

Update of City Financial Condition Oct. Oct. 2010

1. Review last year (ended June 30, 2010)
2. Update current fiscal year that ends June 30, 2011
3. Review next fiscal year 7/1/11 to 06/30/12

Last Yr Actual (ended June 2010)

	<u>Est.</u>	<u>Actual</u>	<u>Variance</u>
Revenues (1)	\$29,229,918	\$29,145,045	\$ - 84,873
Expenses:			
Budget (2)	\$31,690,247	\$31,690,247	\$ -
-Unspent	\$ 1,511,290 (95.25%)	\$ 1,728,458 (94.8%)	\$ + 217,168
Net	\$ - 949,039	\$ - 816,744	\$ + 132,295

- Deficit will be funded from fund balance)

(1) Original budget revenues = \$31,555,278

(2) Includes reducing transfer Cap. Improv. \$700K

Sales tax (28% revenue total)

Original FY09-10 Budget	\$ 9,150,180	
Revised FY09-10 Est. (1/10)	\$ 8,240,160	-2.3%
Actual FY09-10	\$ 8,112,240	-3.8%
Variance Actual vs. Revised	\$ -127,920	
Budget FY10-11 (Current Yr)	\$ 8,474,500	+4.5%
Revised Est. FY10-11	\$ 8,249,720	+1.7%
Var. Est. vs. Budget 10-11	\$ -224,780	
Estimated Next Yr, FY11-12	\$ 8,472,270	+2.7%

Sales tax (Quarter by Qt.)

	08-09	09-10	10-11*	11-12*
Jul-Sep	+6.1%	-3.4%	+0.8%	
Oct-Dec	+1.7%	-4.7%	+1.3%	
Jan-Mar	-4.5%	-0.6%	+2.3%	
Apr-Jun	-5.7%	-0.6%	+2.4%	
Year	-0.6%	-2.4%	+1.7%	+2.7%

*FY10-11 and 11-12 are projected. July 2010 sales tax increased 4.0%.

**Sales tax calculated on point of sale

Property Tax (24% Total Rev.)

- Prop. Tax Rate same \$1.29 (similar other cities)

	<u>New</u>	<u>Current</u>	<u>Total</u>
09-10	2.0%	-0.6%	2.0%
10-11	1.25%	0.2%	1.45%
11-12	1.25%	0.25%	1.50%

- A/V averaged 7% growth last 10 years (1/2 new construction, each 1% = \$72,400)
- Current = current homeowners increase

State income tax (13% revenue total)*

Original FY09-10 Budget	\$ 4,037,820	
Revised FY09-10 Est. (1/10)	\$ 3,458,446	-8.2%
Actual FY09-10	\$ 3,380,152	-10.3%
Variance Actual vs. Revised	\$ -78,294	
Budget FY10-11 (Current Yr)	\$ 3,590,530	+6.2%
Revised Est. FY10-11	\$ 3,409,260	+0.9%
Var. Est. vs. Budget 10-11	\$ -181,270	
Estimated Next Yr, FY11-12	\$ 3,494,500	+2.5%

* Based on formula of total state income split to cities based on population

Utility tax (13% revenue total)*

Original FY09-10 Budget	\$ 4,098,310	
Revised FY09-10 Est. (1/10)	\$ 3,685,595	-3.6%
Actual FY09-10	\$ 3,693,989	-3.3%
Variance Actual vs. Revised	\$ +8,394	
Budget FY10-11 (Current Yr)	\$ 3,749,623	+1.5%
Revised Est. FY10-11	\$ 3,963,890	+7.3%
Var. Est. vs. Budget 10-11	\$ +214,267	
Estimated Next Yr, FY11-12	\$ 4,069,916	+2.7%

Utility Tax (5%) Items

- Electricity = 41% (amount per kwh)
- Natural gas = 18%
- Water = 10%
- Telecommunications = 31%
- FY10-11 includes add'l \$124K for natural gas use tax, eff. 10/1/10 & add'l \$62,300 FY11-12
- Utility tax pretty much flat growth except for water rate increases and natural gas prices

Fees, Licenses & Transfers

- Fees, licenses, transfers from special funds = \$5.8 Million or 20% total revenues
- Most under city control, usually expect increase in 3-5% range
- Only increased 1.8% in FY08-09 and 2.1% in FY09-10 due to huge decline in new building fees (9% of total)
- FY10-11 includes add'l \$204,300 for TIF/Provena surplus transfer plus ½ building fee for Carle

Current Yr (ending June 2011)

	<u>Budget</u>	<u>Projected</u>	<u>Variance</u>
Revenues	\$30,262,265	\$30,039,510	\$ - 222,755
Expenses:			
Budget	\$32,422,140	\$32,422,140	\$ -
-Unspent	\$ 1,409,879 (95.7%)	\$ 1,455,400 (95.5%)	\$ + 45,521
Net (1)	\$ - 749,996	\$ - 927,230	\$ - 177,234

- (1) will be funded from 2 \$350K transfers from VERF and from Insurance Reserve
- Assumes no cost of living salary adjustment, each 1% = \$202,000 general fund, \$216,000 total

Next Yr (July 1, 2011-June 2012)

Revenues:

Operating	\$23,198.266	+1.9%
Prop. Tax	7,389,627	+1.5%

Expenses:

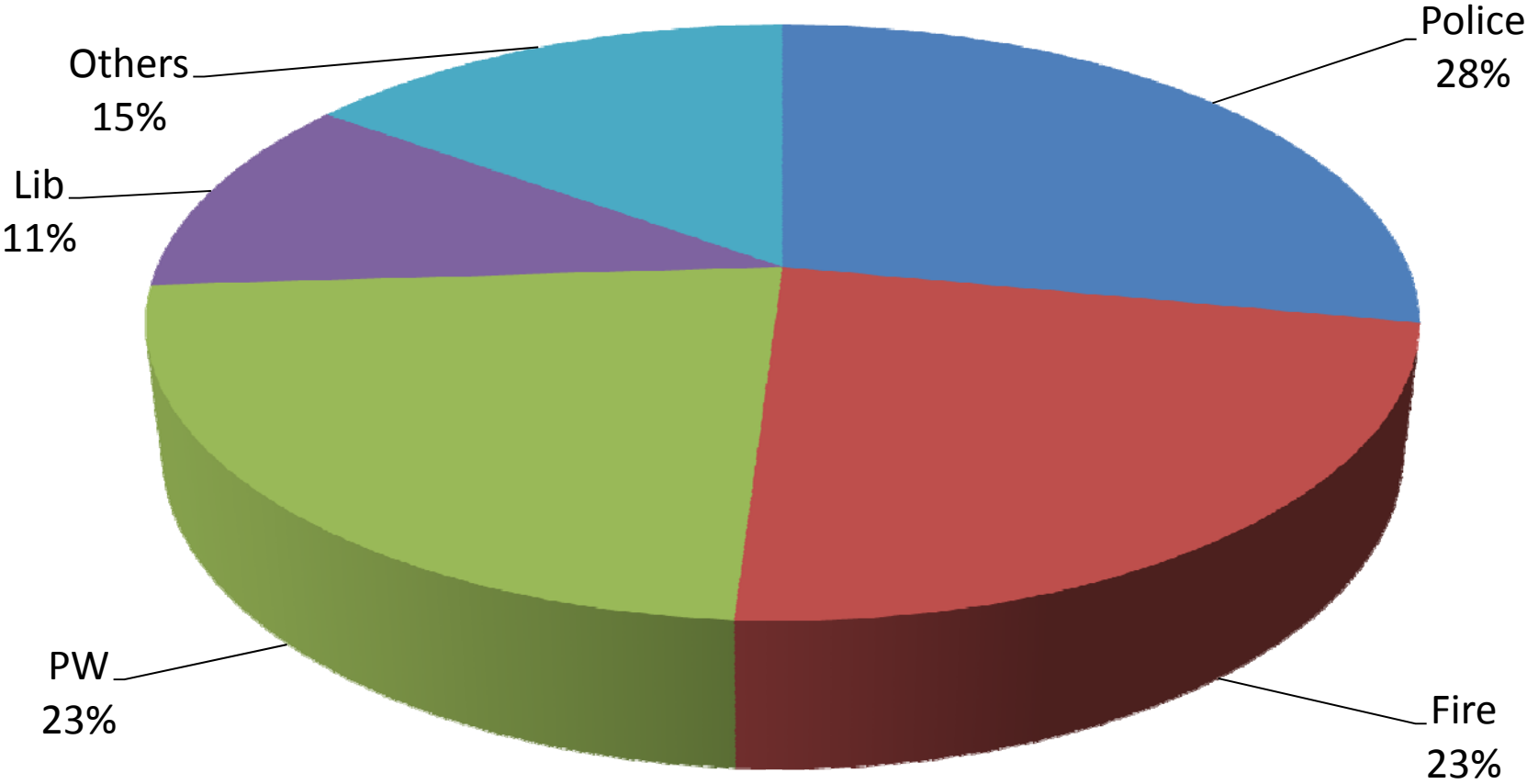
Budget	\$32,305,530	-0.4%
-Unspent 95.8%	1,341,640	
Net	\$ - 375,997	

Assumes no cost of living salary adjustment in FY10-11 or FY11-12, each year & each 1% costs \$216,000

Assumes continuing all of actions taken in FY10-11 budget

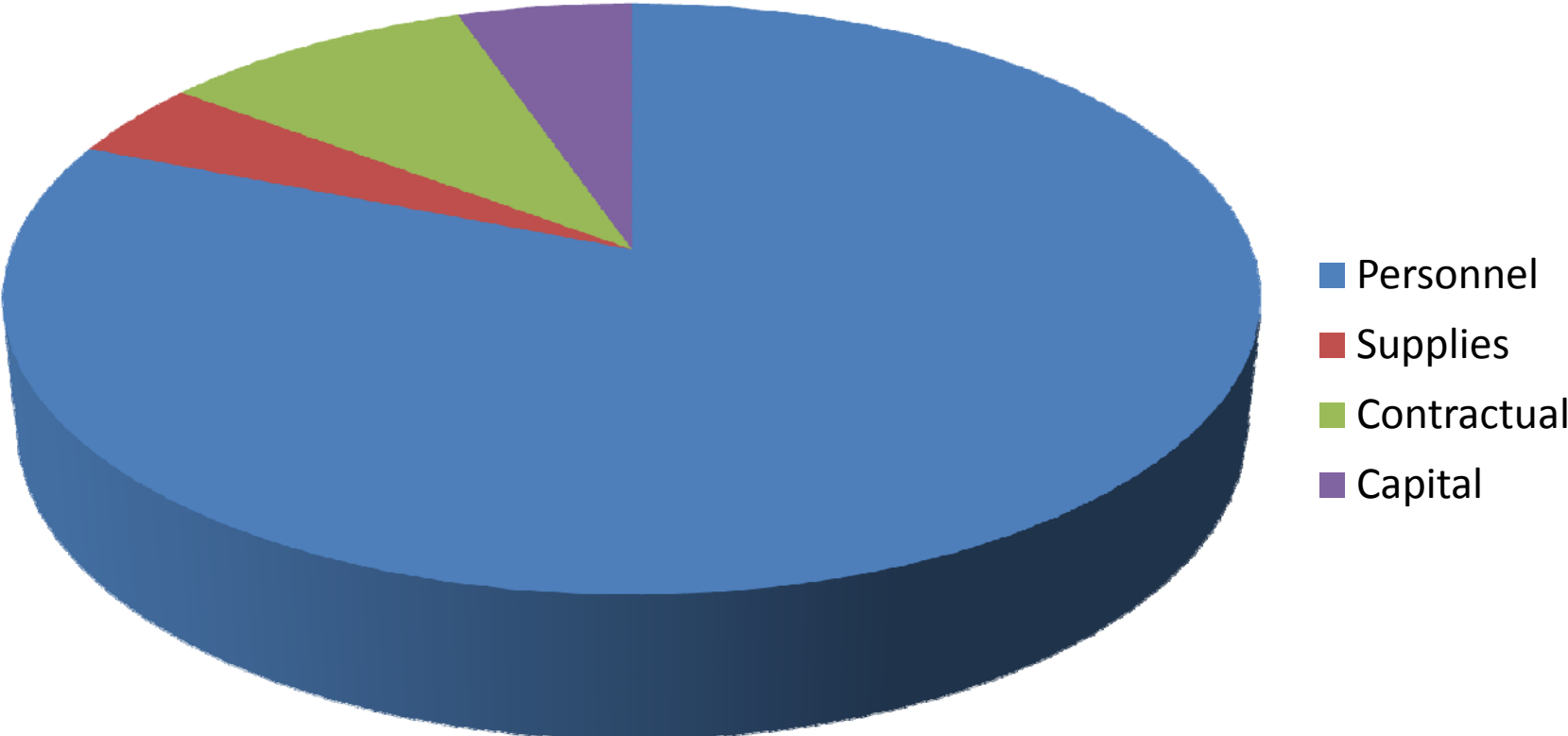
Expense Breakdown by Dept.

Police, Fire & PW = 74%



Breakdown of Expenses by Category

Personnel = 77%



Changes/Actions in Current Yr. Budget

- 1 position permanently eliminated & 6 more FTE's holding vacant year (\$350,000):
 - Ex. Dept. Assistant, Finance Computer Tech. , 1 Police Officer, 1 PW Maintenance Worker, 1 FTE PW Seasonal, 1 FTE CD Part-time, 1.25 Library
- Transferred \$246,000 costs to TIF's/Recycle special funds
- Other cost reductions = \$116,000

Add'l Actions Taken Current Year

Projections for Current Year include following addition actions:

- Asked police not fill 1 add'l officer year (\$80K)
- Asked fire not fill 1 firefighter year (\$70K)
- Asked CD not fill 1 planner year (\$60K)
- Additional revenues
- Reviewing all costs to hold to minimal

Possible actions to balance FY10-11 (-177,000) & FY11-12 (-377,000)

- Revenues be better (177K = +0.6%)
- Keep spending levels at amounts absolutely required (vacant positions)
- Transfer additional costs to special funds.
- Reduce general fund transfer to capital improvements fund
- Identify further reductions or new revenues

Current Vacant Positions

- 5 Police Officer – currently 2 on hold, recruiting for 3
- 4 PW Worker - currently 2 on hold, recruiting for 2
- 1 Firefighter – currently on hold
- 1 Planner – currently on hold
- 1.75 Computer Tech – currently .75 on hold, recruiting for 1