



# 2009 BUDGET GAP

Office of the Village Manager and Finance  
Department

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August 25, 2009  
Report to the Board of Trustees

# Forecasted Preliminary Actuals



## Forecasted Net Negative Budget Variance of \$2.65 Million

### Forecasted Revenue Shortfall of \$2.4 Million

- State Income Taxes revised below budget by \$450,000 (\$94.90 to \$85.30 per capita per the IML)
- Paramedic Ambulatory Fees on budget
- State Sales Taxes projected below budgeted figure by \$1.4M for the year (\$970,000) actual shortfall thru July)
- Real Estate Transfer Taxes shortfall of \$300,000
- Telecommunications and Cable Franchise Fee on Budget
- Building Permit \$250,000 short of Budget

# Budgeted vs. Actual Expenses



## Budgeted Expenses Amount with Significant Risk

- Medical
  - On target with Budget for 2009; projected 7% increase for 2010
- Overtime (running \$250,000 above budget at June 30; consists primarily of Fire (\$170,000) and Communications at (\$80,000))
- Legal Settlements and Worker's Comp. Claims running \$400,000 above budget but pace forecasted to slow to \$1.25 Million budget for the year.

# Approaches



## Revenue Increases

**Budget Gap closed by significant revenue increases. Every five percent increase in tax levy rate (i.e., 1.04 to 1.09) raises \$650,000**

## Revenue Increases

### Cut to Departments

**Budget Gap resolved by revenue increases with some cuts to department and significant revenue increases**

## Revenue Increases

### Cut to Departments

**Budget Gap resolved with more cuts to Village departments and services but some revenue increases.**

## Cuts to Departments & Services

**Budget Gap fully resolved through cuts to Village services and department cuts.**

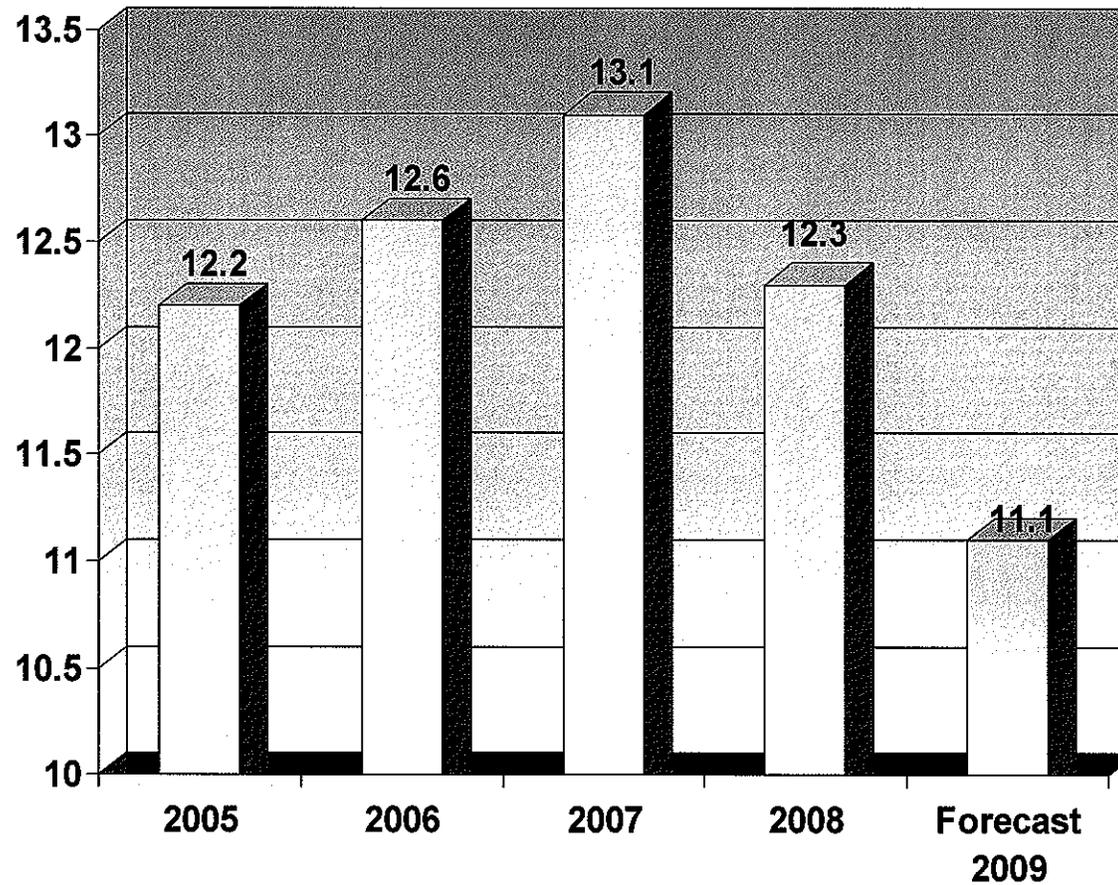
# Health Insurance (in thousands)



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OAK LAWN

Year	Amount	Increase	General Fund	% of General Fund
2006	4,126		38,410	10.7%
2007	4,162	.9%	40,242	10.3%
2008	4,197	.8%	40,823	9.6%
2009 (projected)	4,896	16.7%	40,315	12.1%

# Sales Tax Revenue (in \$ Millions)



# Village of Oak Lawn 2000 to 2008 Building Summary



	2008 Total	2007 Total	2006 Total	2005 Total	2004 Total	2003 Total	2002 Total	2001 Total	2000 Total
Total Numbers of Permits	1,689	1,797	2,028	1,892	2,047	1,938	1,939	1,890	1,644
Single-Family Residential New	11	30	51	66	49	57	78	73	43
Residential Additions	39	56	58	117	96	93	86	64	591
Residential Renovations	42	46	41						
Multi-Family Additions	0	0	2	29	22	34	15	68	15
Multi-Family Renovations	16	26	18						
Commercial Additions	0	2	1	69	65	34	65	68	60
Commercial Renovations	62	48	60						
Church... Additions	0	0	0						
Church... Renovations	4	1	4						
Public Additions	0	0	0						
Public Renovations	10	5	9						
MFG Additions	0	1	0						
MFG Renovation	0	5	0						

\*Single family new home construction stats down Over 80% from high in 2002 and now "Commercial" Additions "flat".

# Alternative Sources of Revenue



- Vehicle Fuel Tax
- Utility Tax (Electricity)
- 5% Property Tax Increase
- Expense Reductions

# Proposed Increase in Revenue



- Vehicle Fuel Tax
  - 3 cents per gallon \$749,460
  - 2 cents per gallon \$499,640
  - 1 cent per gallon \$249,820

# Comparison Electricity Utility Tax Rates of Other Communities



Category	Oak Lawn	State Statute	Downers Grove	Naperville	Park Ridge	Elmhurst	Niles	Evanston
K01	.1096	.6100	.3910	.5220	.5580	.5460	.3470	.5890
K02	.0718	.4000	.2570	.3420	.3590	.3850	.2270	.3740
K03	.0648	.3600	.2310	.3080	.3540	.2990	.2050	.3300
K04	.0630	.3500	.2250	.3000	.3030	.2950	.1990	.3270
K05	.0612	.3400	.2180	.2910	.3020	.2940	.1930	.2880
K06	.0576	.3200	.2050	.2740	.3010	.2900	.1820	.2870
K07	.0566	.3150	.2020	.2700	.2810	.2700	.1790	.1960
K08	.0558	.3100	.1990	.2650	.2000	.2500	.1760	.1380
K09	.0548	.3050	.1960	.2610	.1300	.2300	.1730	.0840
K10	.0540	.3000	.1930	.2570	.0800	.2100	.1700	.0820

# Electric Utility Tax - Current



K01 (1 <sup>st</sup> 2,000 Kilowatts)	0.1096
K02 (next 48,000 Kilowatts)	0.0718
K03 (next 50,000 Kilowatts)	0.0648
K04 (next 400,000 Kilowatts)	0.0630
K05 (next 500,000 Kilowatts)	0.0612
K06 (next 2,000,000 Kilowatts)	0.0576
K07 (next 2,000,000 Kilowatts)	0.0566
K08 (next 5,000,000 Kilowatts)	0.0558
K09 (next 10,000,000 Kilowatts)	0.0548
K10 (excess of 20,000,000 Kilowatts)	0.0540

**Note: Account #99-30335 has an Electric and Gas Portion;**

**Preliminary 2007 Actuals includes \$ 338,815 for Electric and \$218010 for Gas.**

**We charge 1% of gross receipts of Gas and we can go up to 5%**

**or 2.4 cents per therm. We also have account 99-30337 Gas Use Tax that also comes from Nicor and is charged at 1 cent per therm and we can go up to 2.4 cents per therm.**

# Proposed Rate Increases



Category	Option A	Option B
K01	0.2502	.3598
K02	0.1641	.2359
K03	0.1476	.2124
K04	0.1435	.2065
K05	0.1394	.2006
K06	0.1312	.1888
K07	0.1292	.1858
K08	0.1271	.1829
K09	0.1251	.1799
K10	0.1230	.1770

# Proposed Increase in Revenue



- Increase Utility Tax (Electricity Portion)  
\$454,000 \*

\* See Rate structure comparison on page 21 (Option A) for full year

# Proposed Increase in Revenue



- Increase Utility Tax (Electricity Portion)
  - \$821,000\*

\* See Rate structure comparison on page 21 (option B) for full year

# Proposed Increase in Revenue



- Property Tax
  - Current Rate 1.043%
  - Proposed Rate 1.093%
  - On Village EAV of approximately \$1.3 Billion
  - Revenue increase of \$650,000

# General Fund Balance Summary (in thousands)



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Balance at December 31 <sup>st</sup>	2,500
Accruals and accounts payable at year-end	(2,900)
Operating loss during first six months	(1,000)
Estimated accruals and accounts payable at August 31, 2009 (based on June Accruals)	(800)
Estimated balance at August 31, 2009	(2,200)

# Projected Cash Flow for September thru December (in thousands)



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Estimated balance at August 31,2009	(2,200)
Property tax 2 <sup>nd</sup> installment	4,500
Sales tax (\$11.1 Million for the year)	4,600
Income Tax (4 months at \$350,000 per month)	1,400
Daily cash receipts (85 working days at \$10,000 per day)	850
Payrolls (\$1.1 Million each times 9)	(9,900)
Disbursement checks (350,000 each at 350,000)	(2,800)
Projected balance at December 31, 2009	(3,550)