

2016

UNITED CITY OF YORKVILLE

QUARTERLY BUDGET REVIEW

Third Quarter Ended January 31, 2016



United City of Yorkville – fiscal quarter ending January 31, 2016

General Fund Revenues

Revenue Source	FY 2016 Actual YTD	FY 2016 YTD Budget	% of Budget	FY 2015 Actual YTD	% Change
1 Property Taxes	\$ 2,981,427	\$ 3,016,677	99%	\$ 2,901,255	3%
2 Municipal Sales Tax	2,056,116	2,751,960	75%	2,013,516	2%
3 Non-Home Rule Sales Tax	1,576,571	2,142,000	74%	1,551,792	2%
4 Utility Taxes	667,718	870,000	77%	741,297	-10%
5 Telecommunications Tax	304,810	426,500	71%	332,044	-8%
6 Cable Franchise Fees	210,938	230,000	92%	190,677	11%
7 Hotel Tax	62,864	70,000	90%	57,813	9%
8 Video Gaming Tax	52,442	45,000	117%	35,057	50%
9 Amusement Tax	177,048	175,000	101%	157,095	13%
10 Admissions Tax	121,799	105,000	116%	104,066	17%
11 Business District Tax	258,168	386,800	67%	256,033	1%
12 Auto Rental Tax	8,608	11,000	78%	8,458	2%
13 Income Tax	1,456,952	1,610,000	90%	1,299,624	12%
14 Local Use Tax	281,968	346,800	81%	237,763	19%
15 Road & Bridge	148,223	175,000	85%	171,756	-14%
16 Other Intergovernmental	44,464	46,300	96%	38,830	15%
17 Licenses & Permits	106,775	198,000	54%	106,318	0%
18 Fines & Forfeits	88,117	160,250	55%	89,473	-2%
19 Charges for Service	946,094	1,319,950	72%	871,515	9%
20 Investment Earnings	4,244	4,000	106%	5,144	-17%
21 Reimbursements /Miscellaneous	80,514	102,500	79%	167,235	-52%
22 Transfers In	-	7,900	0%	-	-
23 Total Revenues	\$ 11,635,860	\$ 14,200,637	82%	\$ 11,336,761	3%

(1) Property Taxes consist of the Corporate and Police Pension tax levies which account for approximately 20% of total General Fund revenues. For FY 2016 the City collected 99.6% of what was extended by the County, which is in line with historical collection patterns. Per the pension funding policy, the City fully funded its actuarial determined contribution amount of \$722,940 from property taxes (\$703,105) and from other General Fund revenues (\$19,835).

(2 & 3) Municipal & Non-Home Rule Sales Taxes account for the majority (~ 35%) of aggregate General Fund revenues. Municipal sales tax consists of the 1% local share from the total 8.25% general merchandise tax rate and all of the sales tax associated with qualifying food, drug and medical appliances. In addition to the 1% local share mentioned above, the City also passed (via referendum) a 1% Non-Home Rule tax rate applicable only to general merchandise. Through January 2016 both sales tax revenue items seem to be in line with budgeted amounts, however, the impact from holiday sales remains to be seen (December 2015 sales tax receipts will be received by the City in March 2016) and will ultimately determine whether or not FY 2016 budget amounts become realized.

United City of Yorkville – fiscal quarter ending January 31, 2016

General Fund Revenues - continued

(4) Utility Taxes consist of City’s share of electric and natural gas taxes and are heavily influenced by weather patterns over the summer and winter months. These revenues are down by 10% in comparison to the previous fiscal year, due to lagging natural gas tax receipts as a result of the mild temperatures experienced in the spring and fall (early winter) of 2015.

(5) Telecommunications Taxes are comprised of the State’s excise tax and the telephone utility tax received from AT&T. In recent years this revenue stream has continued to decline in municipalities across the State, as landlines become less prevalent.

(6) Cable Franchise Fees are currently at 92% of budgeted amounts and predicted to net approximately \$270,000 by fiscal year end. These fees are remitted to the City from AT&T and Comcast at a rate of 5% of gross revenues earned during the previous quarter.

(7) Hotel Tax is generated from the four hotel/motels within City limits: Super 8; Hampton Inn; All Seasons; and the Sunset Motel. Hotel tax has grown an average of 12.7% over the last three fiscal years and is currently 8% higher than it was at the end of January 2015. This tax is rebated to the Aurora Area Convention & Visitors Bureau at a rate of 90% and is expensed out of the Administrative Services cost center in the General Fund.

(8) Video Gaming Tax has increased substantially since the City first began receiving this revenue stream in FY 2013, as there are currently ten locations across the City that offer video gaming terminals. The tax is applied to net terminal income (gross revenue less prizes paid) at a rate of 30%, of which the City receives one sixth. Due to the State budget impasse, the City did not receive any video game tax receipts for the months of July thru November 2015. This has since been remediated by the State, as the City received all back taxes for this line item in December 2015.

(9) Amusement Tax was created by City ordinance in 2010 and is collected as a result of an admission to any facility providing an amusement at a rate of 3% of gross revenue. This revenue stream has continued to grow due to the sustained success of local businesses, including Raging Waves, and has been further bolstered in recent years by the opening of NCG Cinemas.

(11) Business District Taxes are generated from the additional general merchandise sales tax rates applied to the City’s three business district areas: Kendall Marketplace (0.5%); Countryside (1%); and the Downtown (1%). The BDD sales tax was put in place in order to finance public improvements in these areas, and the amounts generated from the tax are rebated in full to either pay debt service (Kendall Marketplace) or reimburse developers. So far this year Business District Taxes are slightly below target budget amounts, however similar to items 2 & 3 above, the impact from holiday sales remains to be seen (December 2015 sales tax receipts will be received by the City in March 2016).

(13) Income Tax is the City’s largest intergovernmental revenue, accounting for approximately 11% of all General Fund revenues. Due to the uncertainty surrounding this particular revenue stream during the development of the FY 2016 budget, Income Tax was budgeted at a very conservative \$1.61 million. Actual income tax receipts for FY 2016 are currently projected to exceed this amount \$200,000, however, the State remains one month behind in its remittance to the City. The future of this revenue stream continues to be uncertain, as future cuts to the LGDF are a possibility as the State continues to deal with its pension funding problems and other fiscal issues.

United City of Yorkville – fiscal quarter ending January 31, 2016

General Fund Revenues - continued

(14) Local Use Tax - is a sales tax that is imposed on the privilege of using, in Illinois, any tangible personal property purchased out-of-state. If the seller does not collect at least 6.25% on general merchandise or 1% on qualifying food, drug and medical appliance purchases, the purchaser is responsible for the difference. On a percent basis local use tax has been one of the fastest growing revenue streams in the General Fund, increasing an average of 11% per year since FY 2013. Current estimates predict the local use tax should be just short of \$400,000 at FYE 2016. Due to the State budget impasse, the City did not receive any local use tax receipts for the months of September thru November 2015. This has since been remediated by the State, as the City received all back taxes for this line item in December 2015.

(16) Other Intergovernmental Revenue consists of federal monies for overtime reimbursement in conjunction with the City's participation in Chicago HIDTA; state grant proceeds for traffic signal maintenance; and the annual allotment of pull tabs & jar games. Federal and State grant proceeds are tracking on budget and the City is currently awaiting its pull tab & jar games annual allotment of \$862.

(17) License & Permit revenue is comprised of liquor, building and other permits. The income generated from liquor licenses is nominal at this point of the year, as the vast majority of revenue is generated in March & April as part of the annual renewal process. Year-to-date building permit revenue appears to be tracking similar to last year, showing a slight decrease of 2% in comparison with January 2015.

(18) Fines & Forfeits consist of circuit court, adjudication, offender registration and police tow fines. Circuit court fines are tracking on budget and should yield around \$45,000 by fiscal year end. Administrative adjudication fines are a bit seasonal in nature, as this line item has historically experienced enhanced revenue streams as we move into the spring months - which should bring it closer to budgeted amounts.

(19) Charges for Services primarily consist of the refuse charges included on residents utility bills and the administrative fee paid to the City from the YBSD for overseeing their billing and collection process. With two utility billing cycles remaining in FY 2016, it appears that the net cost of providing garbage services to residents will be in the neighborhood of \$15,000 - \$20,000 due to the subsidy provided to senior citizens. The YBSD pays the City 5% of whatever we collect on their behalf, which has historical around \$3 million per fiscal year.

(21 & 22) Reimb/Miscellaneous & Transfers In is comprised of various reimbursements for engineering, legal, liability, etc., as well as rental and miscellaneous income. The transfer in amounts are derived from municipal building development fees, which are transferred out of the City-Wide Capital Fund in order to reimburse the General Fund for the transfer it made in FY 2014 to close out the (16) Municipal Building Fund in the amount of \$571,615.

(23) Total General Fund Revenues is currently projected to exceed budgetary amounts by more than \$200,000 (approximately \$14.42 million) due primarily to better than expected income tax proceeds.

United City of Yorkville – fiscal quarter ending January 31, 2016

General Fund Expenditures

	FY 2016 Actual YTD	FY 2016 YTD Budget	% of Budget	FY 2015 Actual YTD	% Change
Total YTD Expenditures	\$ 10,001,866	\$ 14,190,635	70%	\$ 9,543,848	5%

Expenditures by Category						
50	Salaries	3,024,491	4,113,253	74%	2,852,574	6%
52	Benefits	2,063,514	2,545,610	81%	1,977,877	4%
54	Contractual Services	2,932,791	4,807,155	61%	2,652,091	11%
56	Supplies	143,555	284,861	50%	151,499	-5%
99	Transfers Out	1,837,515	2,439,756	75%	1,909,808	-4%

Expenditures by Department						
110	Administration	504,944	749,942	67%	555,976	-9%
120	Finance	294,206	388,506	76%	275,921	7%
210	Police	3,750,761	4,978,431	75%	3,391,884	11%
220	Community Dvlpmnt	468,629	685,228	68%	437,188	7%
410	PW - Streets & Sanitation	1,361,777	2,084,907	65%	2,084,907	-35%
640	Administrative Services	3,621,550	5,303,621	68%	5,303,621	-32%

(50) Salaries – For the most part overall salary line items are tracking on budget, as most functional departments within the General Fund are either at 75% or lower on appropriated salary expenditures. Finance is tracking slightly over the budget target amount at 77%, but is under in other expenditure categories, and will end of the fiscal year under its overall departmental budget. Salaries in Administrative Services are well over budget due to Police Special Detail wages, however, these costs have no budgetary impact as they are reimbursed in full on the revenue side. At the end of January 2016, salaries accounted for 30% of total General Fund expenditures.

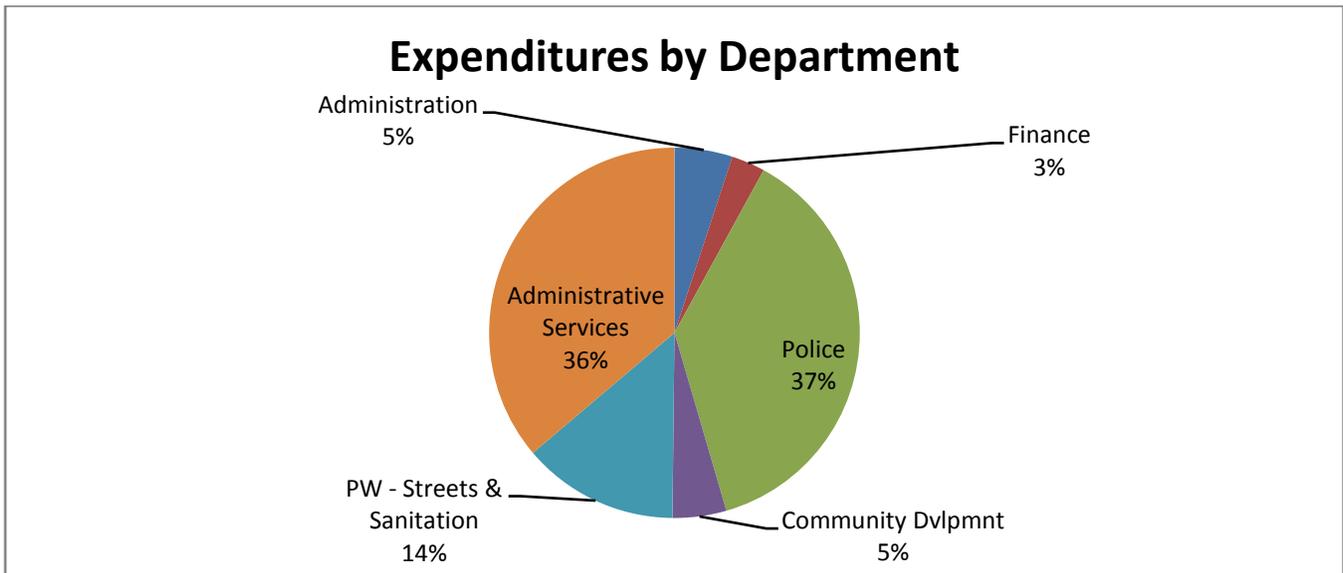
(52) Benefits – Expenditures for Group Life, Dental and Vision are tracking higher than budgeted across all departments, due to the fact that actual renewal rates for these line items were higher than initially projected during the FY 2016 budget process. Fortunately these costs are not material, as Group Health is the primary cost driver of the benefits category. Although Group Health may initially appear to be tracking higher than budgeted amounts in some departments, the results are a little distorted, as this line item includes ten months worth of premium payments. Group Health is typically paid on the first bill run (i.e. the February 2016 bill was paid on the first bill run in January) to ensure prompt payment and continuity of coverage. In comparison to last year, Administration benefit costs are down 43% due to the discontinuation of health benefits to Elected Officials. The Police Department benefits category is further skewed due to the City’s employer contribution to the Police Pension, which follows the County’s property tax remittance schedule. Benefit amounts are also tracking high in the Administrative Services Department, due to the timing of liability insurance payments. Management currently estimates liability insurance to come in around \$260,000, which is under the budgeted amount of \$265,000. To date, benefits account for 21% of total General Fund Expenditures.

United City of Yorkville – fiscal quarter ending January 31, 2016

General Fund Expenditures - continued

(54) Contractual Services – At the end of January 2016, all departments (except Finance) are tracking below 75% for line items that comprise the expenditure category of contractual services. The Finance Department’s contractual services are higher than average due to charges paid in November regarding the annual MSI software maintenance agreement. As the fiscal year progresses, this category should fall more in line with targeted amounts and ultimately finish under budget. The largest single line item in the contractual services category is Garbage Services (including the Senior Subsidy) which is paid out of the Public Works – Health & Sanitation Department. This line item is currently under budget, although it should be noted that only seven months of activity have been accounted for thus far. Management does expect this line item to be over budget by fiscal year end; however, most of the additional costs will be offset by additional Garbage Surcharge revenue. As mentioned in the revenue section above, the total net cost to the City for the Senior Subsidy should be in the neighborhood of \$15,000 - \$20,000, which is \$10,000 - \$15,000 less than what was originally shown in the current year’s budget. Contractual services account for 29% of total appropriated General Fund expenditures year-to-date.

(56) Supplies & (99) Transfers Out – Through the end of period 9 (Jan 2016) all operational departments are significantly under budget in the supply expenditure category. The Administrative Services department is currently at 84% of budget; however, these expenditures are offset by reimbursements for liability insurance on the revenue side. The General Fund makes several monthly transfers to various other City Funds for the following reasons: (23) City-Wide Capital Fund – to fund maintenance related expenditures out of cost center 23-216 (Buildings & Grounds); (42) Debt Service Fund – to pay for 2014B annual debt service amounts not covered by property taxes; (52) Sewer Fund – transfer non-home rule sales tax proceeds to finance the 2011 Refi bond payments; (79) Parks & Recreation Fund – annual transfer to subsidize Park & Recreation activities. The transfer to the (82) Library Operations Fund is for reimbursement of liability and unemployment insurance, which is paid to the Library as those expenditures are incurred. The transfer to (15) Motor Fuel Tax Fund consists primarily of reimbursements for patching expenditures in excess of the amounts originally appropriated by the State, per the City’s most recent MFT Audit. To date, supplies and transfers out account for 1% and 18% of total General Fund expenditures, respectively.



United City of Yorkville – fiscal quarter ending January 31, 2016

Water Fund Revenues

Revenue Source	FY 2016 Actual YTD	FY 2016 YTD Budget	% of Budget		FY 2015 Actual YTD	% Change
24 Charges for Service	2,307,289	3,240,437	71%		1,725,801	34%
25 BUILD Program	104,733	-	0%		95,572	10%
26 Investment Earnings	3,210	500	642%		1,212	165%
27 Reimb/Misc/Transfers	4,404,943	4,432,582	99%		113,946	3766%
28 Total Revenues	\$ 6,820,175	\$ 7,673,519	89%		\$ 1,936,531	252%

(24) Charges for Service primarily consist of water sales and infrastructure fees, which account for over 40% of total Water Fund revenues. With two billing cycles to go (Feb & Apr) in FY 2016, water sales are expected to exceed budgetary amounts by approximately \$100,000 to finish the year at an estimated \$2.42 million. Infrastructure fees are more than double what they were at this time last year, due to the monthly fee increasing from \$4.00 to \$8.25. **(25) BUILD Program** revenues are up 10% over prior year amounts. Water connection fees are at approximately 25% of budget, as a result of the continuation of the BUILD Program through December 31, 2016.

(26) Investment Earnings is mostly comprised of interest income derived from the 2015A bond proceeds. The bulk of these proceeds are invested in certificates of deposit (i.e. CD’s - FDIC insured) which will mature at the end of February just before construction for Countryside is scheduled to commence. **(27) Reimb/Misc/Transfers** are made up of reimbursements, rental income, bond proceeds and interfund transfers. Last July the City issued \$5.575 million in bonds, of which \$4.1 million was allocated to the Water Fund in order to finance infrastructure improvements in the Countryside subdivision. The transfer in from the Sewer Fund pays for one half the annual debt service on the 2014B bonds (refunded the 2005C bonds.)

Water Fund Expenses

	FY 2016 Actual YTD	FY 2016 YTD Budget	% of Budget		FY 2015 Actual YTD	% Change
Total YTD Expenditures	\$ 2,703,262	\$ 7,949,715	34%		\$ 2,550,424	6%

Expenditures by Category							
50	Salaries	286,437	411,332	70%		271,550	5%
52	Benefits	173,406	240,029	72%		165,720	5%
54	Contractual Services	502,425	816,370	62%		435,998	15%
56	Supplies	193,168	302,995	64%		170,820	13%
60	Capital Outlay	462,911	4,948,544	9%		400,467	16%
77-94	Debt Service	1,084,914	1,230,445	88%		1,105,869	-2%

United City of Yorkville – fiscal quarter ending January 31, 2016

Water Fund Expenses - continued

In total, the first four functional cost categories (50-56) listed above are all tracking below target amounts (i.e. < 75%). **(60) Capital Outlay** is tracking significantly below budget at 9%, due to the timing of the Countryside Project. This project was originally scheduled to be completed in FY 2016; however, as currently projected the City will only incur \$840,000 of the total estimated project cost of \$4.2 million in the current fiscal year. The letting for this project will take place in March, at which time the overall cost of the project will be adjusted in accordance with the updated construction numbers. With the exception of vehicles, all other capital projects in the Water Fund are currently expected to be complete (or substantially complete) by the end of FY 2016.

Sewer Fund Revenues

Revenue Source	FY 2016 Actual YTD	FY 2016 YTD Budget	% of Budget		FY 2015 Actual YTD	% Change
29 Charges for Service	790,132	1,180,200	67%		767,860	3%
30 BUILD Program	44,600	-	0%		27,000	65%
31 Investment Earnings	852	1,500	57%		5,350	-84%
32 Reimb/Misc/Transfers	853,340	1,334,654	64%		961,579	-11%
33 Total Revenues	\$ 1,688,924	\$ 2,516,354	67%		\$ 1,761,789	-4%

(29) Charges for Service account for almost 50% of total Sewer Fund revenues and consist primarily of maintenance and infrastructure fees. With two billing cycles to go (Feb & Apr) maintenance and infrastructure fees are expected to finish at budgeted amounts. **(30) BUILD Program** revenues are up 65% over prior year amounts; however sewer connection fees are tracking well below budget, as a result of the continuation of the City’s BUILD Program through December 31, 2016.

United City of Yorkville – fiscal quarter ending January 31, 2016

Sewer Fund Expenses

	FY 2016 Actual YTD	FY 2016 YTD Budget	% of Budget		FY 2015 Actual YTD	% Change
Total YTD Expenditures	<u>\$ 2,508,993</u>	<u>\$ 2,941,087</u>	85%		<u>\$ 3,199,759</u>	-22%

Expenditures by Category						
50	Salaries	156,472	205,003	76%		147,189 6%
52	Benefits	80,667	127,049	63%		75,413 7%
54	Contractual Services	105,785	82,845	128%		131,099 -19%
56	Supplies	33,602	92,610	36%		25,245 33%
60	Capital Outlay	263,386	459,015	57%		757,188 -65%
75	Developer Commitments	-	32,891	0%		- 0%
84-96	Debt Service	1,811,874	1,865,399	97%		2,000,935 -9%
99	Transfer Out	57,206	76,275	75%		62,691 -9%

(54) Contractual Services currently exceed aggregate budgetary amounts due to costs incurred for televising and sanitary sewer cleanouts in the Countryside subdivision in order to proceed forward with infrastructure improvements later on this year. **(60) Capital Outlay** consisting of sanitary sewer lining in conjunction with the City’s Road to Better Roads Program has been completed for the current fiscal year. The additional \$200,000 in sanitary sewer lining has yet to begin as it is directly tied to the I&I reimbursement amount, which is still being negotiated with the Yorkville Bristol Sanitary District. The annual **(75) Developer Commitment** will be paid to Lennar at the end of the fiscal year, pursuant to the reimbursement agreement entered into in December 2002.

Park & Recreation Fund Revenues

Revenue Source	FY 2016 Actual YTD	FY 2016 YTD Budget	% of Budget		FY 2015 Actual YTD	% Change
34 Charges for Service	332,401	325,000	102%		297,634	12%
35 Investment Earnings	278	400	70%		540	-49%
36 Reimb/Misc/Transfers	1,006,661	1,257,831	80%		1,132,666	-11%
37 Total Revenues	\$ 1,339,340	\$ 1,583,231	85%		\$ 1,430,840	-6%

In total, **(34) Charges for Service** have been particularly robust in the current fiscal year, already exceeding total budgetary amounts at 102%. All charges for service line items are posting year-over-year gains as follows: special events up 24%; child development up 10%; athletics & fitness up 8%; and concession revenue up 2%. Hometown Days revenue, which is included in the **(37) Reimb/Misc/Transfers** revenue center, increased 20% in comparison with the previous fiscal year. For FY 2016, Hometown Days netted a positive \$11,584, which is more than double last year’s amount of \$3,355.

United City of Yorkville – fiscal quarter ending January 31, 2016

Park & Recreation Fund Expenditures

	FY 2016 Actual YTD		FY 2016 YTD Budget		% of Budget		FY 2015 Actual YTD		% Change
Total YTD Expenditures	\$ 1,254,655	-	\$ 1,795,940	-	70%		\$ 1,355,339	-	-7%

Expenditures by Category									
50	Salaries	558,181	863,762	65%		596,158	-6%		
52	Benefits	257,142	382,912	67%		272,493	-6%		
54	Contractual Services	166,844	234,780	71%		260,843	-36%		
56	Supplies	177,643	214,486	83%		140,725	26%		
56	Hometown Days	94,845	100,000	95%		85,120	11%		

Expenditures by Department									
790	Parks	576,209	912,004	63%		714,937	-19%		
795	Recreation	678,446	883,936	77%		640,403	6%		

(50) Salaries & (52) Benefits are tracking below budgetary amounts, due to two vacant maintenance worker positions in the Parks Department. **(54) Contractual Services** are tracking below budgeted amounts, although there are individual line items such as professional services and program refunds that will exceed budgetary amounts as a result of the increase in revenue mentioned above. **Total expenditures** for the Parks & Recreation Fund are currently expected to come in around \$1.765 million, which is \$30,000 less than originally budgeted.