

VILLAGE OF PALOS PARK

FOURTH QUARTER BUDGET REPORT

APRIL 30, 2012

FISCAL YEAR 2012



*“Service to Our Residents and
Dedication to the Preservation
of Palos Park”*

JOHN F. MAHONEY, Mayor

DAN POLK, Public Health and Safety

NICOLE MILOVICH-WALTERS, Public Works and Streets

G. DARRYL REED, Building and Public Property

KENNETH OLIVEN, Accounts and Finance

MARIE ARRIGONI, Village Clerk

RICHARD BOEHM, Village Manager

STEVE MANNING, Community Development Director

BARBARA MAZIAREK, Finance Director and Treasurer

JOSEPH MILLER, Chief of Police

MICHAEL SIBRAVA, Public Works Director

We are pleased to offer this financial report of the Village operations for your review. 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 April 30, 2012. 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 the Citizens of Palos Park an update on the Village's fiscal status based on the most recent financial information available. This report provides a highly summarized presentation of how the Village allocates your tax dollars to deliver the essential public services you deserve and expect from the Village of Palos Park.



This report provides valuable information on the Village's revenue sources and expenditure trends that we are carefully tracking. These quarterly reports, along with a host of other financial documents are available for your review on the Village's web site, www.palospark.org

If you should have any questions regarding the information contained in this, or any other Village financial report, please contact the Village's Finance Director, Barbara Maziarek at 708-671-3715, or bmaziarek@palospark.org

The Village appreciates the time you take to review this report and welcomes your comments and suggestions. Do not hesitate to contact the Village with any questions or comments at 708/671-3700 or via email from the Village web site at www.palospark.org

HOW MUCH DO VILLAGE SERVICES COST?

FISCAL YEAR 2012 EXPENSES

ROADWAY REPAIR AND MAINTENANCE

Includes costs to maintain the Village's 14.7 miles of roadway and related capital infrastructure, including major improvement projects within the 3.6 square miles of the Village.

WATER AND SEWER SERVICES

The Village provides water and sewer service to over 2,000 utility customers. All costs to deliver water and maintain the 52.24 miles of water mains, 7.67 miles of storm sewers, and 39.37 miles of sanitary sewer miles are paid with fees charged to customers.

REFUSE PICK-UP

Includes the cost to provide weekly refuse, yard waste, and branch collection services to the residential customers in the Village.

PUBLIC SAFETY

The men and women of the Palos Park Police Department work with our citizens to provide the highest level of quality professional service that the Village of Palos Park deserves by providing the protection of life and property for its 4,847 residents.

GENERAL GOVERNMENT

Accounts for the day-to-day operations of the village; includes costs; such as, maintaining public facilities and grounds, administrative and financial operations, and debt. The Building and Recreation Departments charge user fees which contribute to overall revenue.



Roadway Repair & Maintenance -- \$357,013

Water and Sewer Services -- \$1,815,879

Refuse Pick-Up -- \$261,615

Public Safety -- \$1,805,006

General Government -- \$2,284,937

Other Village Expenses -- \$427,539

In the short term, the greatest priority is to continue to reduce the Village's annual budget while preserving and enhancing service levels that Palos Park residents demand and expect. In the long run, the greatest priority will be building on the vision of Palos Park as the town with the most bountiful natural beauty, the greatest outdoor recreation opportunities and many outlets for exploring the arts, all while facilitating appropriate and complementary commercial development necessary to diversify the Village's tax revenues.

John F. Mahoney
Mayor



HOW DOES THE VILLAGE PAY FOR SERVICES?



VILLAGE SERVICE FEES

Charges paid by the Village's water and sewer customers, refuse collection charges, and parking fees. All these fees go toward supporting the services for which they are collected. No utility or parking charges are used to support general operations.

PROPERTY TAXES

The Village receives only 6.5 cents on every dollar paid for property taxes; other taxing bodies receive the remaining 93.5 cents of the dollar for property taxes. Property Tax revenue is the largest and most stable of the Village's revenue sources.

STATE SALES TAXES

Sales tax collection is another large revenue source for the Village. The Village receives 1% of the State of Illinois 6.25% sales tax rate; as well as, 1/2% of the sales tax on general merchandise purchases made within the Village. The additional 1/2% tax helps to pay for street and drainage projects.

PERMITS, LICENSES, AND FEES

Revenue includes building permits, vehicle stickers, cable franchise fees, business licenses, and liquor licenses. This revenue is used to pay for general operations and special programs.

UTILITY TAXES

Revenue includes taxes on telecommunications, electricity, and natural gas. These taxes help fund general operations of the Village.

The Village also relies on state income taxes withheld from employee paychecks, and other locally imposed taxes to provide essential services to the residents of Palos Park. We will continue efforts to improve the efficiency of our operations, and explore new revenue options to provide continued tax relief to our residents.

WHERE DO MY PROPERTY TAXES GO?

Every dollar of property tax paid by Palos Park residents is divided among many taxing districts. This year the Village portion of the typical tax bill for a Palos Park property owner was only 0.391%. The figures below show you how your tax dollars are allocated to the different governmental:

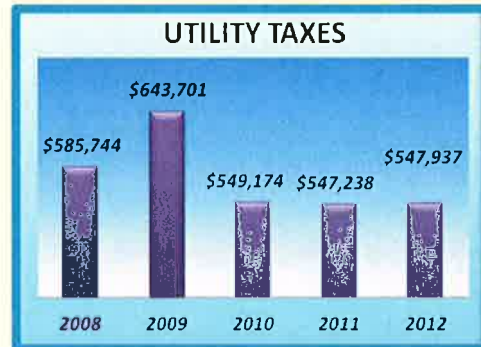
• School District 118	\$0.330
• High School District 230	\$0.303
• Fire District	\$0.093
• County	\$0.079
• Village of Palos Park	\$0.065
• MWRD	\$0.046
• Library	\$0.021
• Other	\$0.016



Because Palos Park has such a low property tax rate, the Village has to keep a close eye on all expenditures; as well as, examine all opportunities to diversify its revenue sources. This is why only 16.2% of the Village's 2012 fiscal year's projected governmental and proprietary fund revenues are derived from property taxes.

Shopping Palos Park helps keep the local business community vibrant and healthy, and helps fund Village services. The Village receives an additional 1/2% of the sales tax on general merchandise purchases made within the Village. – SHOP PALOS PARK FIRST!

GENERAL FUND REVENUE



Signs are emerging that as a whole, economic conditions at least are stabilizing, developing a baseline level for a consistent revenue stream.

PROPERTY TAX REVENUE

Property Tax revenue is the largest and most stable of the Village's 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 levy equal to the change in the Consumer Price Index (CPI). Property tax revenue will increase by CPI each year in total. The Village receives only 6.5 cents on every dollar paid for property taxes. Other taxing bodies receive the remaining 93.5 cents of these tax dollars. The other taxing bodies include the school districts, fire district, county, library, MWRD, and Moraine Valley Community College. Property tax revenue collections were **\$1,236,439** in total for Fiscal Year 2012; representing \$57,018 more than the original budget projection.

STATE SALES TAXES

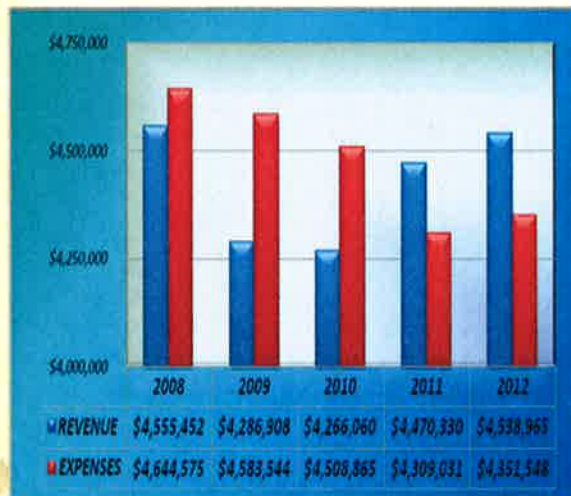
Sales tax collection is another large revenue source for the Village, and generates 14% of the total General Fund Revenue. Currently, State Sales Tax revenue collection is up modestly in the amount of \$12,184 or 1.85% as compared to the previous fiscal year. Economic factors will continue to have a major effect on revenue collections in this fiscal year. Total Sales Tax Revenue of **\$672,503** was collected for this fiscal year. In addition, collections were \$27,503 or 4.26% more than the original budget projection at the close of the fiscal year.

INCOME TAXES

Income Tax revenue, as compared to the previous fiscal year, is down \$22,993 or 6.29%. Financial issues of the State of Illinois have impacted collections these last two fiscal years substantially. Income tax payments are still in arrears four months, in the amount of \$144,583 with uncertainty as to when the revenue will be received by the State of Illinois. Our Fiscal Year 2012 budget projections for Income Tax revenue was based on IML estimates of a 5.19% decrease over the prior year. Total Income Tax revenue collection for Fiscal Year 2012 was budgeted at \$353,831; however, collections to date were **\$342,593** or 3.18% less than the original budget projection for the fiscal year.

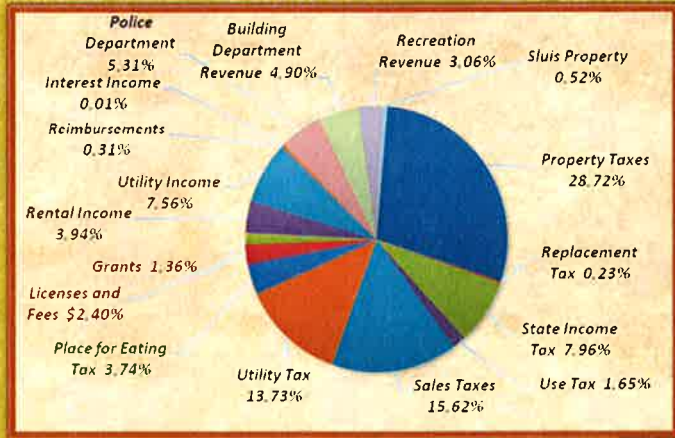
UTILITY TAXES

The Village receives utility taxes from ComEd electric, NiCor natural gas, and telephone utility taxes. Utility taxes contribute 12% of the total General Fund revenue. Utility tax collections for the fiscal year are up slightly 0.13% as compared to the previous fiscal year. The overall small increase in utility tax revenue experienced in this fiscal year is attributable to a decline in collections on electric, with a decrease also in telecommunication taxes; with declines of 6.71% and 2.20%, respectively. NiCor natural gas tax, which is dependent upon the severity of the weather, revenue is up; with increased collections of 6.68% or \$7,475 as compared to the prior fiscal year. Total Utility tax collection in Fiscal Year 2012 was budgeted at \$547,410. Total Utility tax collections were **\$547,937** representing only \$527 more than the original budget amount for the end of the fiscal year.



TOTAL GENERAL FUND REVENUE

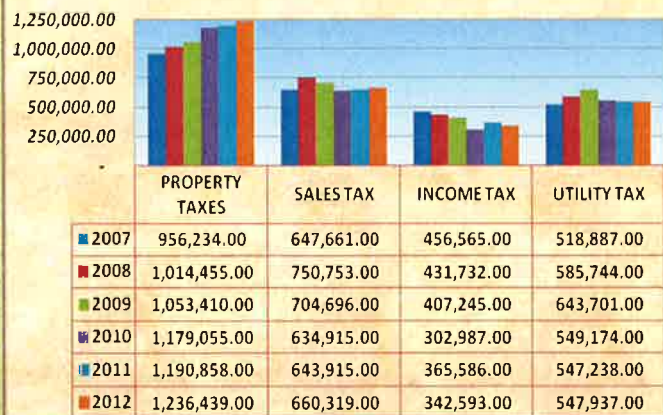
The Village's governmental fund revenues totaled **\$4,538,965** at the end of the Fiscal Year 2012. Revenues have remained stagnant, at low levels, since the recession officially ended and increased only 1.54% as compared to the prior fiscal year. The Village ended the Fiscal Year 2012 with the General Fund revenue exceeding expenditures. Although overall operating revenue in the General Fund came in 0.11% over budget, expenditures also came in 1.68% under budget at the end of Fiscal Year 2012. Currently, the State of Illinois is still in arrears four months in the amount of **\$144,583** which significantly impacts the reported revenue at the close of the Fiscal Year.



GENERAL FUND REVENUE FISCAL YEAR 2012

Property Taxes	\$ 1,236,439	Rental Income	\$ 169,324
Personal Property	\$9,963	Utility Income	325,339
Income Tax	342,593	Reimbursements	13,256
Local Use	71,058	Interest	440
Sales Tax	672,503	Police Dept	228,574
Utility Tax	547,937	Building Dept	211,160
Places for Eating	160,978	Recreation Dept	131,550
Licenses & Fees	103,193	Sluis Income	30,000
Grants	58,470	Transfers	226,188
TOTAL OPERATING REVENUE		\$4,538,965	

MAJOR GENERAL FUND REVENUE SOURCE TRENDS



GENERAL FUND EXPENDITURES

The General Fund for the Village of Palos Park accounts for the day-to-day operations of the village which pertain to the general administration and services traditionally provided to its residents, except for those specifically accounted for elsewhere. The General Fund is the largest of the General Government Operating Funds. It is primarily tax supported and accounts for basic services; such as, public safety, recreation, and community development. The General Fund accounts for all of the expenditures for the operating departments; including: administration, police, public services, building, recreation, finance, public affairs, public grounds, rental house, and debt.

The Villages expenditures in the General Fund have been controlled in an effort to operate in a lower revenue environment during the continued economic slowdown. The Village Council and Staff's objective is to maintain an acceptable level of service for the Village's residents within the limitations of revenue sources that are available to support these activities which are accounted for in the General Fund.

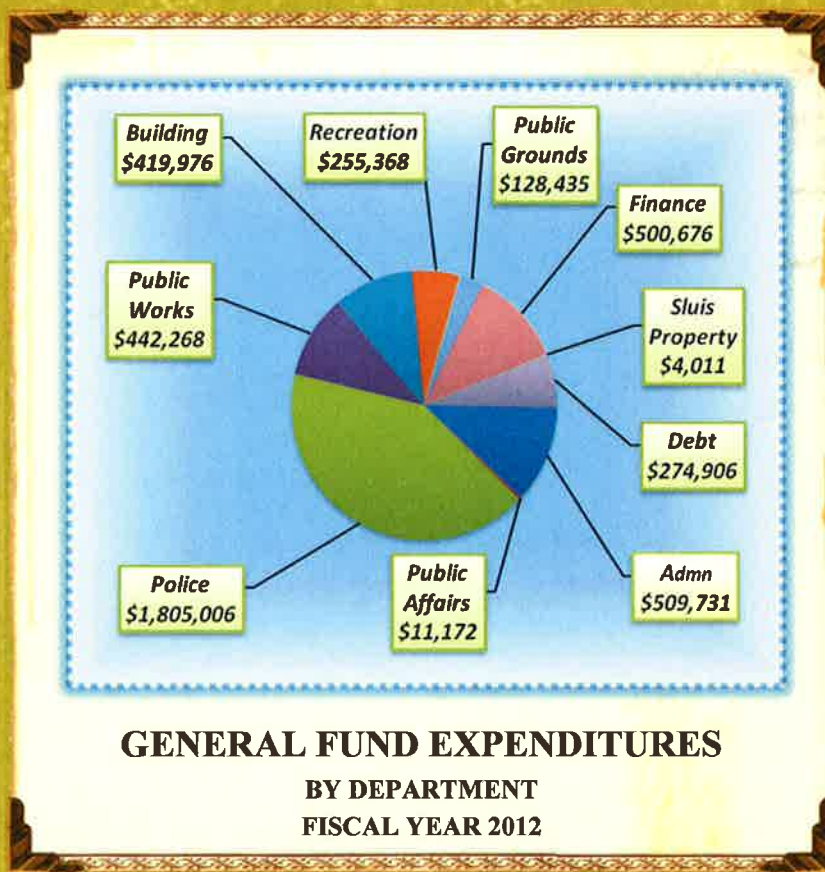
The budgeted General Fund expenditures were **\$4,425,956** for Fiscal Year 2012, and the actual expenditures for the end of the fiscal year totaled **\$4,351,548**. Expenditures came in slightly under budget by \$74,408 or 1.68% under the budget projection for the fiscal year.

It should be noted that the majority of General Fund Departments are under budget for Fiscal Year 2012; while Police, Debt Obligations, and Public Grounds were over budget for the end of the fiscal year in those departments.

Despite a continued slow national and state economy, the local economic trend for the past year has been relatively positive. As a result of continued cost reduction efforts by Village staff, our expenditures have decreased the past two fiscal years. These frugal measures staff demonstrated, produced a fund balance once again in the General Fund at the end of Fiscal Year 2012 in the amount of **\$187,417**.

FISCAL YEAR 2012		
DEPARTMENT	BUDGET	YTD ACTUAL
<i>Administration</i>	552,871	509,731
<i>Public Affairs</i>	18,475	11,172
<i>Police</i>	1,745,059	1,805,006
<i>Public Works</i>	475,141	442,268
<i>Building</i>	434,880	419,976
<i>Recreation</i>	275,113	255,368
<i>Public Grounds</i>	115,063	128,435
<i>Finance</i>	529,704	500,676
<i>Sluis Property</i>	5,000	4,011
<i>Debt Obligations</i>	274,650	274,906
Total	\$ 4,425,956	\$ 4,351,548





VILLAGE OF PALOS PARK

MAJOR ENTERPRISE FUNDS

WATER FUND

This fund accounts for activities relating to the operation of the Village's water system, and it 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 service; in this particular fund water is provided for a fee.

Total Water Fund revenue was projected to be \$1,714,758. Water receipts are down 3.02% compared to the prior fiscal year or \$43,972 for the end of Fiscal Year 2012. Expenditures were estimated to be \$1,559,036 for Fiscal Year 2012. Total expenses were \$1,401,867 or 10.1% under budget. Water Fund revenue exceeded expenses at the end of the fiscal year, and the fund produced a surplus in the amount of \$227,851 for the fiscal year.

SEWER FUND

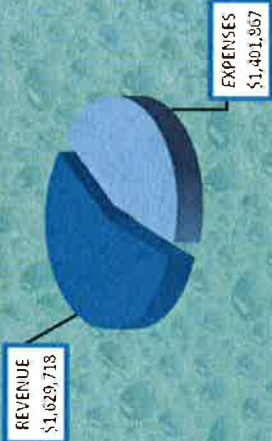
The Sewer Department operates and maintains sanitary sewer collection mains and the pumping stations in the Village. Money in this fund shall be used solely to pay the administrative and operational costs of the

department. At the end of the fiscal year, revenue collections came in \$23,051 or 4.5% under budget. Revenue of \$519,743 was budgeted for the fiscal year. The total revenue collected in this fund for Fiscal Year was \$496,692.

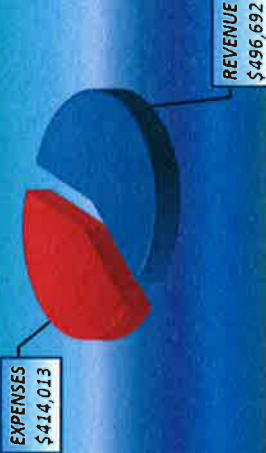
Expenditures were estimated to be \$515,411 for Fiscal Year 2012. Total expenses for the fiscal year were \$414,013 or \$101,398 under budget, and represents only 80.3% of the budget projection for the fiscal year. Sewer Fund revenue collections exceeded expenditures producing a surplus of \$82,679 at the end of the fiscal year for the Sewer Fund.

One of the biggest differences between the General Fund and Water and Sewer Fund, the Water and Sewer Fund is known as an "Enterprise Fund." This means it is more of a business-related fund, in that; it supports itself solely off of water and sewer rates.

WATER FUND OVERVIEW



SEWER FUND OVERVIEW



The Village has installed an additional Payment Drop Box at the Metra Station. Residents can drop off utility bills, parking citation fines, and recreation registration fees.

NONMAJOR ENTERPRISE FUND

COMMUTER PARKING LOT FUND

This fund is used to account for the provision of public parking services at the Metra Commuter Lot located in the Village. Although revenue is down \$1,875 from the same time period in the prior fiscal year, revenue collections are over budget at the end of the fiscal year, representing 111.3% of the budget.

Expenses in this fund represent operational and maintenance costs of the commuter lot, and have decreased \$9,010 from the prior fiscal year. Total expenses were \$67,694 for the fiscal year, and represents 99.5% of the total budget. Revenue exceeded expenses producing a \$12,612 surplus at the close of the Fiscal Year 2012.

OTHER GOVERNMENTAL FUNDS

Total expenses in the MFT Fund were \$126,506, and represents only 88.7% of the budget estimate for Fiscal Year 2012. The expenses were less than revenue collected at the end of the fiscal year, and this fund shows a surplus of \$13,288 at the end of Fiscal Year 2012.



1/2 % SALES TAX FUND

This fund is used to account for the proceeds of non-home rule sales tax. These funds are restricted for use by Public Works for streets, road resurfacing, and drainage capital projects. Revenues at the end of the fiscal year are up with a 2.92% increase or \$5,143 over the prior fiscal year, as well as, representing 111.9% of the budget estimate for the fiscal year. Total revenue of 1/2 Sales Tax Fund for the fiscal year was \$205,504. Total expenses for the fiscal year were \$274,948. The street resurfacing project went over budget, and reserves were used to pay for this project. This fund is showing a deficit of \$69,444 as a result of the project.

MOTOR FUEL TAX FUND

This 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. Revenue collections continue to be very stable. Total fiscal year revenue collection of \$139,794 came in slightly under budget by 1.9% or \$2,706 for Fiscal Year 2012.

VILLAGE OF PALOS PARK'S MISSION STATEMENT

To preserve and maintain the natural environment, develop attractive and unique commercial shopping and service areas that enhance and contribute to the Village's historical and rural character, while improving the quality of residential life.

APRIL 30, 2012

FOR MORE INFORMATION WWW.PALOSPARK.ORG

The Village website is a great resource for all Village services and events. Financial documents, meeting agendas, minutes, and newsletters can be found online on the Village website. You can also sign up to receive weekly email updates to stay up to date on Village news and information.

FISCAL YEAR 2012

VILLAGE OF PALOS PARK KAPTUR ADMINISTRATIVE CENTER

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