



## VILLAGE OF PALOS PARK

### SECOND QUARTER BUDGET REPORT FISCAL YEAR 2012

#### OVERVIEW

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 October, 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 the Citizens of Palos Park an update on the Village's fiscal status based on the most recent financial information available.

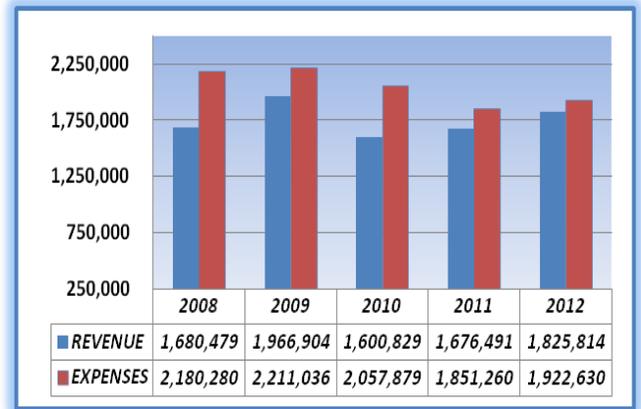
This report provides valuable information on the Village's major revenue sources and expenditure trends that we are carefully tracking. We are experiencing increases in sales tax collections, local use taxes, personal property taxes, license and fees, and rental income revenues; however, utility taxes and income tax 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 second quarter of prior fiscal year. Although overall operating revenue in the General Fund came in 9.73% under budget, expenditures also came in 6.56% under budget in the second 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 began 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 second quarter of Fiscal Year 2012 with the General Fund expenditures exceeding revenue by \$96,816. Revenues show an \$149,323 or 8.91% 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 four months in the amount of \$127,511 which significantly impacts the reported revenue.



### Property Tax Revenue

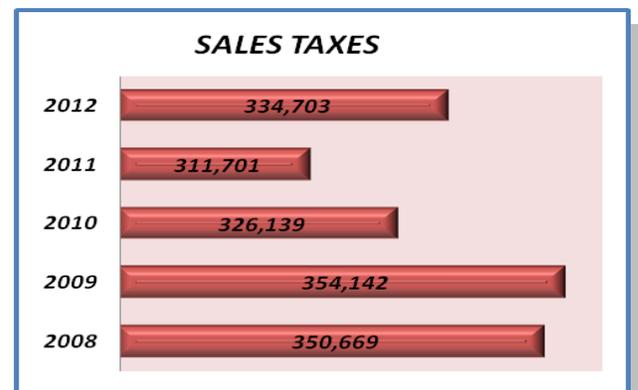
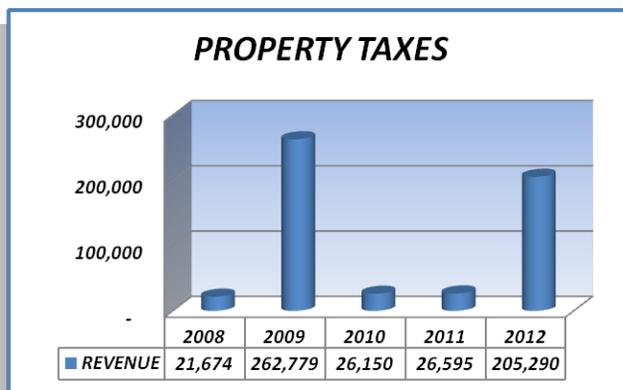
Property Tax revenue is the largest revenue source in the General Fund. Property Taxes contribute 26% of the total General Fund Revenue. This revenue source follows a strict formula for a non-home rule community under the State of Illinois Tax Cap Law. These tax cap laws allow for an increase in the 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. Property Tax collections were \$205,290 in total for Fiscal Year 2012; representing only 17.41% of the budget projection. 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 \$23,001 or 7.38% as compared to the previous fiscal year; and on average up 5.01% 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; however, collections to date are \$12,203 more than the original budget projection to date.



## Income Tax Revenue

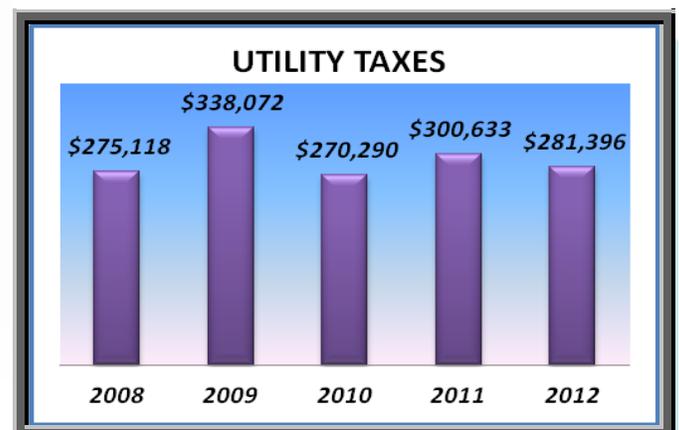
Income Tax revenue, as compared to the previous fiscal year, is down \$34,142 or 17.03%. Financial issues of the State of Illinois have impacted collections these last two fiscal years substantially. Income tax payments are still in arrears four months, in the amount of \$127,511, with uncertainty as to when the revenue will be received by

the State of Illinois. Our FY12 budget projection 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 is budgeted at \$353,831; however, collections to date are \$18,907 or 12.82% more than the original budgeted projection to date.

## 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 second quarter are down 6.40% 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; with declines of

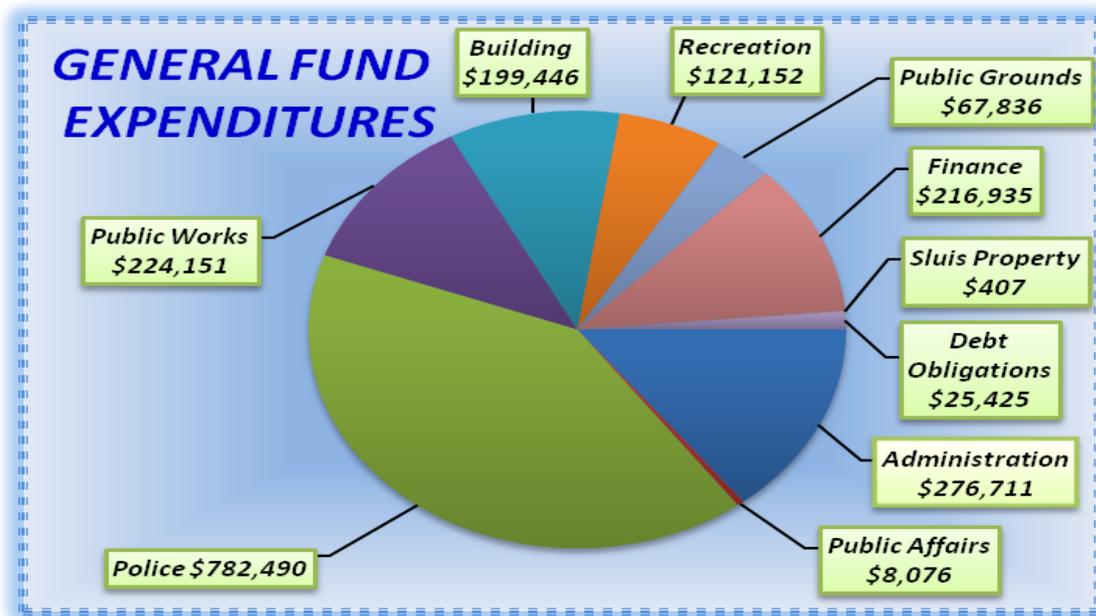
7.88% and 8.04%, respectively. NiCor natural gas tax, which is dependent upon the severity of the weather, revenue is relatively the same as the previous fiscal year. Nicor's utility tax revenue is only down 0.10% from the prior fiscal year. Total Utility Taxes collection in Fiscal Year 2012 is budgeted at \$547,410. Total Utility Tax collections to date represent 51.40% of the budgeted amount, which is slightly above the budgeted projection to date.



## GENERAL FUND EXPENDITURES

The budgeted General Fund Expenditures were \$4,425,956 for Fiscal Year 2012, and actual expenditures for the second quarter of the fiscal year totaled \$1,922,630 representing 43.44% 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 the majority of General Fund departments are under budget for Fiscal Year 2012; while Public Grounds is slightly over budget by 5.89% for the fiscal year to date.



## OTHER FUNDS

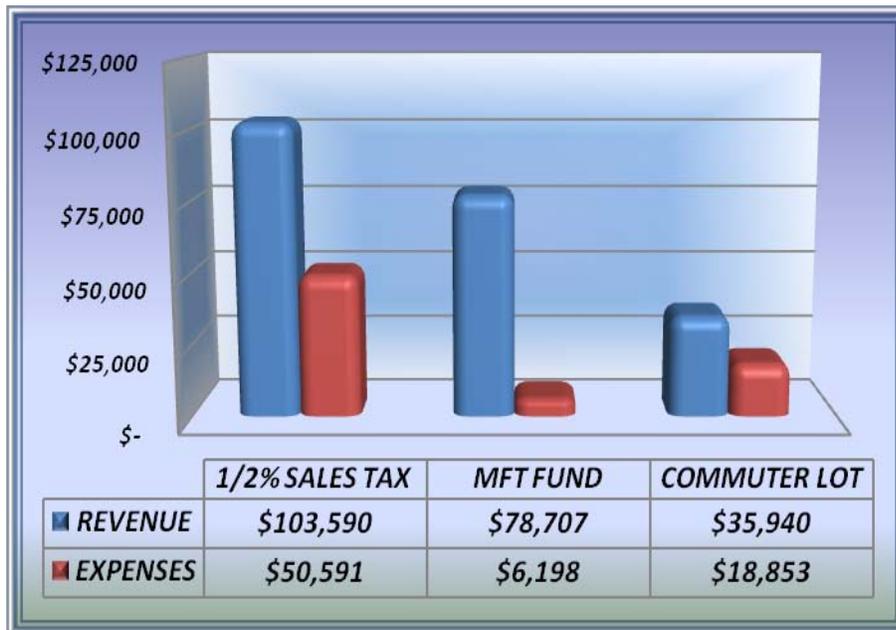
The  $\frac{1}{2}\%$  **Sales Tax Fund** is used to account for the proceeds of non-home rule sales tax, and these funds are restricted for use by Public Works for streets, road resurfacing, and drainage capital projects. Revenues in the second quarter of the fiscal year are up significantly with a 17.35% increase or \$13,653 over the same time frame in the prior fiscal year; as well as,

representing 57.1% of the budget estimate. Total collection of non-home rule sales tax for the second quarter of the fiscal year was \$92,363. Total expenses for Fiscal Year 2012 to date were \$50,591 and were under budget by 19% in this fund. Expenses were less than revenue in the second quarter of the fiscal year, and the fund is showing a surplus of \$52,999.

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 very stable with an \$18,190 or 30.1% increase over the prior fiscal year. Total fiscal year revenue collections of \$78,678 represent 55.3% of the budget projection. Total expenses were \$6,198, and represents only 4.3% of the budget estimate in the fiscal year. The expenses were less than the revenue collected for the fiscal year, and the fund shows a surplus of \$72,509 at the end of the second 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 \$4,132 from the same time period in the prior fiscal year, it is only slightly below the budgeted projection at the end of the second quarter. Total revenue collected to date in this fund was \$35,940 for the fiscal year. Expenses in this fund represent operational and maintenance costs of the commuter lot, and have increased \$1,585 or 9.18% from the prior fiscal year. Total expenses were \$18,853 and represents only 27.7% of the total budget. Revenues exceeded expenses producing a \$17,088 surplus at the close of the second quarter of Fiscal Year 2012.

### REVENUE AND EXPENSES IN OTHER FUNDS FISCAL YEAR 2012



## WATER FUND

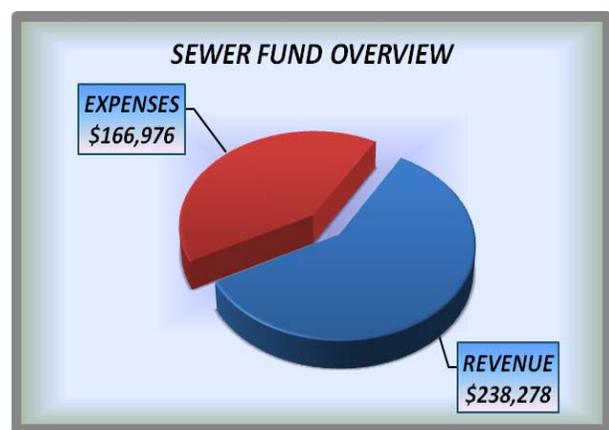
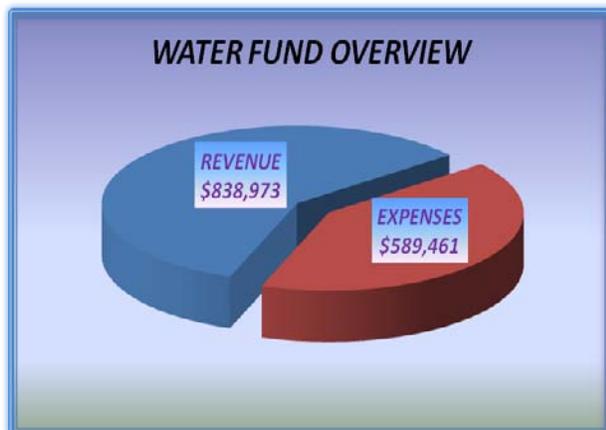
The water fund accounts for activities relating to operation of the Village's water system, and this fund is used to account for operational costs and maintenance associated with the water distribution system within the village boundaries. The Water Fund is an Enterprise Fund that establishes a separate 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 3.06% or \$21,820 as compared to the prior fiscal year. Total Water Fund collections for the second quarter of Fiscal Year 2012 were \$838,973 or 1.1% under budget. Total expenditures to date in Fiscal Year 2012 were \$589,461 or \$190,057 under budget. Water Fund revenue exceeded expenses at the end of the second quarter of the fiscal year, and the fund is showing a surplus in the amount of \$249,512 at the end of 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. Revenue collections at the end of the second quarter of the fiscal year came in \$21,594 or 4.2% under budget, and the total revenue collection was \$238,278 to date. Revenue

of \$519,743 is budgeted for the Fiscal Year. Total second quarter Sewer Fund expenditures for Fiscal Year 2012 were \$166,976 or \$90,730 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 \$71,302 for the Sewer Fund.



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