

2019

UNITED CITY OF YORKVILLE

QUARTERLY BUDGET REVIEW

4th Quarter Ended April 30, 2019



United City of Yorkville – 4th quarter ended April 30, 2019

General Fund Revenues (cash basis after 12 periods)

Revenue Source	FY 2019 Actual YTD	FY 2019 Budget	% of Budget	FYE 2018 Actual YTD	% Change
1 Property Taxes	\$ 3,149,635	\$ 3,149,823	100%	\$ 3,093,892	2%
2 Municipal Sales Tax	3,067,752	3,009,475	102%	2,982,606	3%
3 Non-Home Rule Sales Tax	2,355,866	2,339,575	101%	2,310,172	2%
4 Utility Taxes	1,004,920	935,000	107%	950,226	6%
5 Excise Tax	336,355	333,340	101%	348,044	-3%
6 Cable Franchise Fees	295,361	290,000	102%	292,187	1%
7 Hotel Tax	79,168	80,000	99%	78,260	1%
8 Video Gaming Tax	143,627	110,000	131%	117,192	23%
9 Amusement Tax	207,885	200,000	104%	199,431	4%
10 Admissions Tax	148,133	120,000	123%	130,766	13%
11 Business District Tax	414,649	434,000	96%	406,067	2%
12 Auto Rental Tax	15,900	13,000	122%	14,087	13%
13 Income Tax	1,846,826	1,822,308	101%	1,860,898	-1%
14 Local Use Tax	562,425	500,279	112%	459,580	22%
15 Road & Bridge	128,668	135,000	95%	131,612	-2%
16 Other Intergovernmental	54,083	54,900	99%	50,414	7%
17 Licenses & Permits	553,923	336,000	165%	504,408	10%
18 Fines & Forfeits	101,732	130,400	78%	124,547	-18%
19 Charges for Service	1,586,233	1,535,112	103%	1,506,182	5%
20 Investment Earnings	90,321	20,000	452%	49,323	83%
21 Reimbursements/Miscellaneous	57,885	64,750	89%	85,217	-32%
22 Transfers In	-	30,000	0%	2,246	0%
23 Total Revenues	\$ 16,201,346	\$ 15,642,962	104%	\$ 15,697,357	3%

(1) Property Taxes consist of the Corporate and Police Pension tax levies which account for approximately 20% of total General Fund revenues. In Fiscal Year (FY) 2019 the City collected 99.5% 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 (ADC) amount of \$963,361 from property taxes (\$958,476) and from other General Fund revenues (\$4,885).

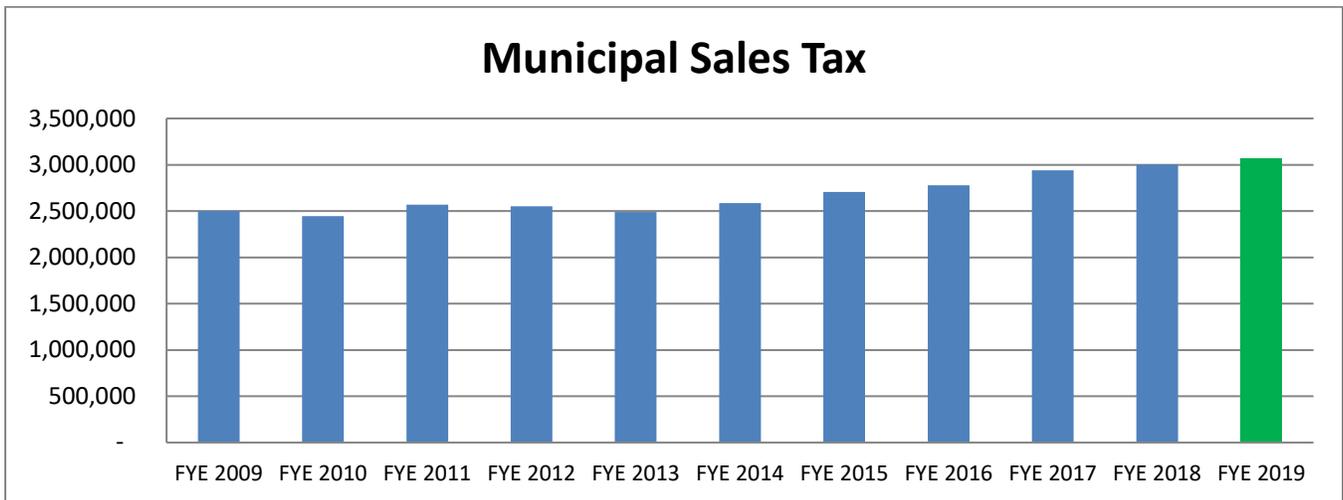
(2 & 3) Municipal & Non-Home Rule (NHR) Sales Taxes account for the majority (~ 35%) of aggregate General Fund revenues. Municipal sales tax consists of the 1% local share from the total 8.25% general merchandise tax rate and all of the sales tax associated with qualifying food, drug and medical appliances. In addition to the 1% local share for municipal sales tax, the City also passed (via referendum) a 1% non-home rule sales tax rate applicable only to general merchandise. After averaging monthly increases of approximately 4% over the first six months of the fiscal year, sales tax proceeds began to dwindle a bit as FY 2019 progressed; as both February and March 2019 state receipts (which represent the November/December 2018 holiday season) were, on average, about 3% less than last year. After accounting for audit accruals, staff is currently projecting sales tax to finish around \$3.070 million for the Fiscal Year Ended (FYE) 2019. This new high-water mark for sales tax represents about a 2% growth over FY 2018; and exceeds current year budgeted amount by ~\$60,000.

United City of Yorkville – 4th quarter ended April 30, 2019

General Fund Revenues – continued

Not surprisingly (as these two revenue streams tend to move in tandem) monthly non-home rule (NHR) sales tax allotments followed a similar pattern to municipal sales over the course of FY 2019 and is currently projected to finish at \$2.36 million (gross amount – again taking audit accruals into consideration). This would be a year-over-year increase of ~1.5% and would exceed the amount budgeted by ~\$20,000. Beginning in June of 2017, the State implemented a 2% administrative fee (which is accounted for in the Administrative Services cost center) for all NHR sales tax proceeds. This administrative fee was reduced to 1.5% in June 2018 and equates to about \$35,000 in the current fiscal year (net NHR sales tax proceeds equal ~\$2.325 million).

As illustrated by the graph below, municipal sales tax tends to reflect the movement of the aggregate economy over the last eleven fiscal years. After reaching its lowest point (\$2.45M) during the height of the recession in FY 2010, sales tax increased by approximately 5% in FY 2011 (\$2.57M), before declining again in FY 2012 (\$2.55M) and FY 2013 (\$2.49M). After increasing by 4% in FY 2014, sales tax eclipsed its pre-recessionary high of \$2.68M (FY 2007) in FY 2015, as revenues exceeded \$2.7M for the first time in the City’s history. Since FY 2014, sales tax amounts have continued to escalate, increasing an average of 3.4% per annum.



(4) Utility Taxes consist of the City’s share of electric (ComEd) and natural gas (Nicor) taxes, which are heavily influenced by weather patterns over the summer and winter months. Bolstered by the frigid temperatures experienced in January and February, natural gas tax receipts are expected to finish the fiscal year at approximately \$275,000; an increase of 10% over the year prior. Electric utility tax receipts are projected to finish higher than usual as well, at right around \$730,000. When taken in aggregate, utility taxes should exceed budgeted amounts by over \$70,000.

(5) Excise (formerly 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 declined precipitously in municipalities across the State, as landlines become less prevalent. After sharp decreases in FY 2017 (9%) and FY 2018 (7%), excise tax proceeds seemed to have leveled off in the current year, nominally decreasing by ~1.5%. Excise tax should finish FY 2019 around \$330,000, which is approximately \$5,000 higher than initially budgeted.

(6) Cable Franchise Fees are projected to finish around \$300,000, which is about a 2% increase in comparison to the prior all-time high of \$294,275 in FY 2017. These fees are remitted from AT&T and Comcast at a rate of 5% of gross revenues earned during the previous calendar quarter.

United City of Yorkville – 4th quarter ended April 30, 2019

General Fund Revenues – continued

(7) Hotel Tax is generated from the four hotel/motels within City limits: Super 8; Hampton Inn; All Seasons; and the Sunset Motel. On a percentage basis, hotel tax was one of the fastest growing revenues in the General Fund, increasing an average of 14.4% from FY 2014 through FY 2016. After declining by about 10% (\$72,407) in FY 2017, hotel tax rebounded in FY 2018, increasing by 10% to finish at \$79,602. In the current fiscal, year hotel taxes are estimated to decrease by about 3%, to close around \$78,000; which is similar to the prior year. This tax is rebated to the Aurora Area Convention & Visitors Bureau (AACVB) at a rate of 90% and is an expenditure 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 fifteen 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 (17%). Since its inception, video gaming tax receipts have more than quadrupled, going from \$26,047 in FY 2014 to \$119,733 at the end of FY 2018. Currently this revenue stream is estimated to continue to grow, exceeding prior year amounts by ~\$25,000 to finish FY 2019 at \$145,000.

(9) Amusement Tax was created by 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 remained resilient due to the sustained success of local businesses, including Raging Waves, and has been further enhanced in recent years by the opening of NCG Cinemas. Current projections for amusement tax are \$200,000, which is similar to prior year amounts.

(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 business district sales tax rate was implemented as a mechanism to finance public improvements in these areas, as amounts generated from this tax are rebated in full to either pay debt service (Kendall Marketplace) or reimburse developers. Thus far in FY 2019 overall business district tax receipts are trailing budgeted amounts, as Kendall Marketplace tax proceeds have declined by an average of 10% over the last four months. Business district taxes within Kendall Marketplace appear to have trended in an opposite direction in comparison to aggregate municipal & non-home rule sales taxes over the course of the fiscal year; as they are currently estimated to decline by approximately 3% over the prior year, for a total of ~\$360,000. Meanwhile, tax proceeds in the Downtown Business District have been particularly robust, as they are expected to more than double budgeted amounts, to finish the year around \$37,000. While analyzing sales tax streams within the City’s business districts provides certain insights, it should be noted that these revenue streams have no budgetary impact. As mentioned above, these taxes are rebated in full (less a 2% administrative fee deducted by the State of Illinois).

(13) Income Tax is the City’s largest intergovernmental (i.e. disbursed on a per capita basis) revenue source, accounting for approximately 12% of all General Fund revenues. Prior to January 2011, 10% of total income tax collections were dedicated to the Local Government Distributive Fund (LGDF), which is distributed to municipalities and counties on a per capita basis. In January 2011 the LGDF percentage was decreased to 6% (with the enactment of the temporary income tax increase); and then increased to 8% in January 2015 after the temporary income tax expired. After the income tax was permanently increased in July 2017, the local government share was reduced to 5.45% and 6.16% of individual and corporate income tax collections, respectively. Currently local governments receive 5.757% of individual and 6.50% of corporate income tax proceeds. Income tax was initially budgeted at \$1.822 million, based on the Illinois Municipal League (IML) December 2017 per capita estimate of \$95.80. Actual income tax receipts are expected to exceed budgeted amounts by ~\$140,000, to finish around \$1.96 million (\$103 per capita). For the first twelve months of the current fiscal year (i.e. cash basis), income tax proceeds have been averaging about 15% higher in comparison to last year; and were further boosted by March (received in May) receipts of \$381,988, which is the largest single monthly allotment of income tax in the City’s history. IML speculates that much of this unanticipated revenue from the March allotment (~75%) was the result of timing issues regarding recent changes in federal tax policy. For the upcoming fiscal year, IML has recently revised its per capita estimate from \$98.50 to \$106.30. If this estimate holds, the City’s income tax would exceed \$2 million for the FYE 2020.

United City of Yorkville – 4th quarter ended April 30, 2019

General Fund Revenues – continued

(14) Local Use Tax is a form of 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 sales, the purchaser is responsible for the difference. Local use tax has been particularly robust in recent years, increasing an average of 12% per annum from FY 2014 through FY 2018. This trend is expected to continue in the current fiscal year, as a result of the South Dakota v. Wayfair decision and the continued growth of online purchases. As you may recall, last June the United States Supreme Court reversed its prior decision prohibiting state and local governments from requiring out-of-state (i.e. remote) sellers to collect sales taxes unless they had a physical presence in the state where the purchaser lived. As a result of the Wayfair decision, States and local governments are now allowed to collect use tax generated from sales over the internet. In Illinois, any remote seller with 200 or more annual transactions or \$100,000 or more in annual gross receipts are required to collect use taxes on purchases made out of state for consumption or use in Illinois. Based on current projections, management expects local use tax to increase approximately 22% in FY 2019, to finish around \$575,000 (~\$30.23 per capita).

(16) Other Intergovernmental Revenue consists of federal monies for overtime reimbursement in conjunction with the City’s participation in Chicago’s High Intensity Drug Trafficking Area (HIDTA) program; personal property replacement tax proceeds; vest grant proceeds from the United States Department of Justice; State grant proceeds for traffic signal maintenance and distracted driver prevention; and the annual allotment of pull tabs & jar games from the IDOR.

(17) License & Permit revenue is comprised of liquor licenses, building and other permits. To date, building permit revenues have dramatically exceeded initial expectations (budgeted amount was \$275,000) and are projected to finish the current fiscal year in excess of \$475,000. Per the City’s past practice, most of this amount will be recognized in the General Fund to cover Building Department personnel and operating costs, with the remaining proceeds recognized in the City-Wide Capital Fund to finance current and future capital improvements. At the culmination of Fiscal Year 2019 - 980 permits have been issued and are comprised as follows: 11 commercial; 217 single-family detached homes; 1 solar industrial farm; and 751 miscellaneous residential and commercial permits. The total number of permits issued in FY 2019 decreased by about 3% (26) in comparison to the previous fiscal year’s amount of 1,006. However, the amount of revenue recognized by the General Fund will increase by ~\$175,000 over FY 2018 amounts, due to several factors including the elimination of the BUILD Program; the 130% increase in the number of new single-family detached home permits issued in FY 2019 (217 v. 95 in FY 2018); and the increase in outsourced inspection costs (paid by the Community Development Department).

(18) Fines & Forfeits consist of circuit court, adjudication, offender registration and police tow fines. Kendall County Circuit Court fines are expected to decrease by ~15% in comparison with prior year and should finish under budget by \$7,000. Administrative adjudication fines are tracking around \$26,000, which is similar to FY 2018 amounts. Due to turnover in the Police Department over the course of FY 2019, tow revenues are trailing preceding year amounts by ~30% and are currently expected to close around \$36,000 in FY 2019. Tow revenues are anticipated to return to historical norms (~\$50,000 - \$60,000) in the upcoming fiscal year, as police officer staffing returns to budgeted levels.

(19) Charges for Services primarily consist of the refuse charges included on residents’ utility bills and the administrative fees paid to the City from the YBSD and Fox Metro for administering their billing and collection processes. Total garbage surcharge revenues (including late fees) are projected at \$1.2 million for FY 2019, which would yield a nominal surplus of about \$26,000 when netted against the costs of providing this service (paid out of the PW - Health & Sanitation cost center in the General Fund). Overall refuse surcharge revenue is estimated to increase approximately 6% over last year, due to the contractual rate increasing from \$16.50 to \$16.91 (2.5%) per month for 65- & 95-gallon totes and new residential development. Expenditures for the refuse subsidy, which reduces senior citizens’ monthly refuse charges by \$3.38 (\$8.45 for those seniors qualifying for circuit breaker), is estimated to finish around \$33,000. The City also offers 33-gallon totes at the reduced rate of

United City of Yorkville – 4th quarter ended April 30, 2019

General Fund Revenues – continued

\$16.35 per month (\$13.08 for seniors and \$8.18 for seniors qualifying for circuit breaker), in which about 50 residents participate.

(20) Investment Earnings is comprised of interest income earned from FDIC insured certificates of deposit (i.e. CD’s), in addition to having cash on account with the Illinois Funds and Associated Bank. Investment earnings are almost 80% higher in comparison to this time last year, due to gradually rising interest rates and more cash being available for investment within the General Fund, as a direct result of increased fund balance.

At the end of FY 2019 the City’s total restricted amount at the Illinois Metropolitan Investment Fund (IMET) as a result of the First Farmer’s Financial Repo Fraud was \$275,365, of which \$82,415 is attributable to the General Fund. Regarding ongoing recovery efforts, as of May 13, 2019 the Overall Receiver (i.e. law firm appointed by the Court who has custody of the assets recovered on behalf of investors) reported total recovered assets of \$81,575,182. Of this amount, the Internal Revenue Service (IRS) on April 1, 2019 has agreed to subordinate \$74.3 million (91%) of this amount. This would put the City’s estimated share at \$135,958, which would put total recovered amounts at \$180,397 (\$44,439 has been recovered to date). However, the distribution of these recovered funds cannot take place until the claims of the IRS have been resolved. IMET Counsel continues to push for full recovery of proceeds, as litigation with the IRS continues in federal court.

(21 & 22) Reimbursements/Miscellaneous Income & Transfers In is comprised of various reimbursements for engineering, legal, liability insurance, etc., as well as rental and other miscellaneous income. Aggregate miscellaneous reimbursements are expected to finish the year around \$60,000 and are primarily comprised of quarterly rebates from the cable consortium (\$36,358) and IPRF safety grant funds (\$8,320). The bulk of miscellaneous income (currently projected at ~\$26,500 for FY 2019) will consist of credit card rebate proceeds, which a total \$18,220 will be accrued to the current fiscal year. The **Transfer In** amount (estimated at \$30,000 for FY 2019) is composed of 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. At the end of FY 2019, \$143,452 has been reimbursed to the General Fund, leaving a balance of \$427,863.

(23) Total General Fund Revenues & Transfers are projected (after considering audit accruals) to exceed budgetary amounts in excess of \$760,000 (~5%); due predominantly to better than expected building permits, tax proceeds, intergovernmental revenues and investment earnings.

United City of Yorkville – 4th quarter ended April 30, 2019

General Fund Expenditures *(cash basis after 12 periods)*

		FY 2019 Actual YTD	FY 2019 YTD Budget	% of Budget	FY 2018 Actual YTD	% Change
Total YTD Expenditures		\$ 15,187,386	\$ 16,395,796	93%	\$ 14,704,145	3%
Expenditures by Category						
50	Salaries	4,707,608	4,901,639	96%	4,481,656	5%
52	Benefits	2,887,068	3,056,457	94%	2,904,105	-1%
54	Contractual Services	4,310,752	5,046,691	85%	4,148,289	4%
56	Supplies	238,731	346,098	69%	225,346	6%
99	Transfers Out	3,043,228	3,044,911	100%	2,944,749	3%
Expenditures by Department						
110	Administration	922,491	955,899	97%	834,810	11%
120	Finance	474,576	490,629	97%	436,577	9%
210	Police	5,258,137	5,645,116	93%	5,274,182	0%
220	Community Development	814,862	829,646	98%	619,448	32%
410	PW - Streets & Sanitation	1,857,187	2,093,255	89%	1,706,576	9%
640	Administrative Services	5,860,133	6,381,251	92%	5,832,552	0%

(50) Salaries – After twelve periods of activity, overall salary line items finished at 96% of budget, as most functional departments within the General Fund came in under their respective appropriations. Aggregate Police Department salaries will finish ~\$150,000 under budget, due to several retirements and resignations over the 2019 fiscal period. The Street Department is projected to finish about 1% higher than total budgeted salary amounts, due to accrued benefits being paid out to a retiring employee. In addition, overtime costs (totaling \$23,048) in the Streets department will exceed budgeted amount by about \$8,000, as a direct result of increased snow plowing activity in the current fiscal year. At the end of April 2019, salaries accounted for approximately 30% of total General Fund expenditures.

(52) Benefits – Aggregate expenditures for benefits (which include individual departmental line items for group life, health, dental and vision – as well as unemployment and liability expenditures in the Administrative Services cost center) are expected to finish under budget (~95%) across all departments in FY 2019. For reasons mentioned above, the Police Department was about \$80,000 under budget; and retiree health insurance expenditures are expected to come in under appropriated amounts by about \$25,000, as retirees incurred fewer health reimbursement account (HRA) expenses and several retirees chose to opt out of the City’s benefit program upon becoming eligible for Medicare. To date, benefits account for 19% of total General Fund expenditures.

(54) Contractual Services – At first glance it appears that the General Fund is considerably below budgeted amounts for this cost category, tracking at only 85% at the end of April; however, there are two material expenditures that still need to be accounted for as part of the audit accrual process. The first of these costs is for refuse service for March and April, which total approximately \$200,000. The other significant expenditure is the sales tax rebate amount covering the last four months of the fiscal year (January thru April). Currently sales tax rebates total \$590,527, which is comprised of the eight months covering the period of May thru December 2018. January thru April 2019 sales tax information will be provided to the City by the Illinois Department of Revenue (IDOR) in early July; at which time this line item is expected to finish at approximately \$865,000, which is \$65,000 below budget. Despite these two remaining expenditures, total contractual services are projected to finish

United City of Yorkville – 4th quarter ended April 30, 2019

General Fund Expenditures – continued

around \$5.06 million (~100% of budget) after audit accruals have been recorded, resulting in a nominal overage of ~\$13,000 over budgeted amounts. Community Development is projected to be about \$75,000 over budget for contractual service expenditures, due to increased demand for inspection and plan review services. However, as mentioned above, these outsourced charges will be fully offset by building permit revenues. On a positive note, contractual service expenditures in the form of police vehicle and equipment chargebacks are expected to be approximately \$60,000 less than initially budgeted; as enhanced permit fees for police vehicles have rendered the full budgeted chargeback amount unnecessary. Contractual services accounted for 29% of total appropriations in the General Fund at the end of the April 2019.

(56) Supplies & (99) Transfers Out – Based on the results at the end of period 12 (April 2019), it appears that most operational departments will finish at or near budgeted amounts in the supply expenditure category. The Public Works – Street Department is expected to finish well below its aggregate supply budget by approximately \$55,000; as asphalt patching was halted early due to the weather, and actual operating supplies and repair & maintenance expenditures came in better than initially expected. The Police Department will exceed budget amounts for supplies by ~\$70,000, due to the purchase of several solar powered speed signs, new portable radios and tasers for the officers.

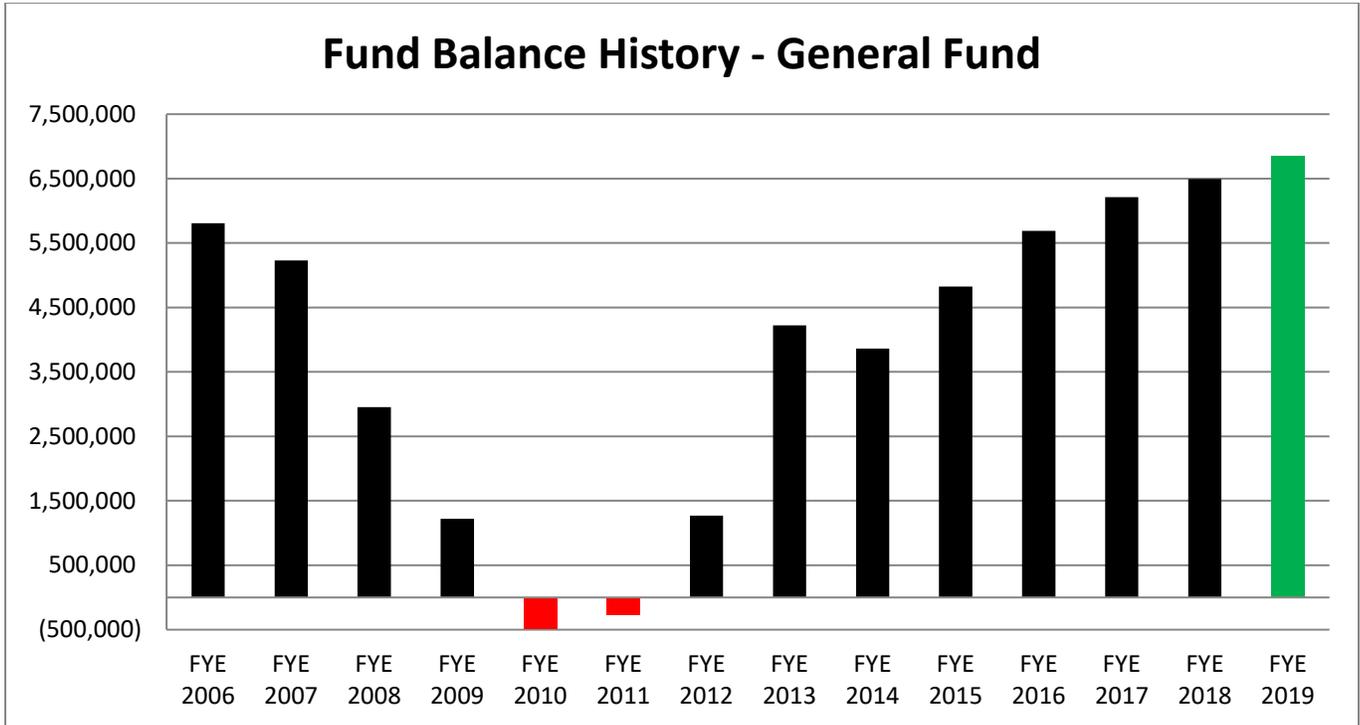
The General Fund makes several monthly **(99) Transfers Out** (i.e. other financing uses) to various City Funds for the following reasons: (42) Debt Service Fund – to pay the 2014B annual debt service amounts; (52) Sewer Fund – transfer a portion of non-home rule sales tax proceeds to pay debt service amounts on the 2011 refunding bonds; (79) Parks & Recreation Fund – annual transfer to subsidize that Fund’s operations; (23) City-Wide Capital – to fund the replacement of two HVAC units at the Beecher Community Center and other building & ground related expenditures. The transfer to the (82) Library Operations Fund is for reimbursement of liability and unemployment insurance, which is reimbursed to the Library as those expenditures are incurred. At the end of April 2019, supplies and transfers out accounted for 2% and 20%, respectively, of total General Fund appropriations.

General Fund – Fund Balance

Management is currently estimating the General Fund (once all revenue and expenditure audit accruals have been accounted for) to finish the year with a surplus of approximately \$350,000, which is \$1.1 million better than the initially budgeted amount of negative \$750,000. This estimated surplus would result in an ending fund balance in excess of \$6.8 million, which equates to a fund balance percentage of ~43% (fund balance divided by total expenditures & transfers out); which is equivalent to a four to five-month reserve. Total revenues and transfers in are estimated to finish around \$16.4 million, which is \$760,000 better than originally budgeted; whereas total expenditures are currently projected to finish under budget by ~\$340,000, totaling \$16.05 million. All departments within the General Fund (with the exception of Community Development – estimated to finish ~\$40,000 over budget due to increased outsourced inspection and plan review costs) are expected to finish below budgeted amounts. Cash and investments in the General Fund as of April 30, 2019 totaled \$5.76 million and \$744,495, respectively.

United City of Yorkville – 4th quarter ended April 30, 2019

General Fund – Fund Balance - continued



As illustrated above, fund balance in the General Fund declined precipitously in FY 2008 and FY 2009, as building activity in the City began to slow down due to the recession. Fund balance reached its lowest point in FY 2010 due to a one-time bad debt write off of approximately \$1 million, before rebounding in Fiscal Years 2011 thru 2013, due to staff and other budgetary reductions, as well as the implementation of non-home rule sales tax. Fund balance declined by \$363,000 in FY 2014, due to interfund transfers closing out the (16) Municipal Building & (80) Recreation Center Funds. Fund balance continued to increase over the next two fiscal years, returning to its pre-recessionary high of over \$5.5 million at the conclusion of FY 2016. Current projections for the General Fund put FYE 2019 fund balance at \$6.85 million, which eclipses last year’s previous all-time high of \$6.5 million. Nevertheless, it should be noted that when netted against the TIF Funds (which are currently estimated to finish FY 2019 with a combined negative fund balance of \$1.45 million), net fund balance for the General Fund is reduced to ~\$5.40 million, which equates to a 34% fund balance percentage (approximately 4 months of reserve).

United City of Yorkville – 4th quarter ended April 30, 2019

Water Fund Revenues *(cash basis after 12 periods)*

Revenue Source	FY 2019 Actual YTD	FY 2019 Budget	% of Budget	FYE 2018 Actual YTD	% Change
24 Charges for Service	\$ 4,515,184	\$ 4,326,486	104%	\$ 4,484,162	1%
25 BUILD Program	27,465	-	0%	165,755	-83%
26 Investment Earnings	19,100	7,000	273%	11,726	63%
27 Reimb/Misc/Transfers	219,028	205,032	107%	136,706	60%
28 Total Revenues	\$ 4,780,777	\$ 4,538,518	105%	\$ 4,798,349	0%

(24) Charges for Service primarily consist of water sales, infrastructure and connection fees, which currently account for 95% of total Water Fund revenues. Water sales are projected to finish the year a little over \$3.117 million (after accounting for audit accruals), which is slightly better than the budgeted amount of \$3.105 million; as year-over-year billed water volume marginally increased by 0.2%. Water meter and connection fees are currently estimated to exceed budgetary amounts by ~\$100,000 and ~\$70,000, respectively; due to the construction of Anthony’s Place and increased building activity throughout the City. Infrastructure fees have also been bolstered by increased residential development and are expected to finish the current year at \$775,000. Connection fees are predicted to finish FY 2019 around \$365,000.

(26) Investment Earnings consist of interest income earned from having cash on account with Associated Bank. Investment earnings are targeted to finish around \$21,000, which is almost triple budgeted amounts; due to gradually rising interest rates and the stable cash position of the Fund.

(27) Reimb/Misc/Transfers are made up of reimbursements, rental income, and interfund transfers. Rental income (which is projected to finish FY 2019 at \$60,000) will be enhanced further in subsequent fiscal years, as the City entered into a second cell tower lease agreement with Verizon last October. This new cell tower will be located at 610 Tower Lane and will initially generate an additional \$34,800 a year in rental income. The “transfers in” from the Sewer and City-Wide Capital Funds will total around \$140,000 and pay for a portion of the annual debt service on the 2014B (which refunded the 2005C bonds) and 2015A bonds, respectively.

Water Fund Expenses *(cash basis after 12 periods)*

	FY 2019 Actual YTD	FY 2019 YTD Budget	% of Budget	FY 2018 Actual YTD	% Change
Total YTD Expenditures	\$ 3,753,546	\$ 4,883,871	77%	\$ 4,054,781	-7%
Expenditures by Category					
50 Salaries	393,133	441,121	89%	409,801	-4%
52 Benefits	202,029	257,466	78%	246,030	-18%
54 Contractual Services	738,644	734,523	101%	799,909	-8%
56 Supplies	317,866	361,948	88%	293,606	8%
60 Capital Outlay	569,029	1,555,976	37%	962,184	-41%
77-94 Debt Service	1,532,844	1,532,837	100%	1,343,251	14%

As shown above, the **(50) Salary and (52) Benefit** cost categories are expected to finish below budgeted amounts in the current fiscal year, due to the retirements of a water foreman and maintenance worker II. Aggregate **(54) Contractual Services** are

United City of Yorkville – 4th quarter ended April 30, 2019

Water Fund Expenses - continued

projected to exceed budgeted amounts by approximately \$70,000; as a temporary consultant (paid out of professional services) was needed to fulfil the operational duties of the retired employees, and the installation of a new back-up generator (paid out of treatment facility services line item) after the old one burned out at the Raintree booster station. Total **(60) Capital Outlay** expenses are expected to finish significantly below budget (~41%), as the construction phase of several projects (East Orange Street Watermain Replacement; Well #7 rehab; and IDOT’s Route 71 watermain replacement project), in addition to the land acquisition phase of the regional water study, were deferred into future fiscal periods. Capital projects that were substantially completed as of April 30th include the Fox Highlands & Raintree subdivision watermain interconnect project; the demolition and site restoration of former Well #3; and the completion of public improvements in the Whispering Meadows subdivision.

Presently, the Water Fund pays **(77-94) Debt Service** on five issuances: 2015A Bond (matures FY 2035); 2016 Refunding Bond (matures FY 2023); 2014C Refunding Bond (matures FY 2025); and an IEPA Loan (matures FY 2027). The 2003 Debt Certificates were retired (i.e. paid-in-full) in the current fiscal year.

Water Fund – Fund Balance Equivalent

The Water Fund is projected to finish the year with a surplus of \$890,000, which is ~\$1.2 million better than originally budgeted. Currently the Fiscal Year 2019 ending fund balance equivalent is predicted to be around \$3.35 million, which is roughly 90% of total expenses & transfers out. However, equivalency percentages are expected to return to more normal levels (35%-40%), as the capital projects mentioned above progress towards completion in FY 2020. Cash balances in the Water Fund as of April 30, 2019 totaled \$2.84 million.

Sewer Fund Revenues *(cash basis after 12 periods)*

Revenue Source	FY 2019 Actual YTD	FY 2019 Budget	% of Budget	FYE 2018 Actual YTD	% Change
29 Charges for Service	\$ 1,530,862	\$ 1,558,658	98%	\$ 1,600,302	-4%
30 BUILD Program	18,000	-	0%	93,000	-81%
31 Investment Earnings	9,679	1,250	774%	27,755	-65%
32 Reimb/Misc/Transfers	858,048	856,583	100%	1,137,166	-25%
33 Total Revenues	\$ 2,416,589	\$ 2,416,491	100%	\$ 2,858,223	-15%

(29) Charges for Services account for 65% of total Sewer Fund revenues and transfers, consisting primarily of maintenance and infrastructure fees. At the end of April 2019, both maintenance and infrastructure fees are expected to exceed budgeted amounts, for a combined surplus of ~\$56,000. Aggregate sewer connection fees (includes BUILD permits) are projected to finish approximately \$64,000 under budget, as a result of lower than expected capital connection fees.

(31) Investment Earnings consist of interest income earned from deposits on account at Associated Bank. Investment earnings in the Sewer Fund continue to yield better than expected results due to gradually rising interest rates and the relatively stable cash position of the Fund.

United City of Yorkville – 4th quarter ended April 30, 2019

Sewer Fund Revenues - continued

(32) Reimbursements/Miscellaneous/Transfers In primarily consists of an interfund transfer from the General Fund comprised on non-home rule sales tax proceeds, for the purposes of paying a portion of the debt service on the 2011 Refunding Bonds.

Sewer Fund Expenses (cash basis after 12 periods)

	FY 2019 Actual YTD	FY 2019 YTD Budget	% of Budget	FY 2018 Actual YTD	% Change
Total YTD Expenditures	\$ 2,702,139	\$ 3,050,254	89%	\$ 2,788,285	-3%
Expenditures by Category					
50 Salaries	196,299	234,507	84%	222,060	-12%
52 Benefits	96,424	113,682	85%	111,426	-13%
54 Contractual Services	137,240	139,140	99%	204,390	-33%
56 Supplies	55,618	55,880	100%	43,101	29%
60 Capital Outlay	222,679	513,167	43%	221,436	1%
75 Developer Commitments	35,938	35,938	100%	-	0%
84-96 Debt Service	1,880,265	1,880,265	100%	1,911,997	0%
99 Transfer Out	77,675	77,675	100%	73,875	5%

Similar to the Water Fund, the **(50) Salaries and (52) Benefits** cost categories are expected to finish below budgeted amounts in the current fiscal year, due to the retirement of the sewer foreman. **(60) Capital Outlay** for the Sewer Fund is expected to finish considerably below budget (~45%), as the construction phase of IDOT’s Route 71 Sanitary Sewer Replacement Project was deferred into the subsequent fiscal year. Capital projects that were substantially complete at the end of FY 2019 include the Road to Better Roads Program, which focused on sewer lining and manhole rehabilitation at various locations across the City; along with the completion of infrastructure improvements in units one, two and four of the Whispering Meadows subdivision.

The **(75) Developer Commitment** cost center is an annual payment to Lennar Chicago (expires in FY 2020), pursuant to the reimbursement agreement entered into in December 2002. Currently, the Sewer Fund pays **(84-96) Debt Service** on three debt issuances: 2003 IRBB Debt Certificates (matures FY 2023); 2011 Refunding Bond (matures FY 2026); and an IEPA Loan (matures FY 2020). The 2004B bonds were retired in the current fiscal year. The **(99) Transfer Out** represents one half of the annual debt service payment on the 2014C (refunded 2005C) bonds in the Water Fund, as a portion of that bond’s initial proceeds were used for sewer infrastructure improvements.

Sewer Fund – Fund Balance Equivalent

The Sewer Fund is expected to finish the year with a deficit of ~ \$300,000, as the Fund continues its planned spend down of reserves pursuant to the FY 2019 budget. Despite the current year reduction of equity, the Sewer Fund will exceed its original budget deficit (-\$633,763) by approximately \$330,000, as a direct result of lower than anticipated personnel costs and the deferral of Route 71 project. Fund Balance Equivalency is currently projected to be ~\$1.1 million at the end of FY 2019, which equates to around 40% of total expenses & transfers out. Cash in the Sewer Fund as of April 30, 2019 totaled \$904,634.

United City of Yorkville – 4th quarter ended April 30, 2019

Parks & Recreation Fund Revenues *(cash basis after 12 periods)*

Revenue Source	FY 2019 Actual YTD	FY 2019 Budget	% of Budget	FYE 2018 Actual YTD	% Change
34 Intergovernmental	\$ -	\$ 81,815	0%	\$ -	0%
35 Charges for Service	582,920	578,000	101%	456,963	28%
36 Investment Earnings	1,534	1,500	102%	800	92%
37 Reimb/Misc/Transfers	1,503,838	1,498,706	100%	1,542,625	-3%
38 Total Revenues	\$ 2,088,292	\$ 2,160,021	97%	\$ 2,000,388	4%

(34) Intergovernmental revenues are comprised of a portion of OSLAD grant proceeds from the Riverfront Park project; of which \$81,815 of this grant will be booked as revenue in order to reimburse the Fund for financing a playground installation at Riverfront Park in FY 2017. Aggregate **(34) Charges for Service** are expected to increase substantially (~70%) in comparison to the prior year, as the Recreation Department took over the “in-house” baseball and softball program from the Yorkville Youth Baseball and Softball Association (YYBSA) in the current fiscal year. This new program is expected to bring in between \$150,000 to \$200,000 in additional revenue each year, and fully cover the personnel and other related costs of providing the program. Other charges for service revenue, comprised of child development (i.e. preschool program) and special events is estimated to finish the year at ~\$144,000 and ~\$90,000, respectively; which is in line with both budget and prior year amounts. Proceeds from Hometown Days, which is included in the **(37) Reimb/Misc/Transfers** revenue center, decreased 8% in comparison with the previous fiscal year. However, the festival did generate a net positive of \$7,155.

Parks & Recreation Fund Expenditures *(cash basis after 12 periods)*

	FY 2019 Actual YTD	FY 2019 YTD Budget	% of Budget	FY 2018 Actual YTD	% Change
Total YTD Expenditures	\$ 2,035,621	\$ 2,252,626	90%	\$ 1,863,536	9%
Expenditures by Category					
50 Salaries	962,216	987,500	97%	860,634	12%
52 Benefits	392,317	415,316	94%	388,538	1%
54 Contractual Services	307,651	364,204	84%	278,904	10%
56 Supplies	262,451	374,620	70%	227,283	15%
56 Hometown Days	110,986	110,986	100%	108,177	3%
Expenditures by Department					
790 Parks	1,057,416	1,143,164	92%	939,537	13%
795 Recreation	978,205	1,109,462	88%	923,999	6%

The original FY 2019 Parks and Recreation budget had two primary budget amendments in the current fiscal year. The first amendment occurred in November to reflect the additional revenues and expenditures associated with the “in-house” youth baseball & softball program acquired from the YYBSA. The second amendment occurred in April, whereby an additional \$90,000 was transferred from the (79) Parks and Recreation Fund (via a chargeback from the Parks Department) to the Parks & Recreation Capital cost center of the (25) Vehicle & Equipment Fund for the purposes of acquiring two new parks trucks (\$70,000) and the installation of a boat launch area (\$20,000) at Riverfront Park; resulting in a final amended budget deficit amount of negative \$92,605 (vs. the original budget deficit amount of negative \$98,294).

United City of Yorkville – 4th quarter ended April 30, 2019

Parks & Recreation Fund – Fund Balance

At the end of FY 2019, management currently projects that the Parks & Recreation Fund will run an approximate deficit of \$25,000 (after accounting for audit accruals), which is ~ \$68,000 better than the final amended budget deficit of negative \$92,605. Ending fund balance for the year is projected to be around \$450,000, which is equal to about 24% of total expenditures. Cash on hand in the Parks & Recreation Fund as of April 30, 2019 totaled \$637,919.