

Budget Analysis
Revenues

1. *Sales Tax – Forecast based upon actuals through April reports plus 3 month of last year.*
 - a. *Forecasted \$881,300 FY2014*
 - b. *Budget for next year based upon COGFA estimate of 1.55% is \$894,960*
 - c. *Village - \$700,000 under estimated by \$194,960.*

2. *Non-Home Rule Tax – Forecast based upon actuals through April plus 3 months of last year*
 - a. *Forecasted \$639,270 FY2014*
 - b. *Budget for next year based upon COGFA estimate of 1.55% is \$649,179.18*
 - c. *Village - \$510,000 under estimated by \$139,179*

3. *Business District*
 - a. *Forecasted \$46,736 FY2014 and budget for FY2014 - \$47,460*
 - b. *Budget for next year \$30,000*
 - c. *Need more info as to agreement with Sunset foods.*

The Village's Sales Tax revenues projections are consistent with Stephanie Hannon's. While the Village has received these revenue amounts, a portion of each of these sales tax revenues as outlined in the Redevelopment Agreement go toward the TIF District and are therefore not accounted for by General Fund. The TIF District Actual 2013-14 and Forecast 2014-15 are noted for each sales tax type.

2012/13 Total Sales Taxes To TIF	=	\$255,711
○ Sales Tax (MT)	=	\$206,881
○ Non-Home Rule Sales Tax (NHMR)	=	\$ 23,529
○ Business Dist Sales Tax (BD)	=	<u>\$ 25,301</u>
2013/14 Total Sales Taxes To TIF (Est)	=	\$260,000
2014/15 Total Sales Taxes To TIF (Est)	=	\$265,000
2014/15 Total "Underestimated" Sales Tax	=	\$334,139
Difference (265,000-334,139)	=	(69,139)

4. Income tax & Local Use – Forecast based upon actuals through April reports plus 3 month of last year.

- a. Forecasted \$690,892.85 Income Tax & \$139,061 Use Tax FY2014 – Total \$829,953**
- b. Budget for next year IML \$94.70 per capita is \$761,672 Income Tax I would budget around \$725,000 and Use tax \$17.55 per capita of \$141,154 = Total of \$866,154**
- c. Village \$750,000 under estimated by \$116,154**

The Income & Use Tax revenues projections are consistent with Stephanie Hannon's. While the Village of Long Grove has received these revenue amounts, the State of Illinois (State) has had a history of falling behind on distributing income and use tax revenues back to municipalities. In 2012-13 the State was routinely 3-4 months behind which equated to the Village of Long Grove receiving 4 "catch up" payments totaling \$233,252 in 2012. The State is currently making payments in a timely fashion (1 month after receipt). The Village's draft budgeted amount for Income Tax is less than the projected \$ amount by IML taking into consideration the past history of falling behind in making timely payments.

2012/13 Income Taxes (INC)	=	\$794,443
2012/13 Local Use Taxes (USE)	=	<u>\$127,523</u>
TOTAL	=	\$921,966
2013/14 Estimated Income & Use Taxes	=	\$794,443
2014/15 Budgeted Income & Use Taxes	=	\$750,000
2014/14 IML Income & Use Taxes	=	<u>\$866,154</u>
2014/15 "Underestimated" Inc. & Use Tax	=	\$116,154

5. Forfeited Escrow

- a. Amount transferred to reserve. \$750,000**
- b. The Village has over 1 year in reserve amount should be included in revenue amounts**

The current budget FY 2013-14 included this \$750,000 as revenue and expenditure to zero out the income for budgeting purposes due to the uncertainty of this potential revenue and to avoid budgeting expenditures against this uncertain revenue source.

Revenue potential increase - \$1,200,29

Summary - Potential Revenue Increase Differences:

○ Sales Taxes (MT, NHMR & BD)	=	\$69,139
○ Income & Use Taxes (Inc. & Use)	=	<u>\$116,154</u>
TOTAL	=	\$185,293

Expenditures

1. *Operations – Newsletter Production \$6,600 moved to Administrative Salary*

- a. *Is this the amount Sherry was given back when Bob Jenkins stopped doing the newsletter or is this a new amount. Was she given a 1099 for this amount?*

In June 2008, the newsletter production costs were brought in house to Administrative Assistant Sherry Shlagman. As a result of this change, the newsletter production costs were reduced by 50% by bringing the production in-house (even with increasing the publication from quarterly to monthly). In 2006-07 the Village spent \$24,800 and Sherry took over these duties for the amount of \$12,000. Village Accountant Seidler is checking their records from 2009 but believes that Sherry has always been paid as an employee and not an outside contractor and therefore 1099's were not necessary. The actual expenditures for the Newsletter Production are show below.

2005-06 ACTUALS (Audited)	2006-07 ACTUALS (Audited)	2007-08 ACTUALS (Audited)	2008-09 ACTUALS (Audited)	2009-10 ACTUALS (Audited)	2010-11 ACTUALS (Audited)	2011-12 ACTUALS (Audited)	2012-13 ACTUALS (Audited)
26,469	24,800	21,589	18,490	9,563	2,871	3,040	70

2. *ROW Maintenance – \$70,000 & \$35,000*

- a. *The amount I remember was \$25,000 we spent on mowing. Amount seems substantially more. Was this sent out for bid?*

The budget line item "Mowing & Landscape Maint" includes the cost for the annual mowing contracts that are bid out every 2-3 years (3rd year at Village option). The following are the audited actual expenses for Road Maintenance ("Mowing & Landscape Maint" & "R.O.W. Maint, Grading & Tree". The first line below are the expenses for "Mowing & Landcape Maint". The second line item are expenses for "R.O.W. Maint, Grading & Tree". The third line item are the total expenses for these line items combined.

2005-06 ACTUALS (Audited)	2006-07 ACTUALS (Audited)	2007-08 ACTUALS (Audited)	2008-09 ACTUALS (Audited)	2009-10 ACTUALS (Audited)	2010-11 ACTUALS (Audited)	2011-12 ACTUALS (Audited)	2012-13 ACTUALS (Audited)
20,938	34,525	38,165	70,623	31,130	10,126	20,904	14,950
21,447	18,323	80,245	36,259	8,521	45,962	-	-
42,385	52,848	118,410	106,882	39,651	56,088	20,904	14,950

The current budgeted amount total amount is \$85,000 and the draft proposed budgeted amount is \$105,000. The draft budget included the increased expenditures to improve the look of the Village as a Village Board Goals identified through the Strategic Planning Process last year.

The bid docs include the base bid for the regular mowing of the Village ROW's, portions of the State ROW's, Dickson Trail and the Village Hall property. The Village most recently went out for bid for mowing and landscape maintenance in 2012 with Milieu being the low bid. This year (2014) is the final year of the contract from these bids.

2012 LANDSCAPE MAINTENANCE PROPOSAL SUMMARY								4/24/2012
	ROW Mowing	Village Hall	Parking Lots	Median Mowing	Dickson Deck	TOTAL 2012	TOTAL 2013	TOTAL 2014
Base Bid 2012								
Acres Group	\$15,984	\$2,240	\$2,568	\$16,284	\$255	\$37,331	\$37,331	\$38,824
Fleck's Landscaping	\$8,950	\$3,700	\$2,995	\$7,800	\$1,500	\$24,945	\$24,945	\$25,695
Milieu Design	\$5,232	\$1,691	\$2,246	\$5,232	\$549	\$20,182	\$20,523	\$20,732
TGF Enterprises	\$24,000	\$4,176	\$4,176	\$8,352	\$2,436	\$43,140	\$43,140	\$43,140

ROW Landscape Maintenance & Bid History.

- 2012-2014 (low-bid) Milieu Landscaping. Base bid=\$20,182.
- 2009-2011 (low-bid) Milieu Landscaping. Base bid=\$12,900.
- 2006-2008 (low-bid) Heights Landscaping. Base bid=\$18,878.

b. Also, an option is to hire summer help for 11 weeks full time to do the work. (in compliance with Obama care & IMRF limits). The City I work for hires 2 employees at \$10/hour full-time for 11 weeks which costs \$8,880. For \$105,000 the City could by the equipment the first year and hire part-time help and in the long run save. Also, they could do the cold patching of the roads.

The Village of Long Grove is currently under contract through this season and currently do not have any equipment so any potential changes would not occur during the time-frame for current draft budget. Unlike many other Village's of similar population that has full-time public works or other employees to oversee/manage the summer help, the Village of Long Grove does not have the personnel necessary to oversee the summer help workers.

E.g. the City of Prospect Heights (the City that Stephanie works for) which has a population roughly twice the size of Long Grove (8,033 vs. 16,256) with approximately the same length of road (30 miles) in an area roughly 25% the size of Long Grove (12 sq. miles vs. 4.27 sq. mile). Prospect Heights has more than four times the number of full-time employees than Long Grove (4.5 vs. 19.5, not counting Police). Prospect Heights has 7.0 Public Works employees to oversee part-time help and maintain equipment the equipment (PW Director; PW Roads Foreman; PW Maintenance; PW Maintenance; PW Arborist; PW Water Operator and PW Mechanic)

3. *Legal – Road Way matters - \$25,000*

a. SSA non-thorough fare amount should be eliminated.

If there is thought that SSA's may be set up before April 2015, then this expense should be kept in the budget. The goal is to work through the various issues raised at the task force meetings in the next 2-3 months and get through the whole process within 6 months. It is anticipated that legal counsel will need to be included at some of these meetings to answer the technical legal questions. Maybe the line item name should be changed to something like "Infrastructure Funding Review" or something to that effect to cover these additional legal costs.

4. *IL 83 Water System Connection to LM water - \$200,000 (\$100,000 FY2014 & \$100,000 FY2015)*

a. Funding of this should be reviewed further – Is this really needed and shouldn't the amount be funded through an SSA for the downtown.

The Village has made a conscious decision in the past that the value of connecting to Lake Michigan Water and abandoning the deep well is important not only for reducing the operating costs for the well but also for the possible expansion of the system, increase the number of customers and therefore increase revenues. Potential customers include residents and the downtown but the intent and design is not limited to serving the downtown. This budgeted amount is to cover the cost to make the physical connection from Arlington Heights Road west to the Water Plant and any changes to the Water Plant that are necessary and are not costs for extending the water system into the downtown.

The estimated \$1.8M cost for extending the system into the downtown have been contemplated as SSA's and/or developer extensions as they move forward. While it does make sense for the downtown to pay their fair share, the actual usage/demand for the existing downtown is very limited with the greatest need for the new buildings and developments as they come forward, e.g. triangle properties developed and village outlots developed.

TIF Funds

1. \$30,000 for legal and Audit Fees

- a. Audit fees for a TIF audit should be around \$2,500*
- b. Legal expenses should be minimal as only requirement is to sign the legal opinion*
- c. Filing of TIF report should not take more than 3 hours*
- d. Cost appear excessive by about \$25,000*

Village Counsel Victor Filippini reviewed and agrees with the proposed draft budgeted amount of \$30,000. While these fees may be higher than similar fees with other TIFs for the preparation and filing of the annual TIF reports, the complexities of the Village's TIF has increased the higher demand for legal and auditing service than other TIFs might require. It is anticipated that these fees will be less next year and eventually be in the range of \$5,000 for the annual audit and reporting.

It should be noted that on any matter that arises that has TIF implications, costs for those services are allocated to the TIF in order to maximize the Village's reimbursement of fees. So for many downtown issues or issues relating to utilities in and around the TIF, audit and legal review fees for these eligible projects are applied to the TIF as appropriate.