incorporated in the FY2016.5 Budget.
- ❑ Goals from the Strategic Plan have been aligned with budgeted dollars.

FY2016.5 PROPOSED BUDGET

- ❑ The FY2016.5 budget was prepared with technology in mind to create efficiencies throughout current City operations.
- ❑ Revenues for the General Fund and the Water Fund were estimated.
- ❑ Several estimates were cut in half for this six-month budget.



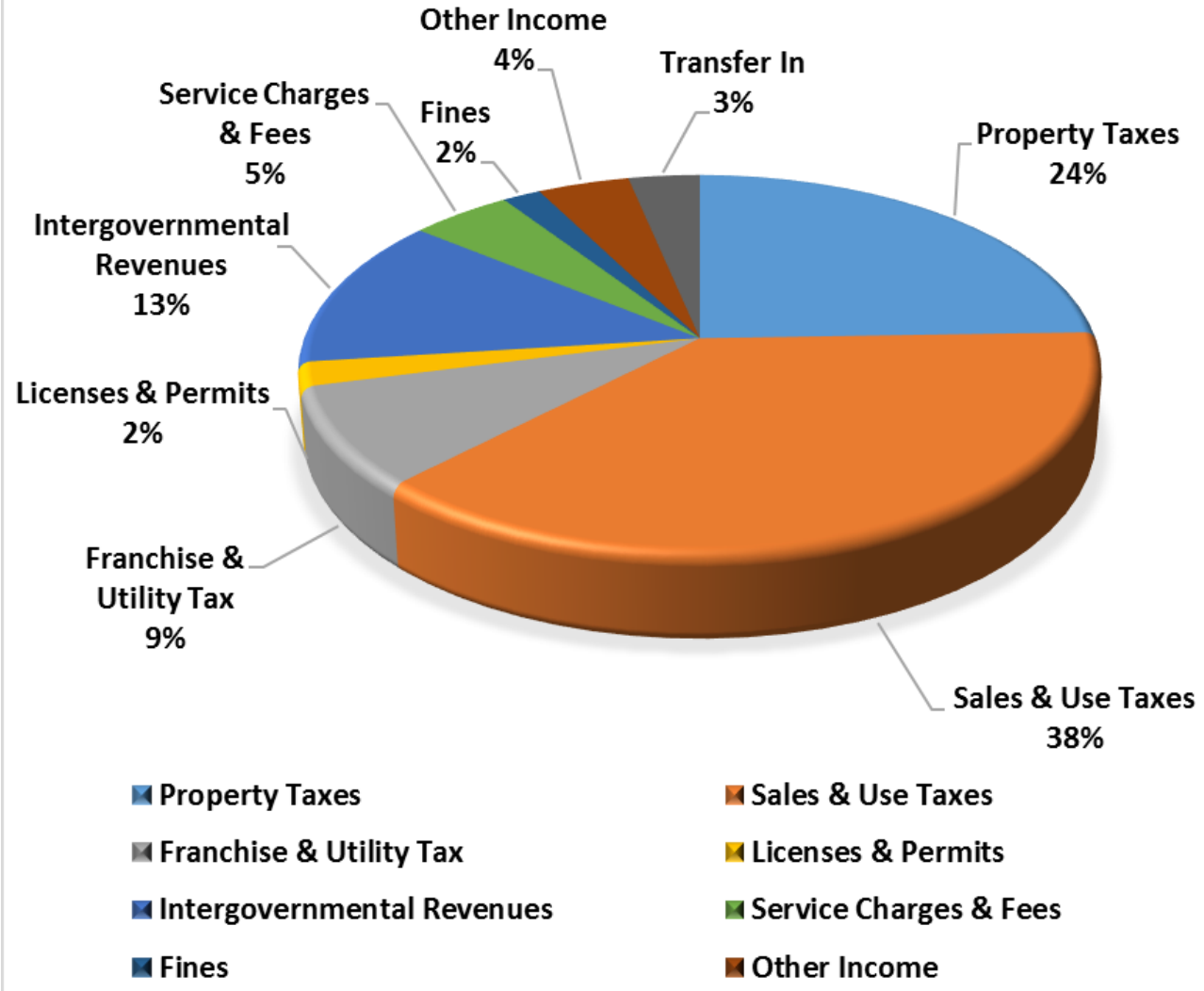
GENERAL FUND

- ❑ Accounts for the general operations of the unit of government.
- ❑ This includes administration, community and economic development, finance, human resources, IT, police, fire, and public works.

FY2016.5 REVENUE ASSUMPTIONS

- ❑ General Fund actual revenues are trending in slightly under budgeted parameters by \$391,491.
- ❑ In total this is 1.11% of total General Fund Revenues.

GENERAL FUND SUMMARY REVENUES



FY2016.5 REVENUE ASSUMPTIONS

- ❑ Property tax revenue is shown in full since all these dollars will be collected prior to December 31, 2016.
- ❑ The Police and Fire Departments in the General Fund are also showing 100% of the tax levy going to the pension funds being expensed by December 31, 2016.

FY2016.5 REVENUE ASSUMPTIONS

FY2016.5 PROPERTY TAX ANALYSIS

REVENUES - Police and Fire Pension Levies

CORPORATE	\$824,107	
POLICE PENSION	\$1,636,914	_____
FIRE PENSION	\$2,177,856	<u>\$4,638,877</u>

EXPENDITURES - Police and Fire Pension Levies

POLICE PENSION	\$2,103,836	_____
FIRE PENSION	\$2,535,041	<u>\$4,638,877</u>

FY2016.5 REVENUE ASSUMPTIONS

FY2016.5 PROPERTY TAX ANALYSIS

REVENUES - Social Security and IMRF Levies

IMRF	\$251,035	_____
FICA	\$204,818	<u><u>\$455,853</u></u>

EXPENDITURES - Social Security and IMRF Levies

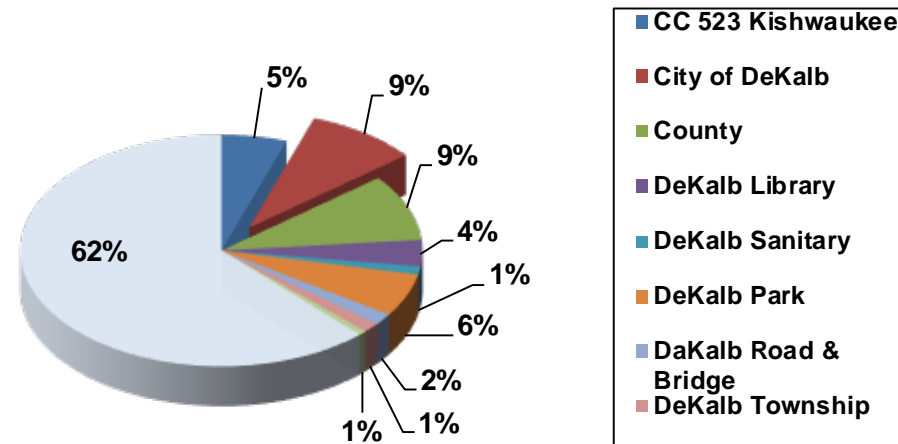
IMRF	\$424,750	_____
FICA	\$310,773	<u><u>\$735,523</u></u>

		<u><u>(\$279,670)</u></u>

FY2016.5 REVENUE ASSUMPTIONS

AGENCY	RATE	AGENCY	RATE
CC 523 Kishwaukee	0.69723	DeKalb Park	0.79595
City of DeKalb	1.19420	DaKalb Road & Bridge	0.21330
County	1.23640	DeKalb Township	0.18199
DeKalb Library	0.49107	Forest Preserve	0.08530
DeKalb Sanitary	0.15044	School District 428	8.24998
		TOTAL TAX RATE	13.29586

2015 TAX BILL ALLOCATION



FY2016.5 REVENUE ASSUMPTIONS

- ❑ Sales tax revenue again has been held constant although 52% - 54% is shown in the first six-months because of December Christmas sales revenue.
- ❑ Used IML projections for Local Use tax revenue $\$23.50/\text{capita} = \$1,034,705 \times 52\% = \$538,050$.

FY2016.5 REVENUE ASSUMPTIONS

- ❑ Telecommunication revenue continues to drop due to cellular bundles and more efficient plans which lower tax collected.
- ❑ Gas & Electric Utility tax will vary depending on a hot summer or a cold winter.

FY2016.5 REVENUE ASSUMPTIONS

- ❑ Used IML projections for Income Tax revenue $\$102.00/\text{capita} = \$4,491,060 \times 50\% = \$2,245,530$.
- ❑ Continued the transfer in from Water (\$271,100) for the EPI study recommendation of Payment in Lieu of Taxes (PILOT).

FY2016.5 REVENUE ASSUMPTIONS

- ❑ Beginning in FY16 the annual transfer from the two TIF funds will be reduced based on the number of years remaining.
- ❑ The next chart shows the affect this will have on General Fund revenues.

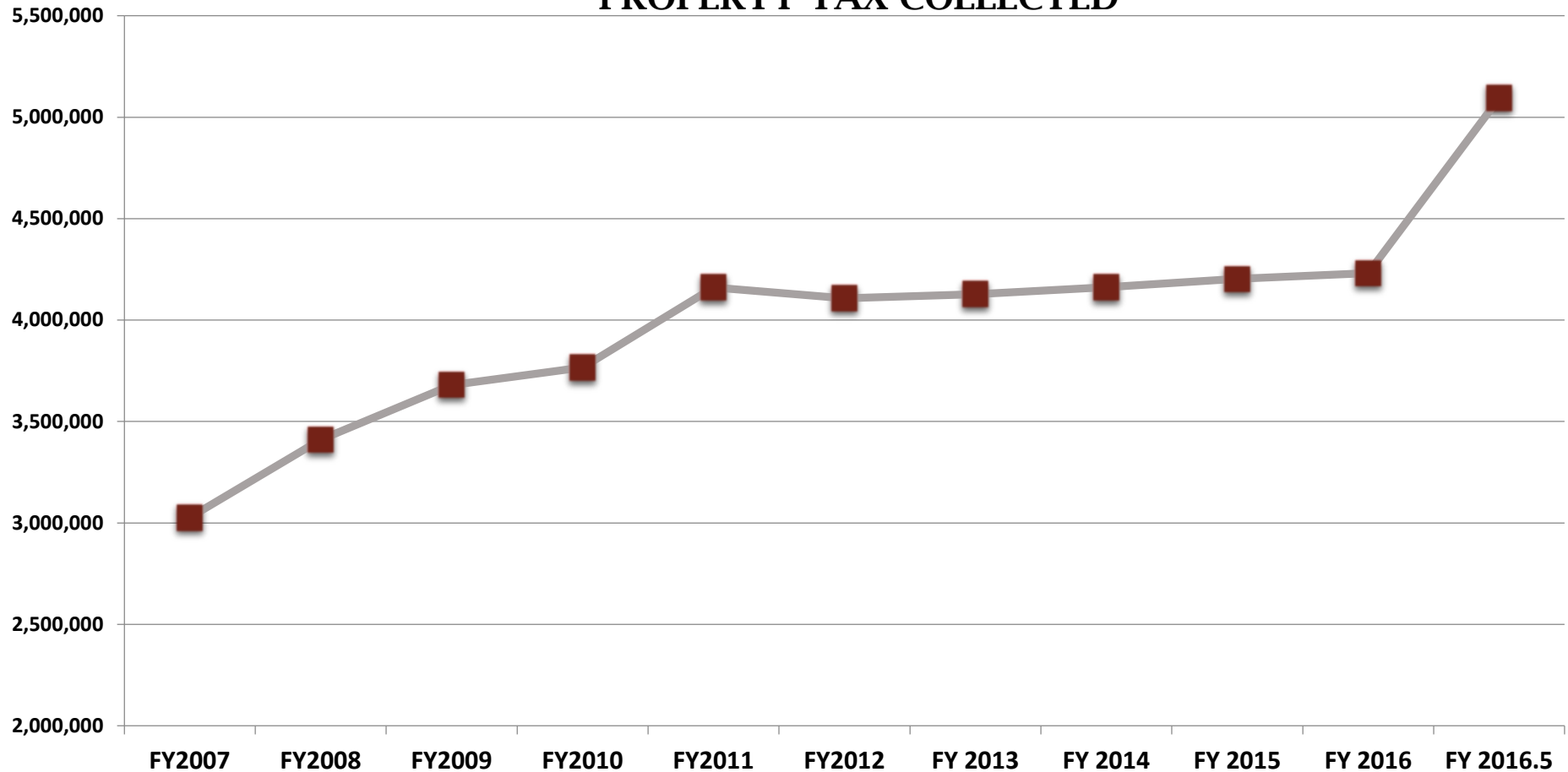
FY2016.5 REVENUE ASSUMPTIONS

TIF impact on the General Fund									
	FY 16	FY16.5	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	
Transfer to GF TIF #1	\$678,576	\$282,740	\$565,480	\$560,520	\$560,520	\$560,520	\$560,520	\$560,520	\$0
Transfer to GF TIF #2	\$113,198	\$47,877	\$95,754	\$95,754	\$0	\$0	\$0	\$0	\$0
TIF Property Tax Surplus	\$190,221	\$185,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$0
TIF Sales Tax Surplus	\$350,000	\$339,915	\$320,000	\$305,000	\$290,000	\$275,000	\$260,000	\$260,000	\$0
Pick-up in Property Tax					\$95,754	\$95,754	\$95,754	\$95,754	\$656,274
Revenue to the General Fund	\$1,331,995	\$855,532	\$1,161,234	\$1,141,274	\$1,126,274	\$1,111,274	\$1,096,274	\$1,096,274	\$656,274

This chart assumes the City Council will increase the Property Tax levy dollar request at the end of each of the TIFs to capture the new growth brought on by the closing.

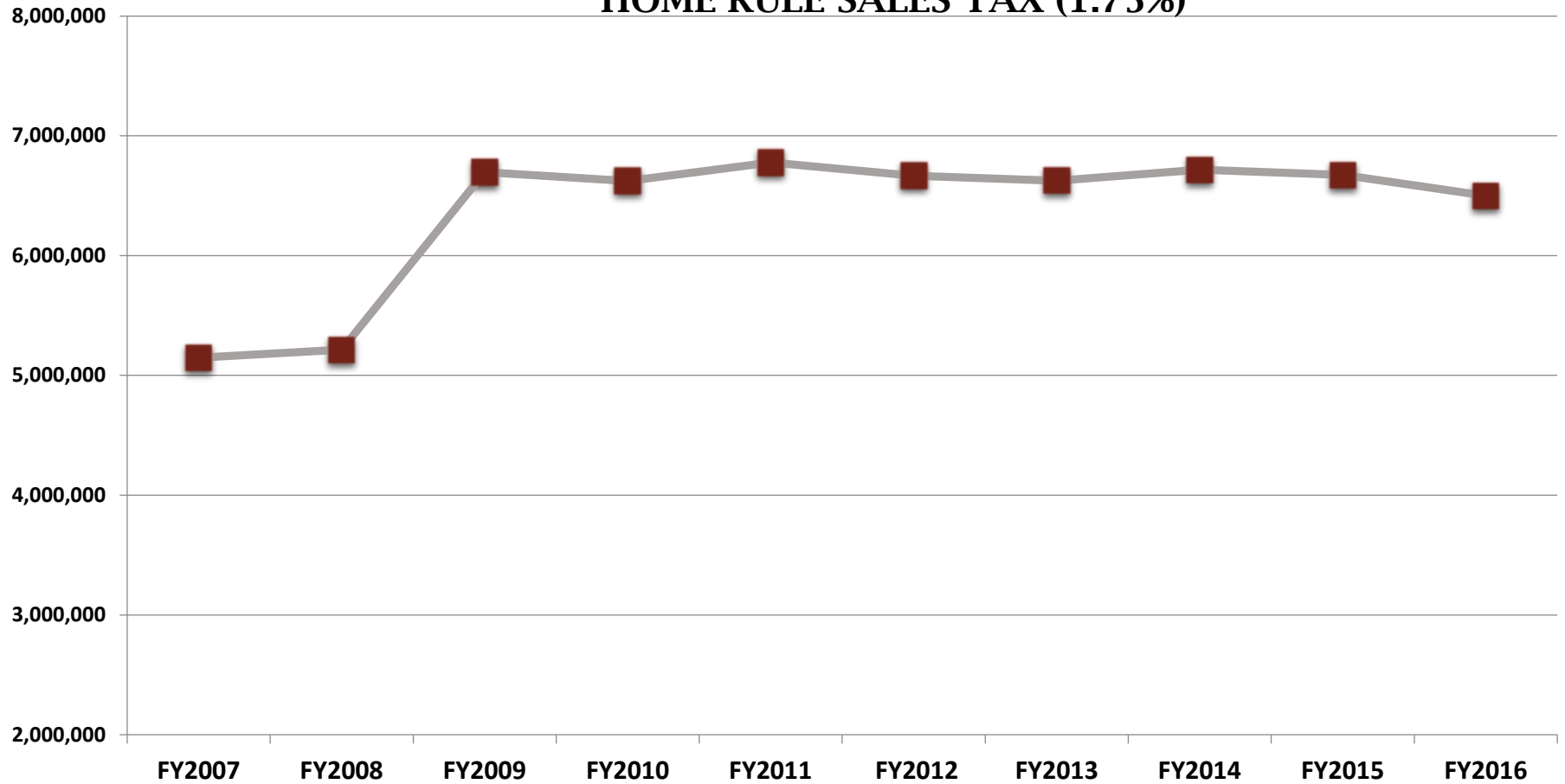
FY2016.5 REVENUE ASSUMPTIONS

PROPERTY TAX COLLECTED



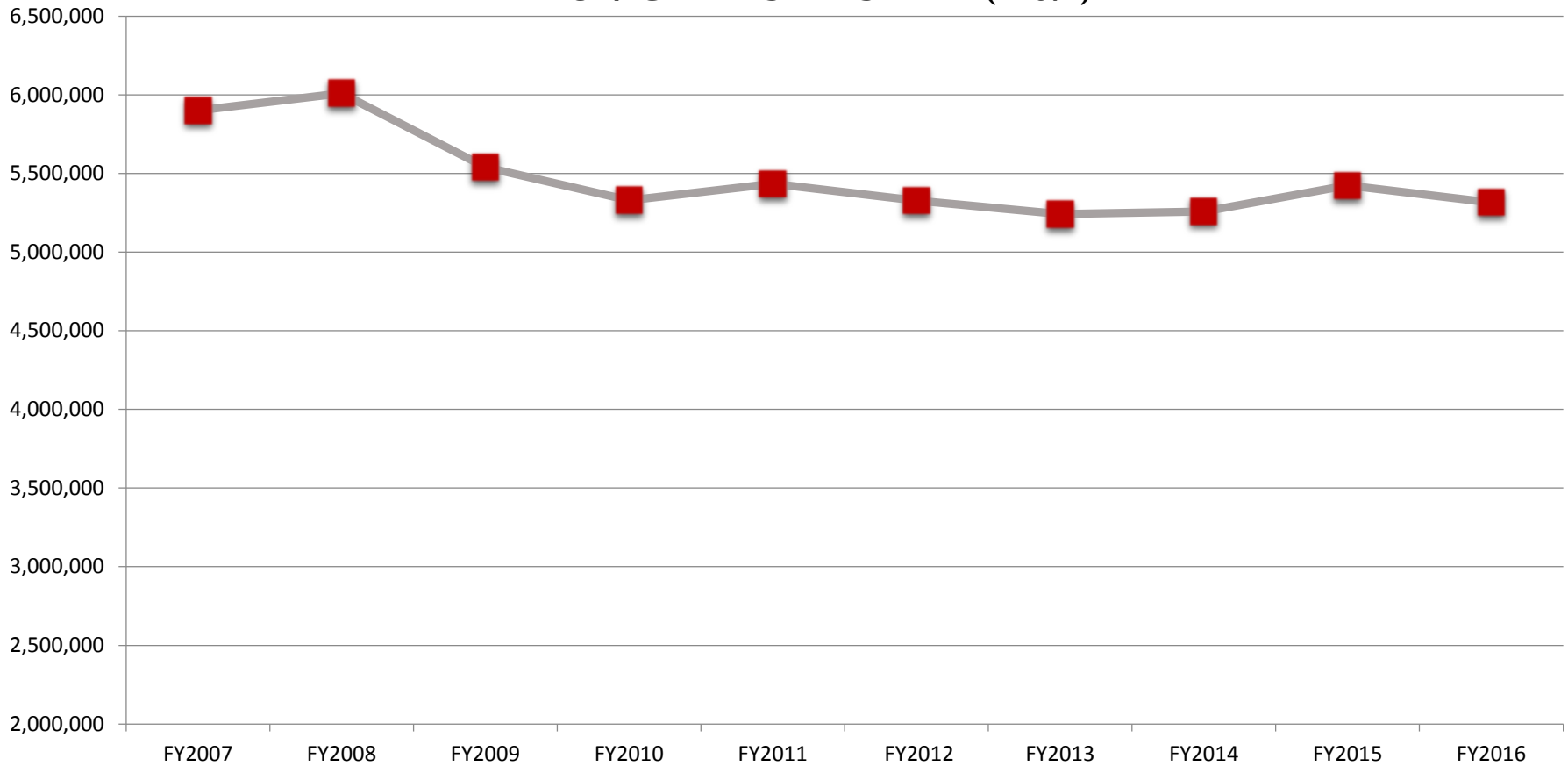
FY2016.5 REVENUE ASSUMPTIONS

HOME RULE SALES TAX (1.75%)

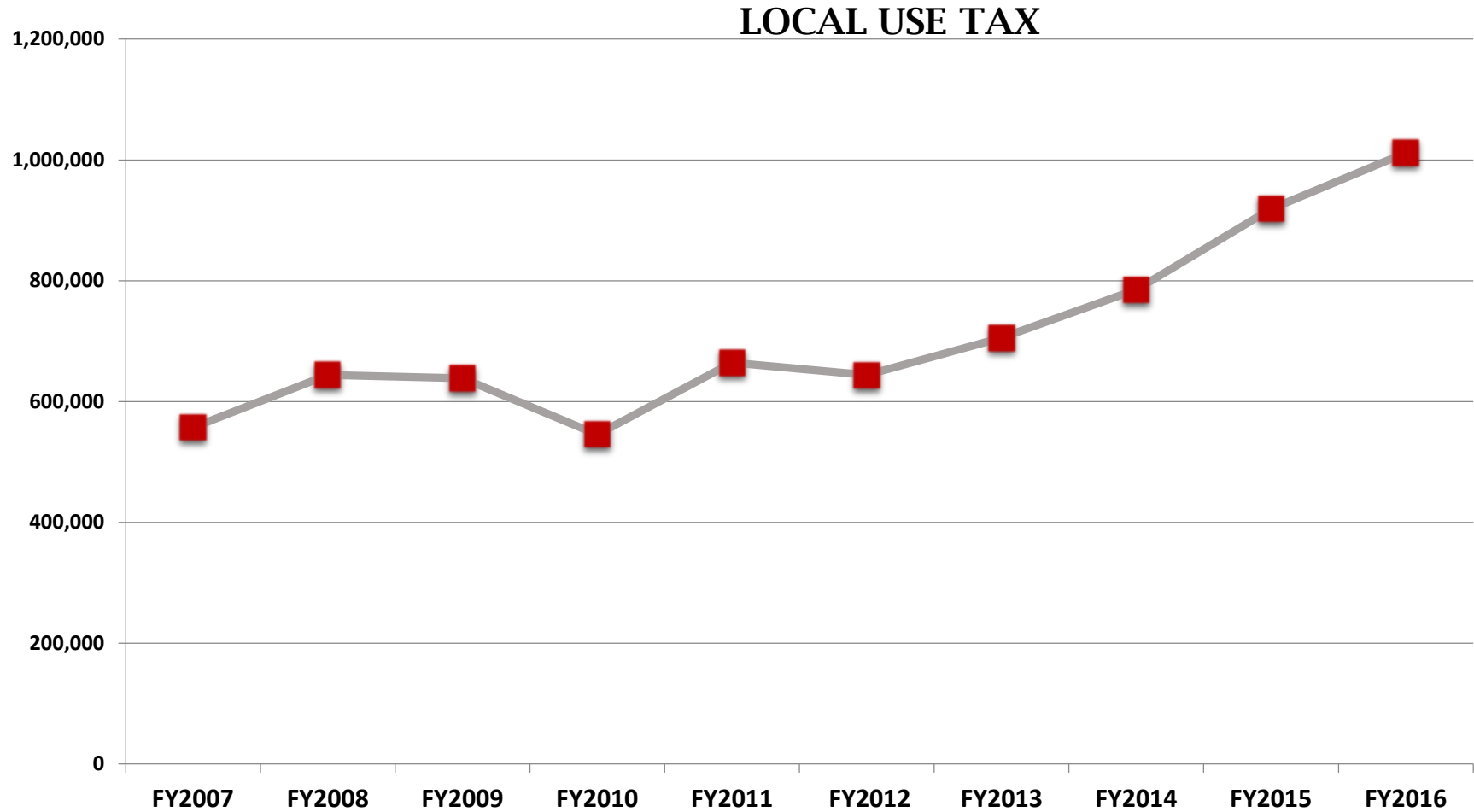


FY2016.5 REVENUE ASSUMPTIONS

MUNICIPAL SALES TAX (1.0%)

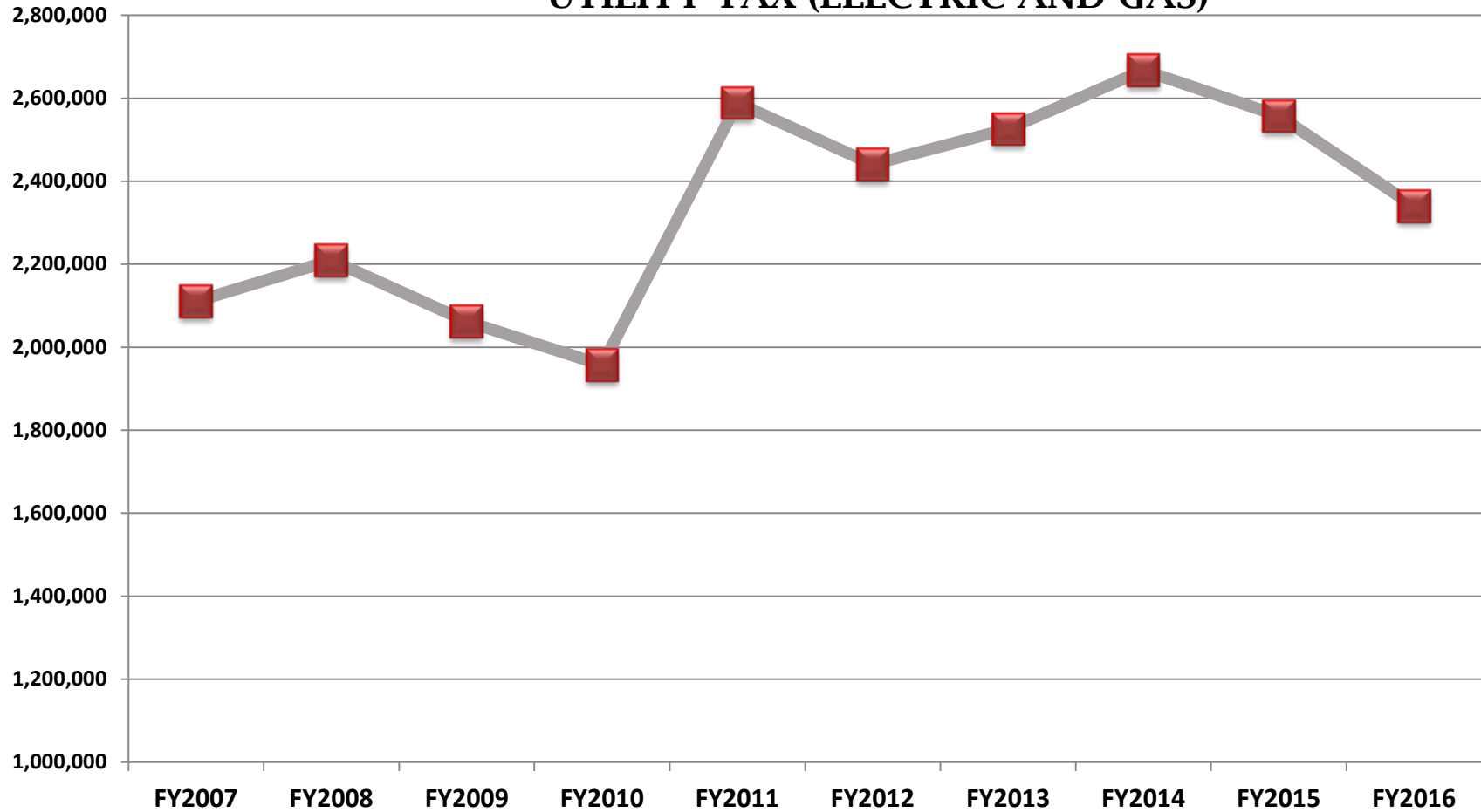


FY2016.5 REVENUE ASSUMPTIONS

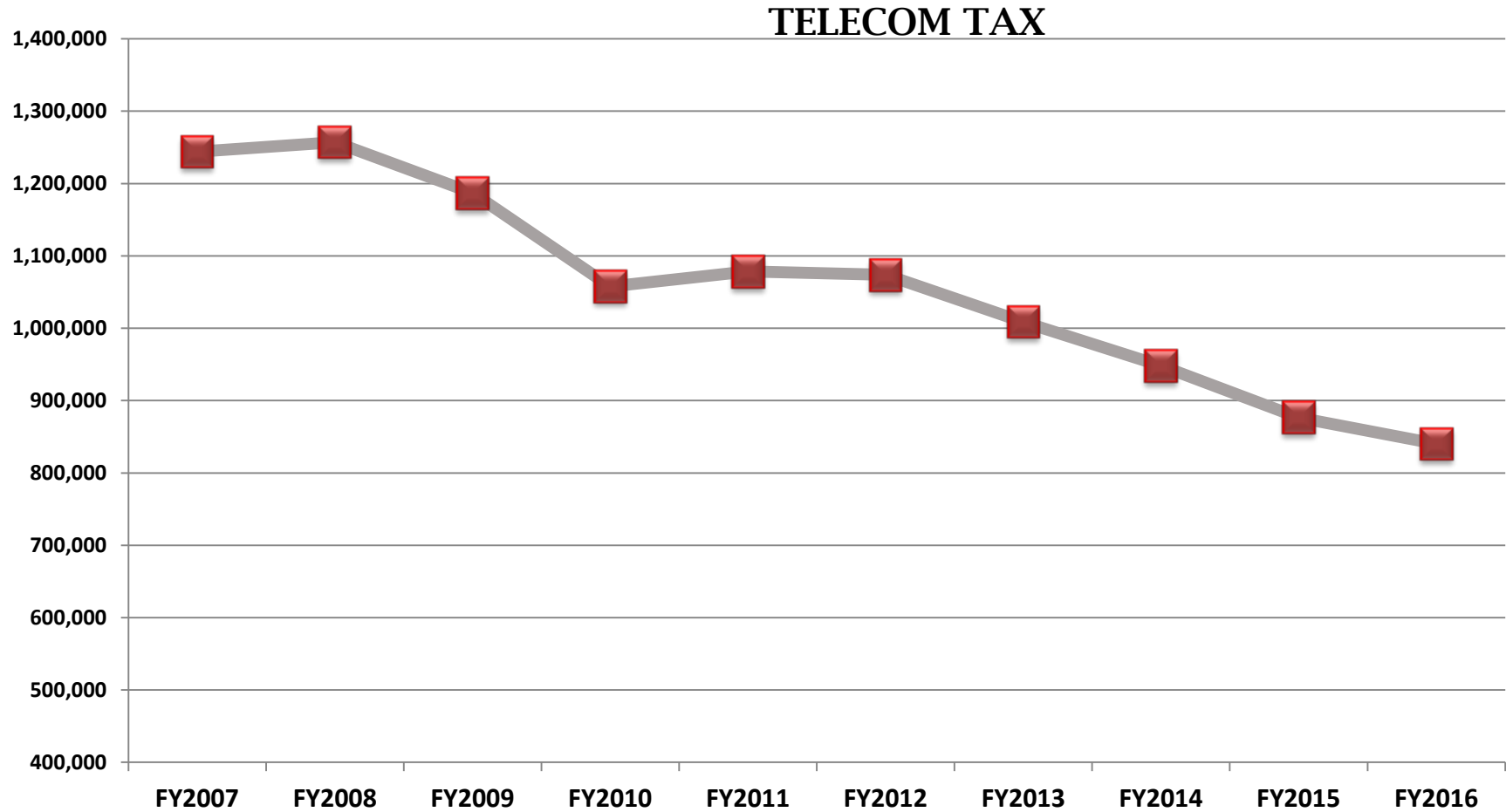


FY2016.5 REVENUE ASSUMPTIONS

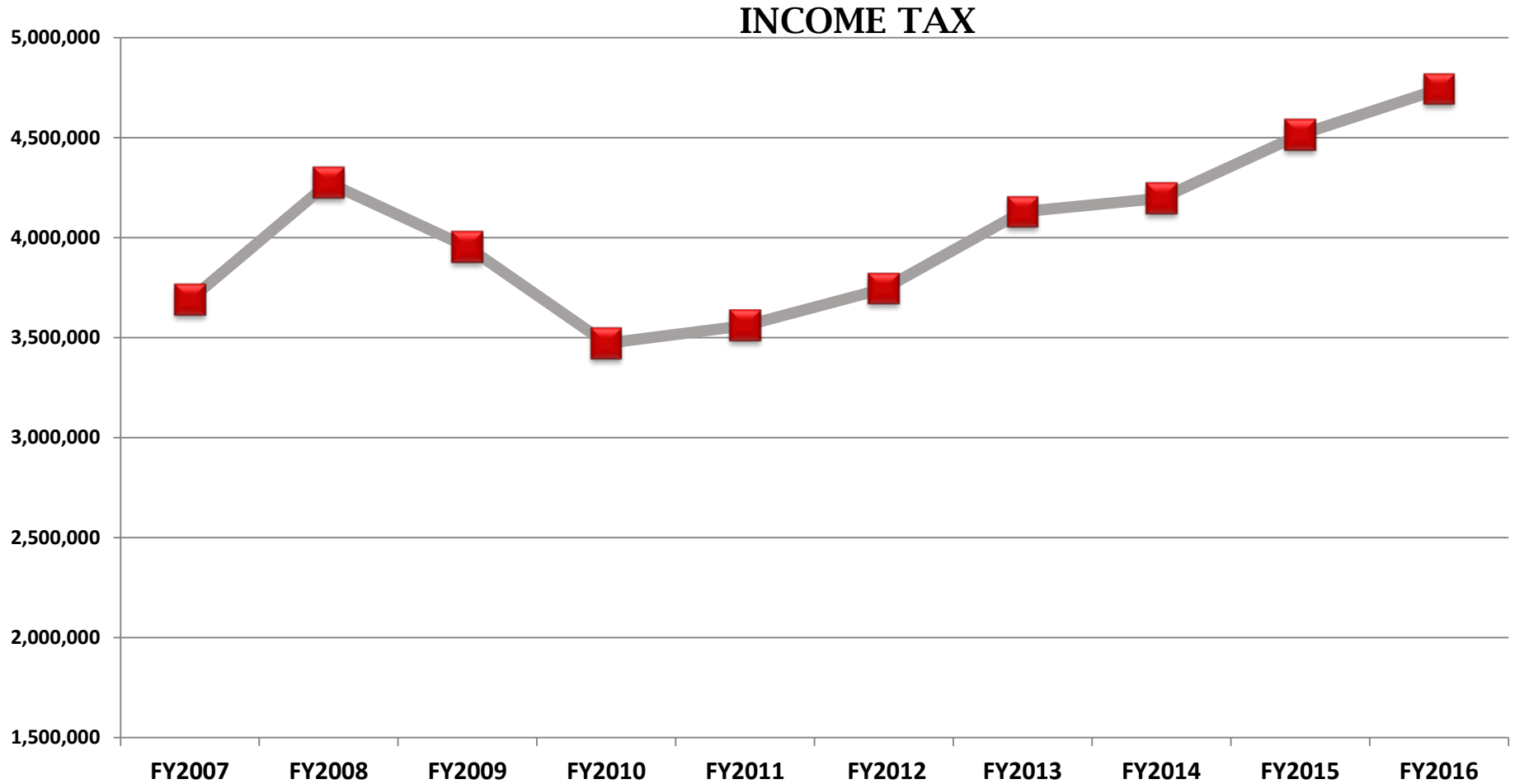
UTILITY TAX (ELECTRIC AND GAS)



FY2016.5 REVENUE ASSUMPTIONS



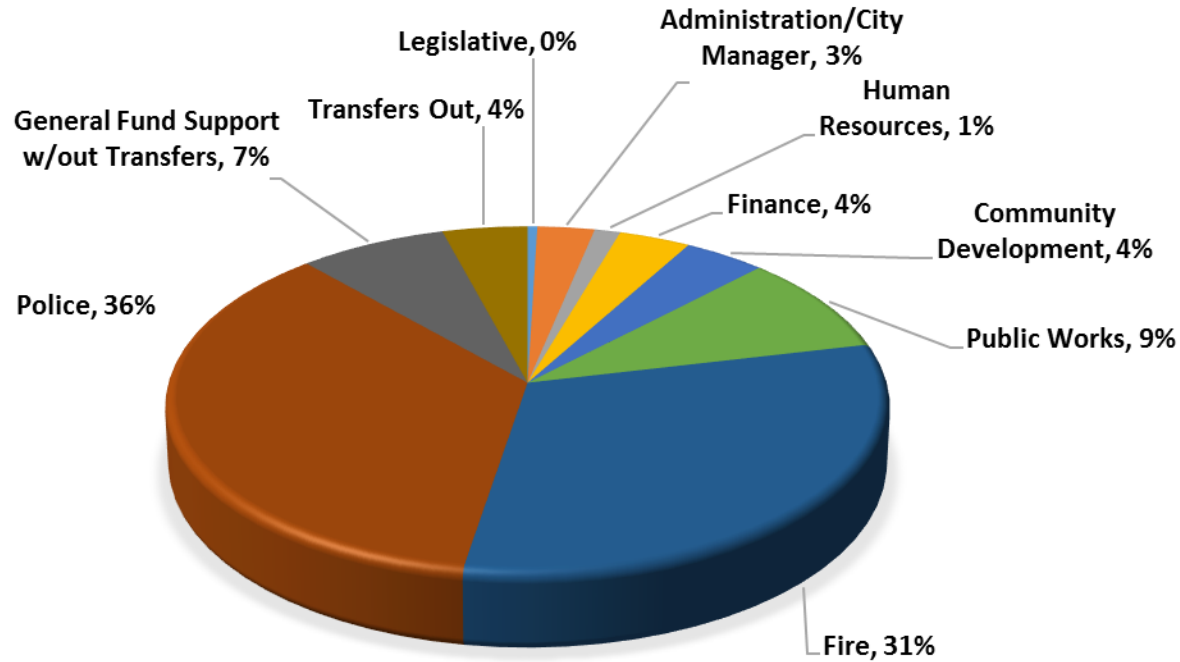
FY2016.5 REVENUE ASSUMPTIONS



FY2016.5 EXPENDITURE ASSUMPTIONS

- ❑ General Fund actual expenditures are trending in below budget by just over \$1.07 million.
- ❑ This projection show expenditures trending below revenues for FY by over \$1 million.
- ❑ Increasing reserves to 26.94% of annual expenditures.

GENERAL FUND SUMMARY EXPENDITURES



- Legislative
- Administration/City Manager
- Human Resources
- Finance
- Community Development
- Public Works
- Fire
- Police
- General Fund Support w/out Transfers
- Transfers Out



FY2016.5 EXPENDITURE ASSUMPTIONS

Salary Assumptions

- ❑ Police Union Contract ends June 30, 2016. Estimated a 2.5% increase in salaries for this bargaining group.
- ❑ AFSCME Union Contract cost reflects no salary increases with the exception of step increases. This group receives an increase in January.
- ❑ Fire Union Contract salaries increased by 2.5% based on the approval of this contract by City Council.
- ❑ Non-Bargaining Unit Employees shows no increase. These employees received an increase on January 1, 2016.

FY2016.5 EXPENDITURE ASSUMPTIONS

Staffing Changes

- ❑ Increasing Telecommunicator part-time hours which will have a decrease for overtime dollars, \$31,175.
- ❑ Filling the IT Director Position 3-months in FY16.5, \$31,193.
- ❑ Increasing Community Development Administrative Assistant hours, \$8,400.

FY2016.5 EXPENDITURE ASSUMPTIONS

Other Expenditure Assumptions

- Transfer of \$646,418 to Fleet and Equipment to purchase;
 - Two ambulances
 - Two squad cars
 - New Enterprise Resource Planning(ERP) software
 - New software to track progress of the 10-year strategic plan goals
 - New performance tracking software
 - New expandable City server for storage
 - Additional back-up storage
 - New UPS for City Hall
 - New Office Licenses
 - Streets, Fleet and Facility Master Plan
 - New maintenance contract Motorola/Starcom
 - New radios and additional Lifepaks for the Fire Department

FY2016.5 EXPENDITURE ASSUMPTIONS

Other Expenditure Assumptions-

- Matchpoint Consultant phase 1 to design the overall performance management process aligned with the mission, vision and values of the City, \$11,500.
- Digital Soundboard to move channel 14 from analog to digital, \$8,500.
- Fire Department increase training and membership in Technical Rescue Team and HazMat, \$45,580. This item has a grant that will offset some of the overtime costs associated with it.

FY2016.5 EXPENDITURE ASSUMPTIONS

Other Expenditure Assumptions

- Intelligent Stream Recorder (ISR) system, \$6,478.
- Meggitt Training Firearms Simulator and,
■ 10 X26P Tasers. Police Department. Total of \$86,487.
These two purchases will be bought with the restricted funds remaining from FY15.
- 50-50 Tree Planting Program reinstated, \$20,000.
- Central Business District enhancements, \$7,500.

GENERAL FUND

□ The City's financial policies currently states;

“The City should limit the use of the reserve fund to nonrecurring operating expenditures or *capital expenditures*, specifically if our anticipated fund balance is below our Fund Balance Reserve Policy of 25%”.

GENERAL FUND

□ Staff is recommending the following change;

“The City should limit the use of the reserve fund to nonrecurring operating expenditures or *capital expenditures*, specifically if our anticipated fund balance is below our Fund Balance Reserve Policy of 25%”.

“Reserve funds above 25% should be transferred per City Council approval to Fleet, Equipment or Capital based on current needs of the City”.

GENERAL FUND

- ❑ Prior to transfers for Fleet, Equipment and Capital Improvements, the General Fund had a budgeted surplus in FY16.5 of \$26,684 and reserves over 27% of annual expenditures.

GENERAL FUND

GENERAL FUND SUMMARY					
	FY 2014 Actual	FY 2015 Actual	FY 2016 Budget	FY 2016 Estimate	FY 2016.5 Budget
REVENUES NET OF TRANSFERS	30,725,816	33,077,958	33,550,123	33,162,736	20,123,012
Transfer In	1,965,589	2,211,417	1,585,829	1,581,725	688,666
TOTAL GENERAL FUND REVENUES	32,691,405	35,289,375	35,135,952	34,744,461	20,811,678
EXPENDITURES NET OF TRANSFERS	29,010,286	31,655,656	33,229,947	32,133,392	20,527,843
Transfers Out less capital transfers	2,844,307	2,556,960	1,523,692	1,555,117	257,151
TOTAL GENERAL FUND EXPENDITURES	31,854,593	34,212,616	34,753,639	33,688,509	20,784,994
Surplus/(Deficit)	836,812	1,076,759	382,313	1,055,952	26,684
ENDING FUND BALANCE	7,144,433	8,018,755	8,401,068	9,074,707	9,101,391
PERCENTAGE OF EXPENDITURES	22.43%	23.44%	24.17%	26.94%	27.02%

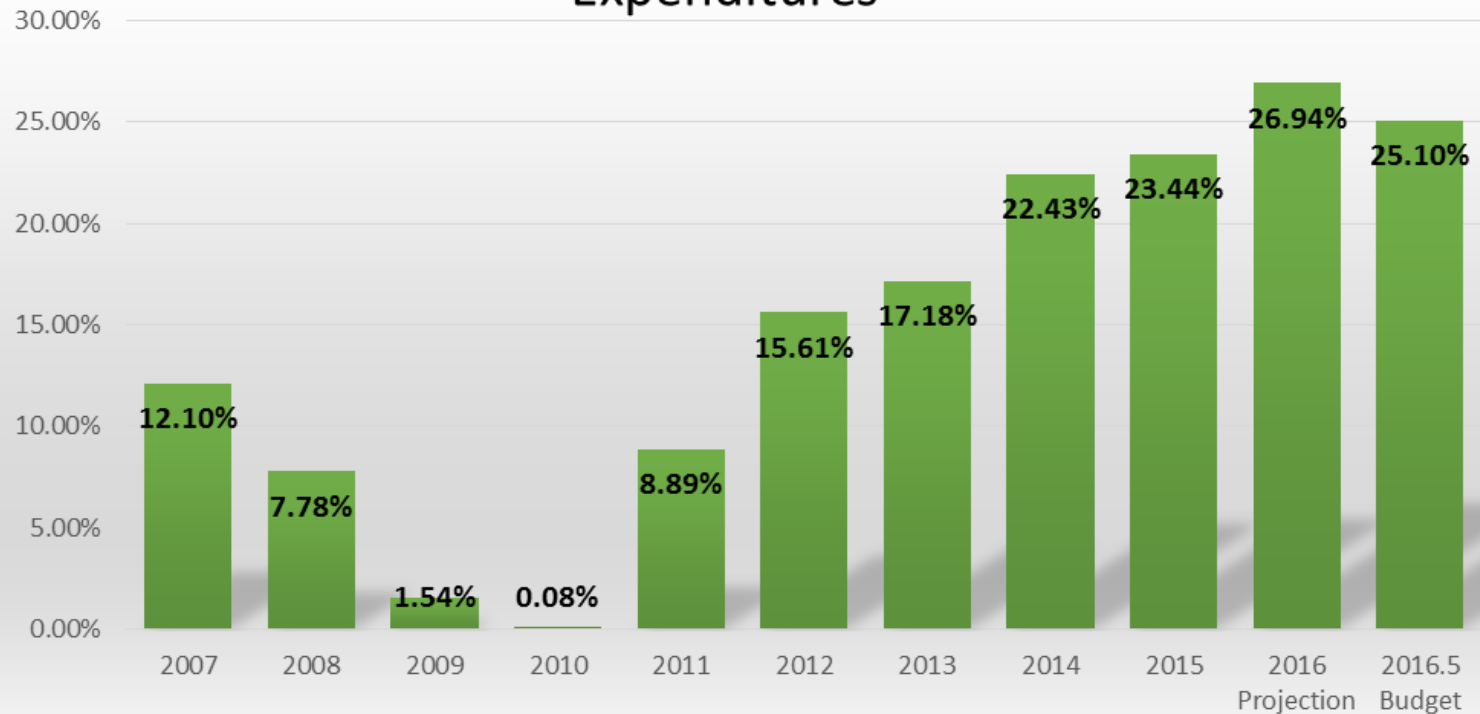
Have had a surplus the last three fiscal years increasing fund balance by \$2,969,523.
 Started with a \$1,000,000 deficit during FY16.5 budget discussion and ended with a surplus of \$26,684.

GENERAL FUND

GENERAL FUND SUMMARY					
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Transfers Out with Capital Transfers	2,844,307	2,556,960	1,523,692	1,555,117	903,569
TOTAL GENERAL FUND EXPENDITURES	31,854,593	34,212,616	34,753,639	33,688,509	21,431,412
Surplus/(Deficit)	836,812	1,076,759	382,313	1,055,952	(619,734)
ENDING FUND BALANCE	7,144,433	8,018,755	8,401,068	9,074,707	8,454,973
PERCENTAGE OF EXPENDITURES	22.43%	23.44%	24.17%	26.94%	25.10%

GENERAL FUND

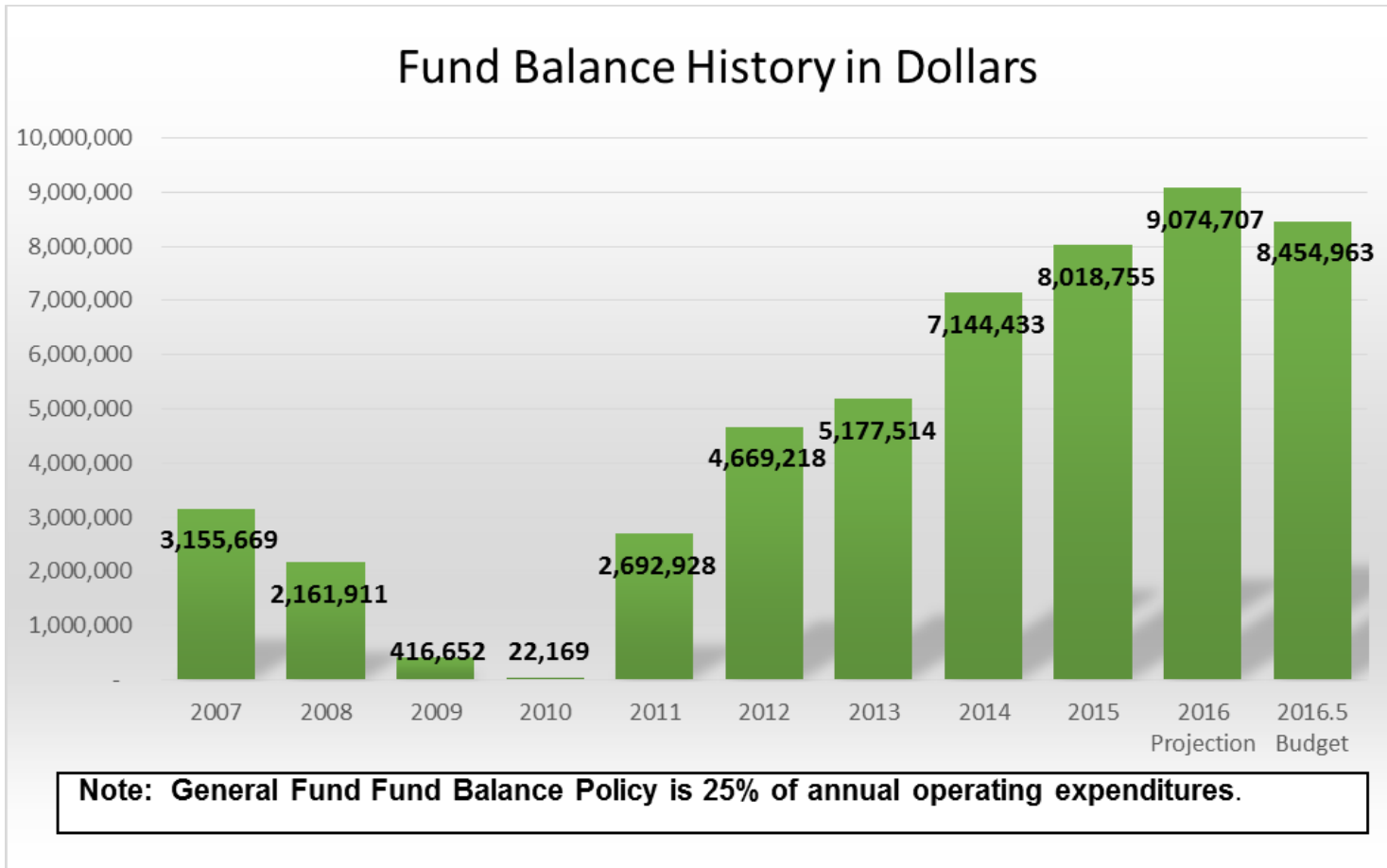
Fund Balance as Percentage of Operating Expenditures



Note: General Fund Fund Balance Policy is 25% of annual operating expenditures.



GENERAL FUND



Increased Fund Balance from FY2013 to FY2016 by \$3,897,193 by monitoring expenditures.

GENERAL FUND

FY2016.5 12-MONTH BUDGET COMPARISON

Agenda Item C3

GENERAL FUND

FIVE-YEAR FINANCIAL PROJECTION

Appendix Section of the Budget

GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

METHODOLOGY

The forecast does not place a value on the need or desirability of expenditures. Rather, the forecast assumes the continuation of **current service levels** and the impact that the cost of maintaining current service levels will have in the years ahead. In addition, revenues are projected based on anticipated growth patterns, known fee changes and recommendations for future changes within the FY16.5 proposed budget document.

The information contained herein is therefore a forecast of the projected financial position of the City rather than a plan that incorporates strategies to meet those needs of the City. The forecast provides the basis for discussion and policy decisions that will need to be made in future years to maintain services at their current levels or enhance service levels in specific areas.

In many cases the forecast will indicate areas where available financial resources may be insufficient to maintain current service levels. The forecast will also assist in identifying where increased revenues or decreased expenditures will be required in future years.

CITY OF DEKALB FUND BALANCE SUMMARY							
FUND NAME	FY 2016	FY 2016.5 BUDGET			FUND BALANCE %		POLICY
	PROJECTION	REVENUES	EXPENSES	ENDING	2016	2016.5	
General Fund (01)	9,074,707	20,811,678	21,431,412	8,454,973	26.94%	25.10%	25.00%
Refuse & Recycling (07)	(39,649)	1,060,000	1,020,350	1			
Transportation (09)	4,213	4,177,563	4,177,129	4,647			
Housing Rehabilitation (18)	62,054	10	12,872	49,192			
CDBG (19)	0	320,306	320,306	0			
Heritage Ridge SSA #3 (23)	4,836	0	500	4,336			
Knolls Subdivision SSA #4 (24)	930	5,000	3,500	2,430			
Heartland Fields SSA #14 (25)	1,465	2,500	1,750	2,215			
Greek Row SSA #6 (26)	104	10,000	10,500	(396)			
Foreign Fire Insurance Tax (28)	18,861	45,000	34,221	29,640			
* Water (60)	4,049,153	2,706,625	2,800,235	3,955,543	\$4,049,153	\$3,955,543	\$1,531,266
** Water Impact Fees (61)	1,034,745	15,000	0	1,049,745			
Water Capital (62)	0	476,800	476,800	0			
* Airport (65)	(251,931)	495,553	495,553	(251,931)			
General Fund Debt Service (40)	(14,476)	364,000	320,086	29,438			
TIF Debt Service (45)	0	961,675	961,675	0			
Motor Fuel Tax (10)	2,492,227	706,570	985,000	2,213,797			
Central Area TIF District #1 (13)	3,687,193	6,354,147	7,801,784	2,239,556			
TIF District #2 (14)	8,601,521	1,237,356	450,377	9,388,500			
Capital Projects (50)	5,021	209,979	215,000	0			
Fleet Replacement (52)	73,312	425,893	399,205	100,000			
Equipment (53)	137,306	625,351	762,657	0			
Police Pension Fund (93)	29,887,115	3,471,968	1,369,613	31,989,470			
Fire Pension Fund (95)	25,099,891	3,682,668	1,628,932	27,153,627			
** DeKalb Public Library Fund (99)	8,980,471			8,980,471			
Workers Compensation (70)	1,223,529	620,950	844,374	1,000,105	\$1,223,529	\$ 1,000,105	\$ 1,000,000
Health Insurance (71)	247,429	2,984,986	2,825,771	406,644	1 month premium	\$385,596	
Property & Liability Insurance (72)	131,771	72,500	63,254	141,017	179.12%	191.69%	25.00%
	94,511,795	51,844,078	49,412,856	96,943,017			
* Cash & Cash Equivalents							
** Restricted Dollars							



GENERAL FUND

REVENUE RECOMMENDATIONS AND COMPARABLES

Agenda Item D

FY2016.5 PROPOSED BUDGET

OTHER FUNDS

- ❑ Refuse Fund
- ❑ Debt Service Fund
- ❑ Police and Fire Pension Funds
- ❑ Internal Service Funds