



VILLAGE OF PALOS PARK FIRST QUARTER BUDGET REPORT FISCAL YEAR 2012

OVERVIEW

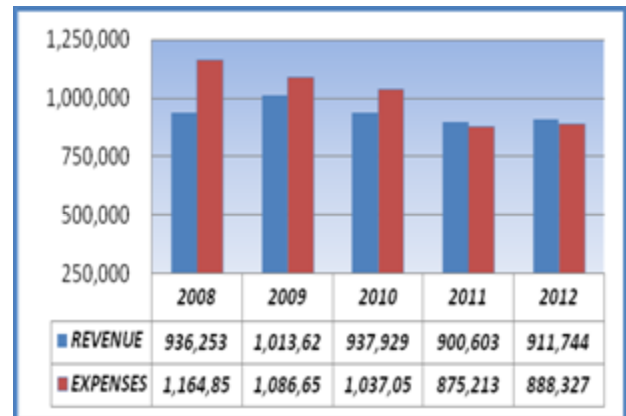
This financial report highlights and summarizes the unaudited financial performance and position of the Village of Palos Park for the period starting May 1, 2011 and ending July 30, 2011. This report will focus on the actual revenues and expenditures compared to our Fiscal Year 2012 approved budget; as well as, actual revenues and expenditures compared to our previous fiscal year. The purpose of this report is to provide the Elected Officials, Department Directors, and Citizens of Palos Park an update on the Village's fiscal status based on the most recent financial information available.

This report provides valuable information on the Village's major revenue sources and expenditure trends that we are carefully tracking. We are experiencing increases in sales tax collections, local use taxes, personal property taxes, and building department revenues; however, utility taxes and police department revenues have decreased significantly as compared to the prior fiscal year. When individual year-to-date activity for each revenue source is compared to its performance at this same point last year, the majority of individual revenue sources are remarkably close to the same level of collections at the first quarter of FY2011. Although overall operating revenue in the General Fund came in 4.89% under budget, expenditures also came in 4.93% under budget in the first quarter of Fiscal Year 2012. In addition, as a result of cost reduction efforts, our expenditures have reduced significantly since 2008 which has allowed us to produce a fund balance surplus in our major funds.

Despite a turbulent national and state economy, the local economic trend for the past year and current fiscal year has been relatively positive. As we begin the Fiscal Year 2012, the Village's economic trends continue to be positive. It will be critical to the Village to monitor economic indicators closely and plan for the possibility of a potential financial downturn locally; as well as, other budget vulnerabilities, all of which could have a significant impact on the Village of Palos Park's budget.

GENERAL FUND REVENUE

The Village ended the first quarter of Fiscal Year 2012 with the General Fund revenues exceeding expenditures by \$23,417. Revenues show an \$11,141 or 1.24% increase over the previous fiscal year. Revenues are less than budget primarily because property tax revenue amounts are not yet received. Currently, the State of Illinois is still in arrears three months in the amount of \$110,038 which significantly impacts the reported revenue.



Property Tax Revenue

Property Tax revenue is the largest revenue source in the General Fund. Property Taxes contribute 26% of the total General Fund Revenue. This revenue source follows a strict formula for a non-home rule community under the State of Illinois Tax Cap Law. These tax cap laws allow for an increase in the total real estate tax levy equal to the change in the Consumer Price Index (CPI). Property tax revenue will increase by the CPI each year in total, and this first quarter of fiscal year ended with an increase of \$29,031 over the prior fiscal year. Property Tax collections were \$45,872 in total for the first quarter. Total Property Tax Revenue of \$1,179,421 is budgeted for Fiscal Year 2012.

State Sales Taxes

Sales Tax collection is one of the largest revenue sources of the General Fund, and generates 14% of total General Fund Revenue. Currently, State Sales Tax revenue collection is up significantly in the amount of \$19,161 or 13.07% as compared to the previous fiscal year; and on average up 9.49% compared to fiscal years 2010 and 2011. Economic factors will continue to have a major effect on revenue collections in this fiscal year. Total Sales Tax Revenue of \$645,000 is budgeted for Fiscal Year 2012.

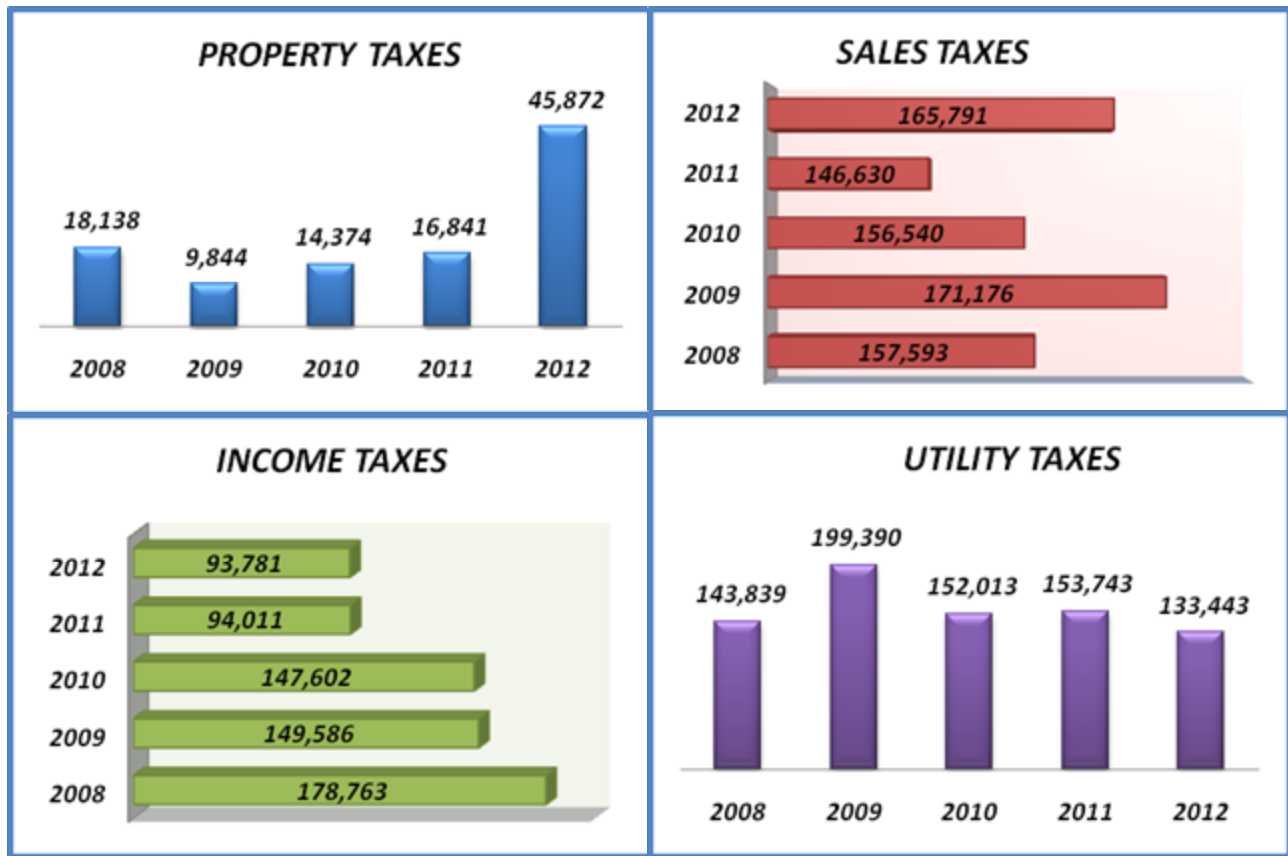
Income Tax Revenue

Income Tax revenue, as compared to the previous fiscal year, is down \$231 or 0.25%. Financial issues of the State of Illinois have impacted collections these last two fiscal years substantially. Income tax payments are still in arrears three months, in the amount of \$110,038, with uncertainty as to when the revenue will be received by the state. Total Income Tax revenue collection for Fiscal Year 2012 is budgeted at \$353,831.

Utility Taxes

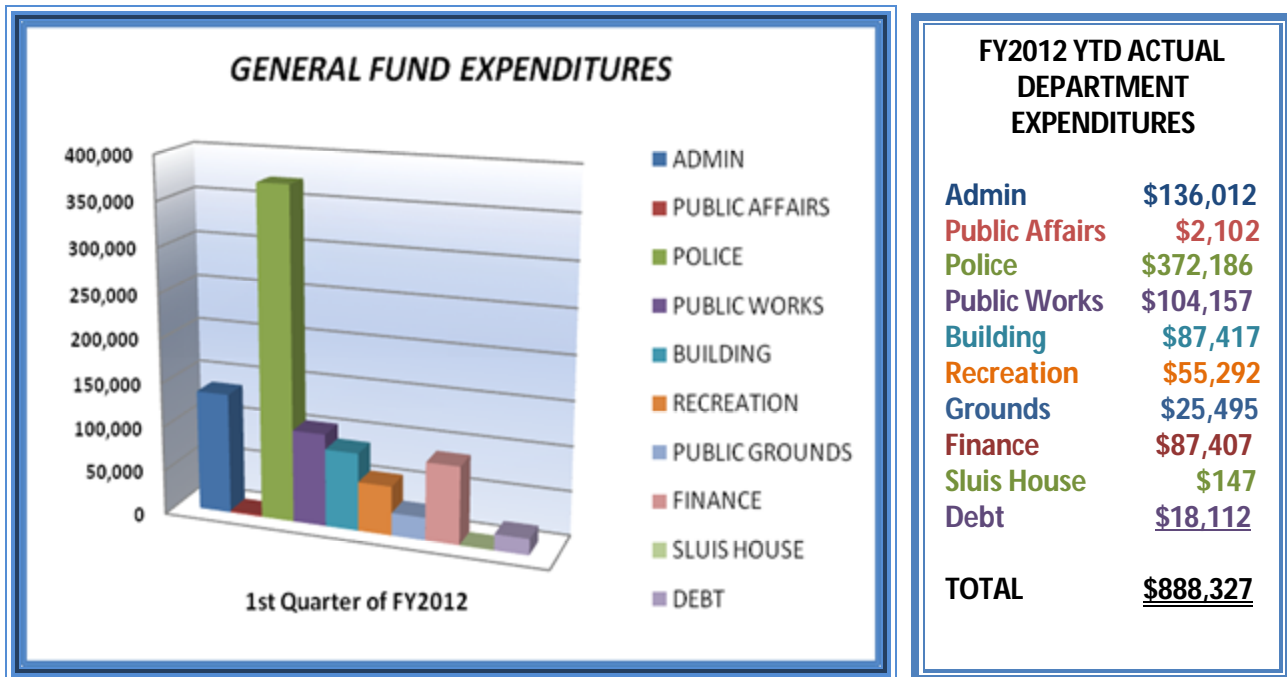
The Village receives utility taxes from ComEd electric, NiCor natural gas, and telephone utility taxes. Utility taxes contribute 12% of total General Fund revenue. Utility tax collections for the first quarter are down 13% as compared to the previous fiscal year. The overall reduction in utility tax revenue experienced to date in this fiscal year is attributable to a decline in collections on electric, with a decrease also in telecommunication taxes; however, utility tax on electricity (ComEd) contributed greatest to the decline with a 35.39% decrease as compared to this period of time in the prior fiscal year. Telecommunication utility tax collections are also down 10.91%. NiCor natural gas tax, which is dependent upon the severity of the weather, revenue is up \$2,839 or 6.21% from the previous fiscal year. Total Utility Taxes collection in Fiscal Year 2012 is budgeted at \$547,410.

MAJOR REVENUE SOURCES IN THE GENERAL FUND FISCAL YEARS 2008 THROUGH 2012



GENERAL FUND EXPENDITURES

The budgeted General Fund Expenditures were \$4,425,956 for Fiscal Year 2012, and actual expenditures for the first quarter of the new fiscal year totaled \$888,327 representing 20% of the budget for the year. At this point in the fiscal year there are no major department variances of note to report within the Village's general government operations, and should be noted that all the General Fund departments are under budget for Fiscal Year 2012.



FY2012 YTD ACTUAL DEPARTMENT EXPENDITURES

Admin	\$136,012
Public Affairs	\$2,102
Police	\$372,186
Public Works	\$104,157
Building	\$87,417
Recreation	\$55,292
Grounds	\$25,495
Finance	\$87,407
Sluis House	\$147
Debt	\$18,112
TOTAL	<u>\$888,327</u>

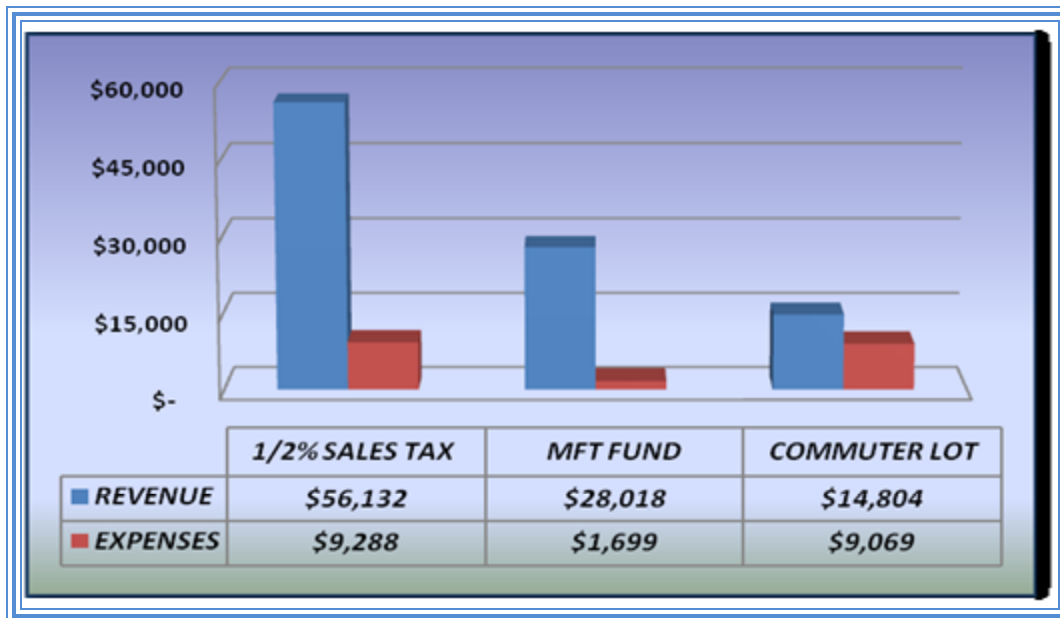
OTHER FUNDS

The $\frac{1}{2}\%$ **Sales Tax Fund** is used to account for the proceeds of non-home rule sales tax, and these funds are restricted for use by Public Works for streets, road resurfacing, and drainage capital projects. Revenues in the first quarter of the fiscal year are up significantly with a 30% increase or \$10,394 over the same time frame in the prior fiscal year; as well as, representing 28% of the budget estimate. Total collection of non-home rule sales tax for the first quarter of the fiscal year was \$56,132. Total expenses for Fiscal Year 2012 to date were \$9,288 and were under budget by 78% in the fund. Expenses were less than revenue in the first quarter of the fiscal year, and the fund is showing a surplus of \$46,844.

The **Motor Fuel Tax Fund** is used to account for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. The allotment represents the Village's share of gasoline taxes. Revenues collections continued to be stable with only a \$1,307 or 4.45% decrease over the prior fiscal year. Total fiscal year revenue collections of \$28,006 represent 19.6% of the budget estimate. Total expenses, in the amount of \$1,699, were under budget by 24% in the first quarter. Total expenses in the fiscal year were less than revenue for the fiscal year, and the fund shows a surplus of \$26,318 at the end of the first quarter Fiscal Year 2012.

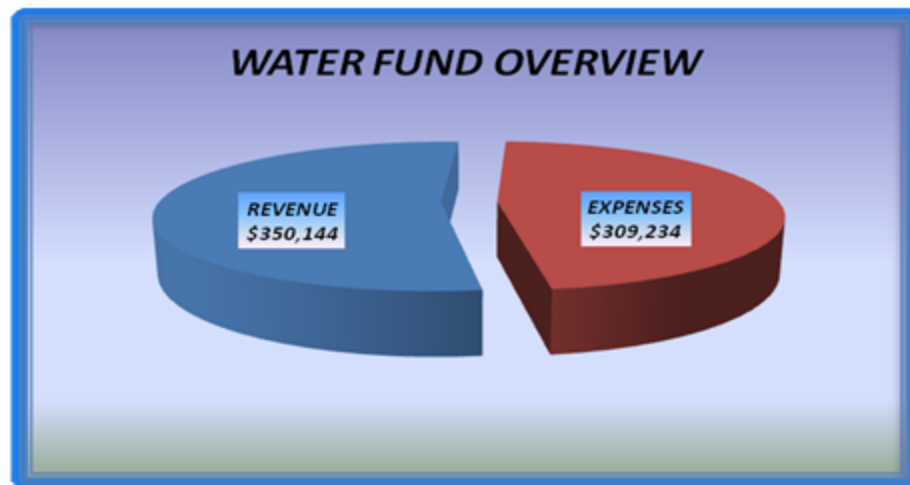
The **Commuter Parking Lot Fund** is used to account for the provision of public parking services at the Metra Commuter Lot located in the Village. Although revenue is only down \$4,943 from the same time period in the prior fiscal year, representing an under budget collection of 4.6% at the end of the first quarter. Total revenue collected in this fund was \$14,804 for the fiscal year. Expenses in this fund represent operational and maintenance costs of the commuter lot, and have increased \$684 or 8.17% from the prior fiscal year. Total expenses were \$9,069 or 13.3% of the total budget. Revenues exceeded expenses producing a \$5,735 surplus at the close of the first quarter of Fiscal Year 2012.

REVENUE AND EXPENSES IN OTHER FUNDS FISCAL YEAR 2012



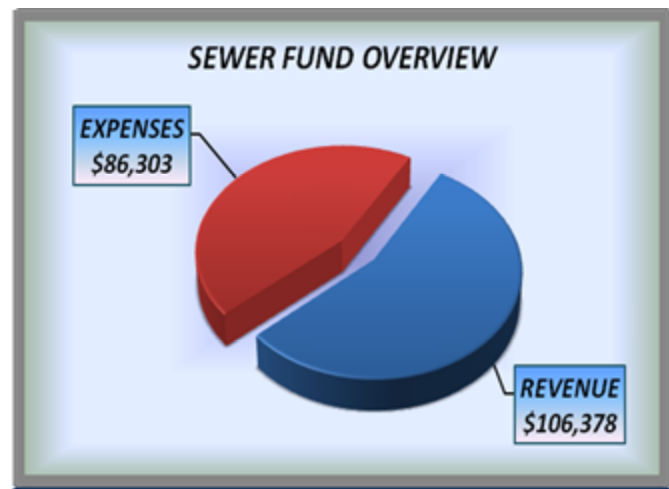
WATER FUND

The water fund accounts for activities relating to operation of the Village's water system, and this fund is used to account for operational costs and maintenance associated with the water distribution system within the village boundaries. The Water Fund is an Enterprise Fund that establishes a separate financial reporting mechanism for which a fee is charged in exchange for goods or services, and in this particular fund water is provided for a fee. Total Water Fund Revenue is projected to be \$1,714,758, and expenditures are estimated to be \$1,559,036 in Fiscal Year 2012. Water receipts are up 4.47% or \$14,966 as compared to the prior fiscal year. Total Water Fund collections for the first quarter of Fiscal Year 2012 were \$350,144 or 4.6% under budget. Total expenditures to date in Fiscal Year 2012 were \$309,234 or \$80,525 under budget. Water Fund revenue exceeded expenses at the end of the first quarter of the fiscal year, and the fund is showing a surplus at the end of Fiscal Year 2012 in the amount of \$40,910.



SEWER FUND

The Sewer Department operates and maintains sanitary sewer collection mains, and the pumping stations in the Village. Money in this Fund shall be used solely to pay the administrative and operational costs of the department. Revenue collections at the end of the first quarter of the fiscal year came in \$23,558 or 4.6% under budget, and the total revenue collection was \$106,378 to date. Revenue of \$519,743 is budgeted for the Fiscal Year.



Total first quarter Sewer Fund expenditures for Fiscal Year 2012 were \$86,303 or \$42,550 under budget for the fiscal year. Operating expenditures are estimated to be \$515,411 for Fiscal Year 2012. Revenue collections exceeded expenditures and produced a surplus at the close of the quarter in the amount of \$20,075 for the Sewer Fund.

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