

May 20, 2016

Inverness Village Board  
Inverness, IL

To the Honorable President and Village Board of the Village of Inverness:

It is my pleasure to submit for your review the FY 2017 (May 1, 2016 - April 30, 2017) Financial Plan for the Village of Inverness. The Financial Plan is the Village's guideline of anticipated revenues and expenses for the fiscal year and foundation for developing the annual appropriation ordinance, which is the official spending authority of the Village.

As of today, the State of Illinois has been operating without a State Budget since July 2015, with no end in sight. During this year's Governor's Budget Address, there was no mention of raiding local government funds to balance the State budget. However, the lack of progress on the State Budget for the current and future state fiscal years continues to be a concern for all local governments.

#### **FY 2016 Review**

As we close out the fiscal year, we are projecting a surplus of \$634,610 for Fiscal Year 2015. General Fund revenue is projected to be \$268,893 over the Financial Plan. General Fund expenditures are expected to be \$583,192 below the approved Financial Plan. The savings are the result of:

- Income Tax projected at 113% of budget
- Sales Use Tax projected at 116% of budget
- Building Permit fees projected at 129% of budget
- 50% reduction salt purchase compared to allocated amount
- Drainage Program Savings
- Moving the Annual Road Program from Fall to Spring

**FY 2017 SUMMARY**

The FY 2017 Financial Plan is a balance plan with expenditures totaling \$3,864,645, an increase of \$89,170 (2.36%) over the prior year. General Government expenditures increase by 2.39%. Police Department expenses are \$1,755,000, identical to last year. The Village's Capital Programs expenses increases by 2.36% to \$1,118,000. General Operating Revenue is anticipated to be \$3,394,000, an increase \$36,000 (1.07%).

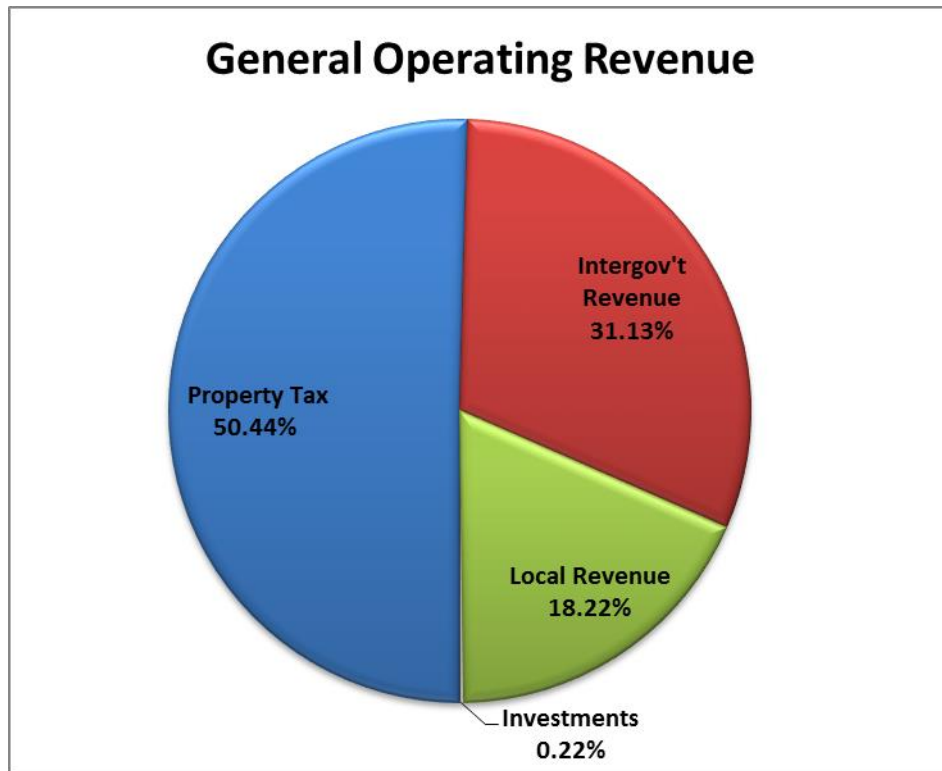
	FY 14 Actual	FY 15 Actual	FY 16 Approved	FY 16 Approved	FY 17 Approved	Percent Change (1)
<b>REVENUES</b>						
Property Tax	1,674,666	1,721,651	1,736,000	1,829,421	1,755,000	1.09%
Intergov't Revenue	1,040,468	1,107,313	1,054,500	1,128,874	1,084,500	2.84%
Local Revenue	647,942	614,014	561,500	660,733	548,500	-2.32%
Investments	6,568	5,343	6,000	7,865	6,000	0.00%
<b>Total Revenue</b>	<b>3,369,644</b>	<b>3,448,320</b>	<b>3,358,000</b>	<b>3,626,893</b>	<b>3,394,000</b>	<b>1.07%</b>
<b>EXPENDITURES</b>						
General Government	946,608	861,526	968,475	887,710	991,645	2.39%
Police Department	1,627,897	1,635,108	1,755,000	1,670,259	1,755,000	0.00%
Programs	962,162	761,036	1,052,000	634,314	1,118,000	6.27%
<b>Total Expenditures</b>	<b>3,536,667</b>	<b>3,257,670</b>	<b>3,775,475</b>	<b>3,192,283</b>	<b>3,864,645</b>	<b>2.36%</b>
<b>TRANSFERS/SINGLE TIME</b>	170,000	200,000	420,000	200,000	475,000	13.10%
<b>Total Excess/(Deficit)</b>	2,977	390,650	2,525	634,610	4,355	
(1) Percentage of increase/(decrease) of FY 17 Financial Plan from FY 16 Approved Financial Plan.						

**FINANCIAL PLAN OVERVIEW**

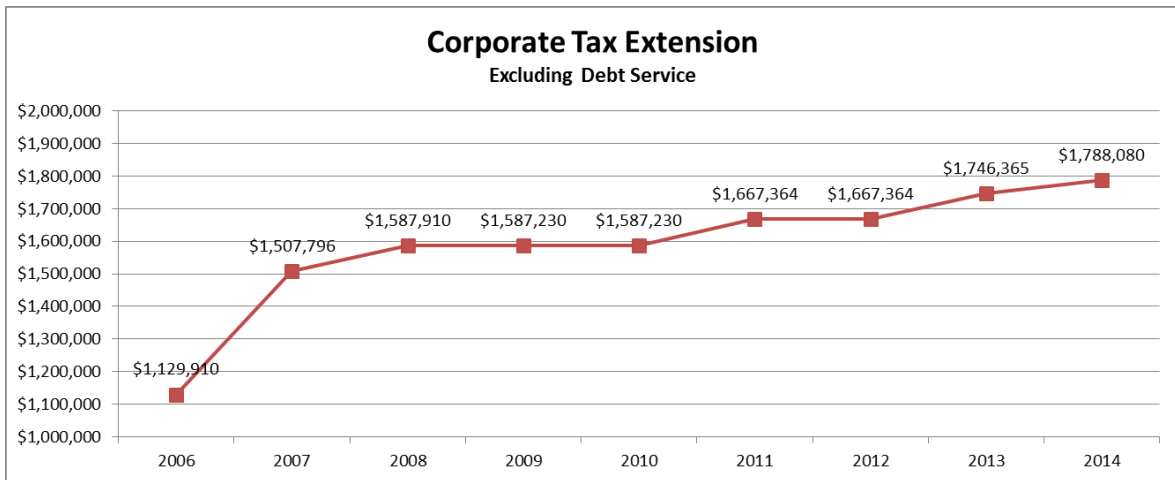
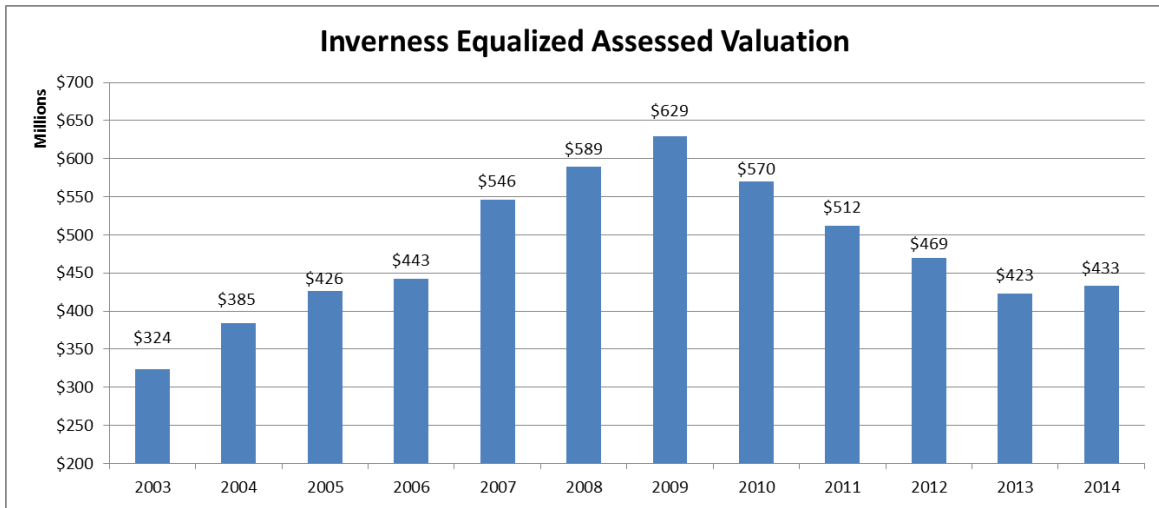
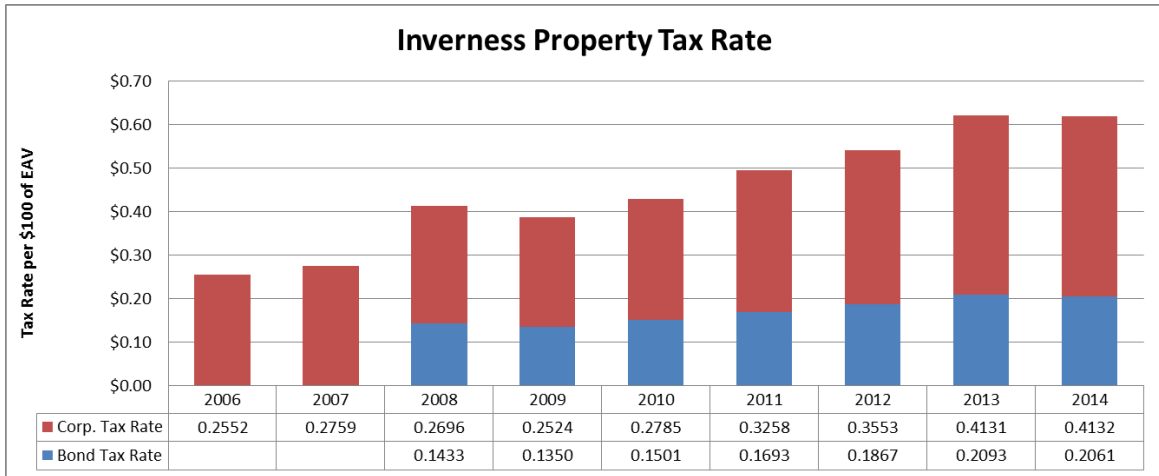
**General Operating Revenues**

The FY 2017 Financial Plan does not include any new taxes or fees. Total revenue is projected at \$3,394,000, an increase of 1.07%. The Village’s revenue consists of Property Taxes, Intergovernmental Revenue, Local Revenue, and Investments.

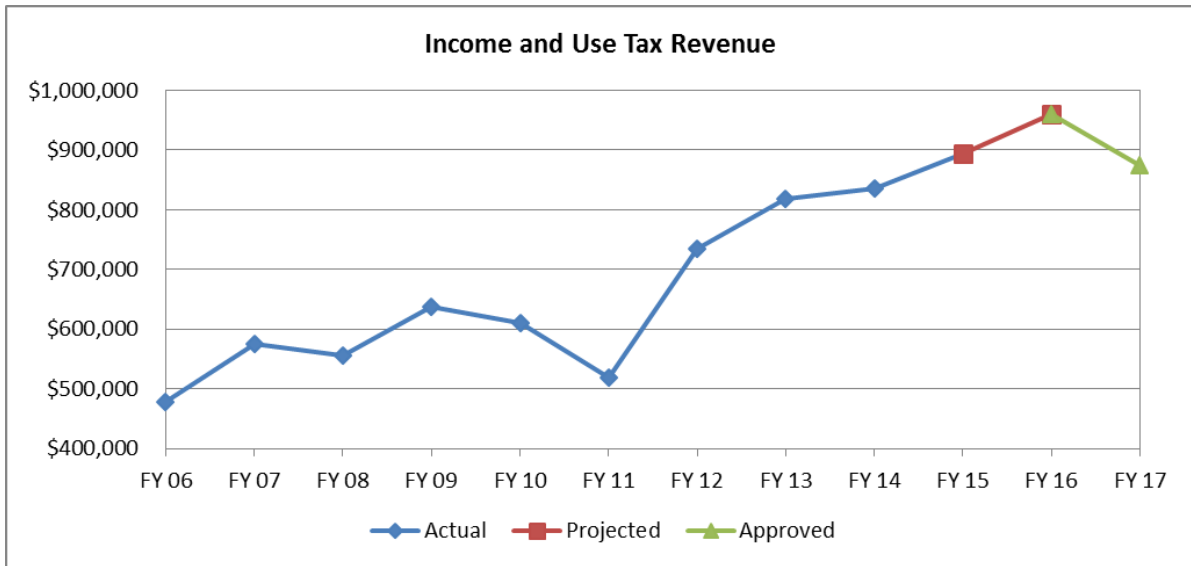
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Local Revenue	647,942	614,014	561,500	660,733	548,500	-2.32%
Investments	6,568	5,343	6,000	7,865	6,000	0.00%
<b>Total Revenue</b>	<b>3,369,644</b>	<b>3,448,320</b>	<b>3,358,000</b>	<b>3,626,893</b>	<b>3,394,000</b>	<b>1.07%</b>



**Property Taxes:** Property Tax, the Village’s primary revenue source, is based on the prior year’s 2015 Tax Levy, payable in 2016. Historically, the tax levy is based on the total expenditures of the Police Department. On October 8, 2015, the Village Board approved a 2015 Tax Levy of \$1,755,500, payable in 2016. The 2016 Tax Levy, payable in 2017, is estimated at \$1,755,000, identical to the prior year. The Final Tax Levy will be determined in the fall of 2016. In 2008, the General Obligation Bonds was included into the Property Tax Rate based on the Debt Service Schedule.



**Income Tax:** Local Government Distributive Fund (LGDF), Illinois Income Tax, is the 2<sup>nd</sup> largest source of revenue for the Village. According to the Illinois Municipal League, the per capita rate for FY 2017 is estimated to be \$102.00.



**Local Revenue:** Local Revenues include licenses; fees, building permits, and fines are projected to remain relatively flat.

**Transfers and Other Revenue Sources**

**Motor Fuel Tax:** Based on the Illinois Municipal League’s (IML) projections, the Village will receive \$192,000 in Motor Fuel Tax (MFT) for FY 2017. The Financial Plan seeks to transfer \$190,000 to assist with the Street & Bridge and Snow Removal programs. The MFT fund balance remains healthy in the event for an unplanned major road projects.

**SWANCC Tipping Fees:** The Financial Plan calls for the tipping fees revenues to decrease based on the reduction of the fee passed along to the resident

**Unassigned Fund Balance:** The FY 2017 Financial Plan calls for the use of \$265,000 from the Unassigned Fund Balance to support the Streets and Bridge projects.

## **General Fund Operating Expenditure Highlights**

**Health Insurance:** The proposed Financial Plan calls for increase of 19.89% compared to the approved FY 16 Budget. The increase is attributed to a change of coverage by one employee from Single to Single + Spouse in November 2015 and a projected premium increase of 9.0% for the next renewal period (December 2016). According to the 2016 Segal Health Plan Cost Trend Survey, high-deductible Health Plans are projected to increase by 8.0% and PPO plans are projected to increase by 7.8%.

**Pensions:** The Village contributes to the Illinois Municipal Retirement Fund (IMRF) for employees, except Police, that met or exceed the prescribed annual hourly standard. Employees are required to contribute 4.5% of their annual covered salary. The Village's required contribution rate is determined by an actuarial valuation each year. The Village's portion of the IMRF contribution will decrease from 13.44% for CY 2016 to 12.35% for CY 2017.

### **General Fund Capital Programs:**

**Street & Bridge:** The Financial Plan calls for the continued re-investment in the streets and bridges of the Village. \$175,000 has been allocated for street resurfacing.

**Snow Removal:** The Village's current contract for Snow and Ice Control expires September 30, 2016. The Budget allocates an increase of 4% for FY 2017 for Snow and Ice Control. Salt cost is projected to increase by 5% for FY 2017.

**Forestry:** Addressing Emerald Ash Boer (EAB) infected trees in the public right-of-way continues have a significant impact on Forestry program. Once again, to assist with re-establishing tree lined streets, \$5,000 has been allocated to bring back the 50/50 tree program.

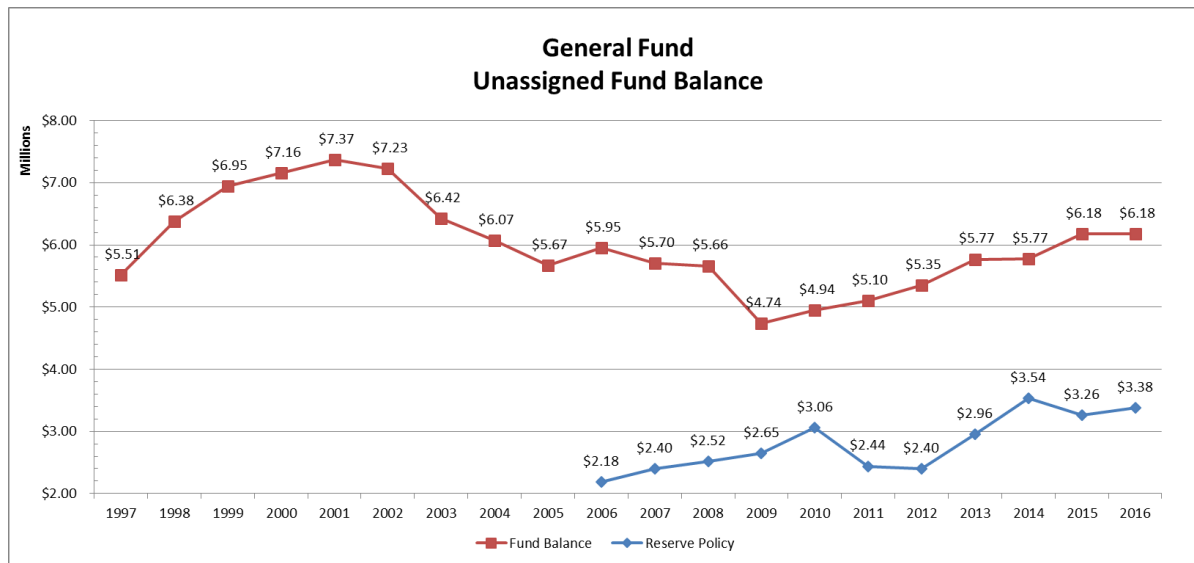
**Building Alteration:** \$25,000 has been allocated for any building repairs has needed.

**SWANCC Disposal:** In September 2015, the Solid Waste Agency of Northern Cook County (SWANCC) entered into a new operating contract for the Glenview Transfer Station. This new contract has results in a reduction of the tipping rates from \$58.15 per ton (FY 16) to \$46.06 per ton (FY17), as savings of approximately \$30,000. These savings will be reflected in flat or lowered Groot bills for Village residents, when the Village continues to adjust the SWANCC pass-through charge in the fall of each year.

**Fund Balance**

In 2013, the Village Board updated the Village’s Investment Policy, which included a policy related to Unassigned Fund Balance. A fund balance provides the Village the ability to continue its short-term daily operation in the event of revenue shortfalls and unexpected expenses related to emergencies. A Fund Balance is also one indicator of the Village’s financial health for bonding agencies to maintain or improve the Village’s bond rating.

The Village’s Unassigned Fund Balance policy stated that the Village maintains at least the prior fiscal year’s expenditures as contained in the approved Financial Plan. The FY 2017 Financial Plan calls for the use of \$265,000 of the Unassigned Fund Balance to support the increase in Street and Bridge programs. The Unassigned Fund Balance will still exceed the required policy benchmark of 100% of the previous approved fiscal year’s expenditures.

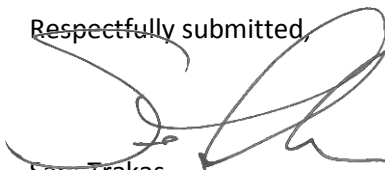


**Staffing Levels**

The FY 2017 does not contemplate any changes in staffing levels.

	FY 14	FY 15	FY 16	FY 17
Elected Officials				
Full-Time	1	1	1	1
Part-Time	6	6	6	6
Administration				
Full-Time	2	2	2	2
Part-Time	2	2	2	2
Building Department				
Full-Time	2	2	2	2
Part-Time	0	0	0	0
Police Department				
Full-Time	13	13	13	13
Part-Time	2	3	3	3
<b>Total</b>				
<b>Full-Time</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Part-Time</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>

Respectfully submitted,



Sam Trakas  
Village Administrator