

Village of Bensenville

*2014 Quarterly
Financial Review*

@ 3/31/2014

Village of Bensenville

2014 Quarterly Financial Review - Overview

Comparison Schedule 2011 – 2014

Village of Bensenville						
Revenue & Expenditure Summary - FY 2009 Actual through FY 2014 Projected						
	CY 2011 Actual	CY 2012 Actual	CY 2013 Projected	CY 2014 Budget	CY 2014 YTD	CY 2014 Projected
Total Revenues	62,175,628	38,272,924	53,867,901	62,464,200	5,084,936	60,334,161
Total Expenditures	42,398,934	37,631,425	53,386,826	72,457,679	6,371,911	70,325,271
Revenues over(under) Expenditures	19,776,694	641,499	481,075	(9,993,479)	(1,286,975)	(9,991,110)

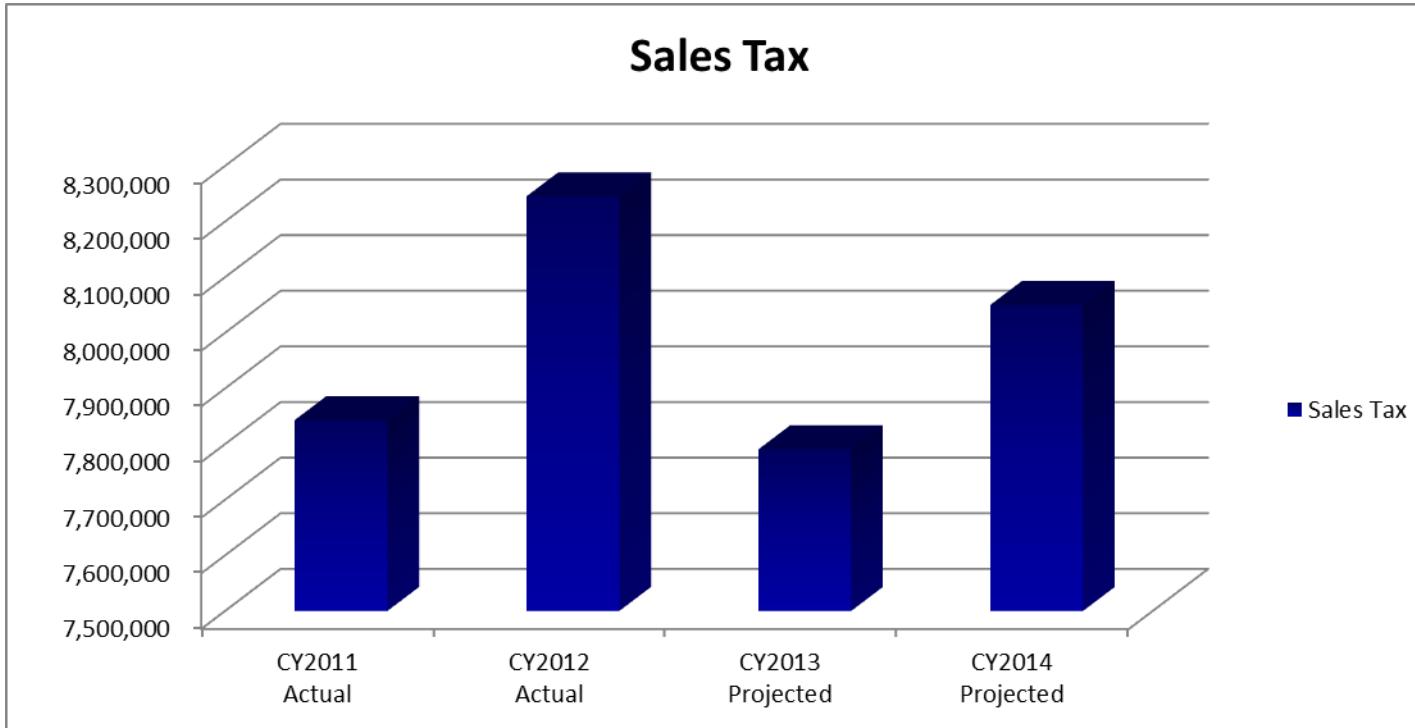
NOTES:

- For 2014 we are projecting a Total Net Positive Variance of \$71,307.
- Overall Budget is looking good.
- Total Revenues (Net of Transfers) are projecting \$2,061,101 under budget while Total Expenditures are projecting at \$2,132,408 under budget. NET = \$71,307 better than budgeted.
- Year to Date (YTD) budget deficit of \$1,286,975 is consistent with what we expected. A majority of capital spending has not occurred.
- The \$9.9M Budgeted Deficit in the CY2014 Budget is due to capital spending. A significant portion of our capital plan is being funded via cash on hand which was accumulated in previous fiscal years.

2014 Quarterly Financial Review – Revenue Trends

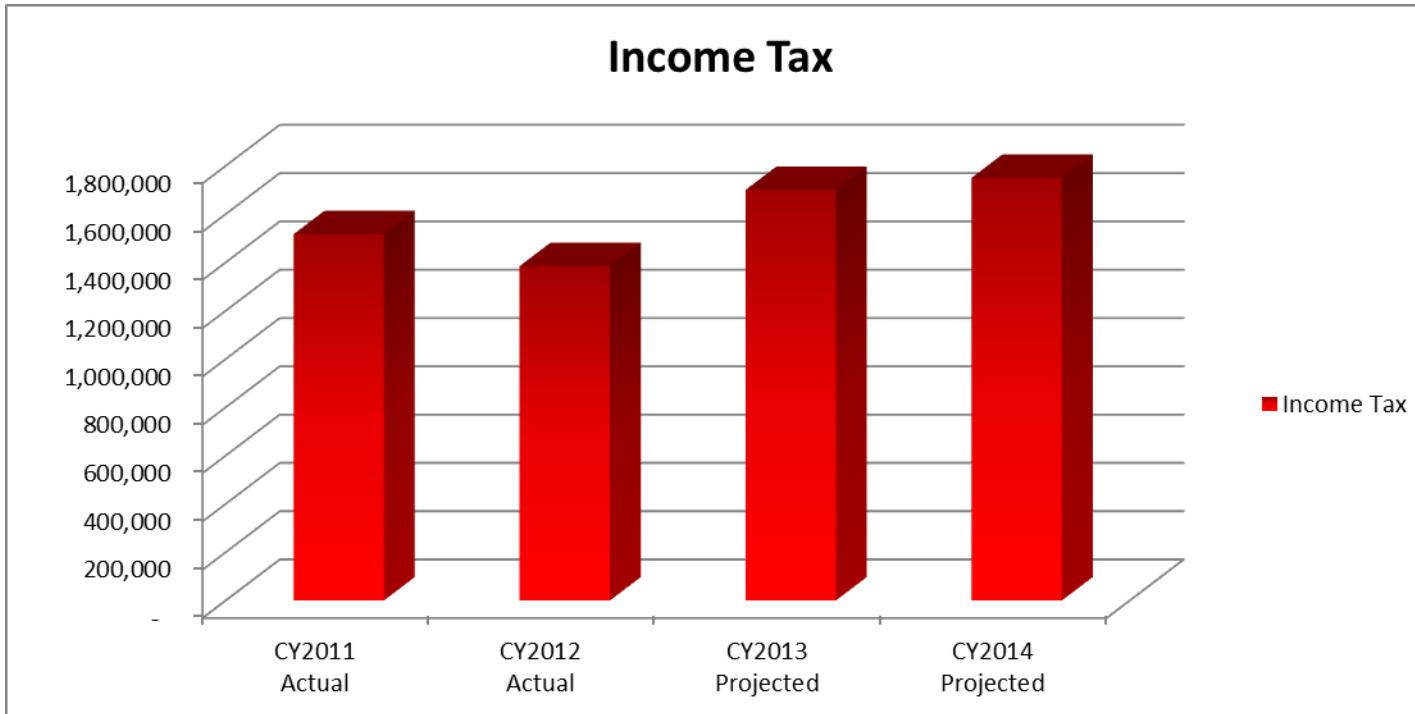
- The following graphs provide revenue trending information for major village revenue sources.

Revenue Trends



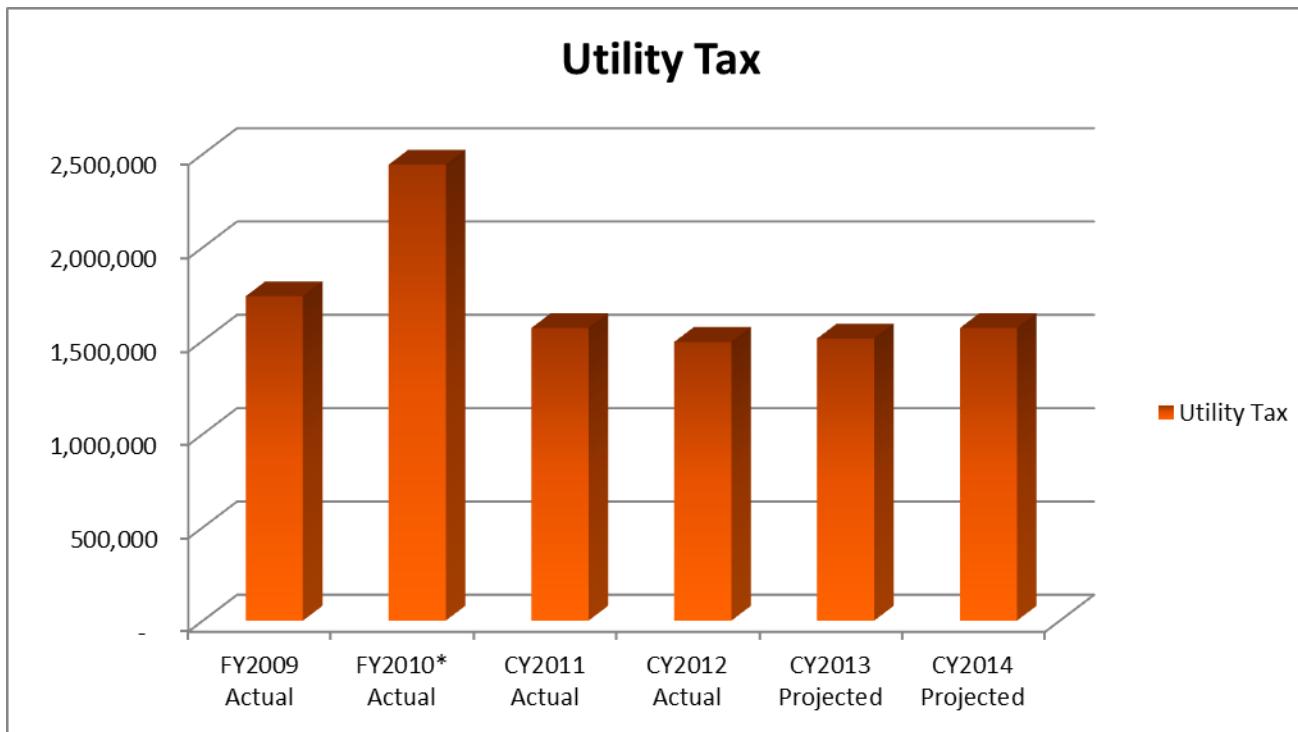
- Sales tax dipped in 2013 but is expected to recover to close to 2012 levels.
- 2014 sales tax projections are coming in about 3.3% higher than last year. 4

Revenue Trends



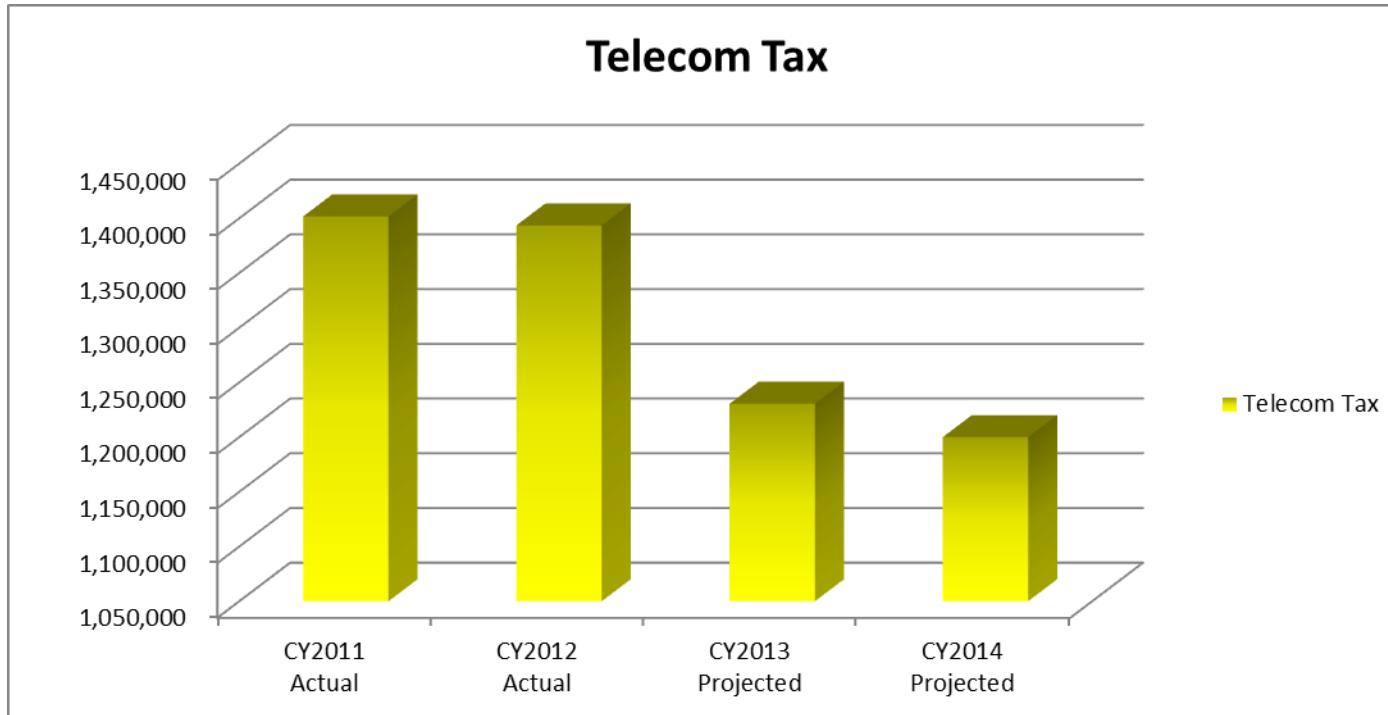
- Based on the latest state remittances income tax is currently projecting to be 2.9% higher than last year.

Revenue Trends



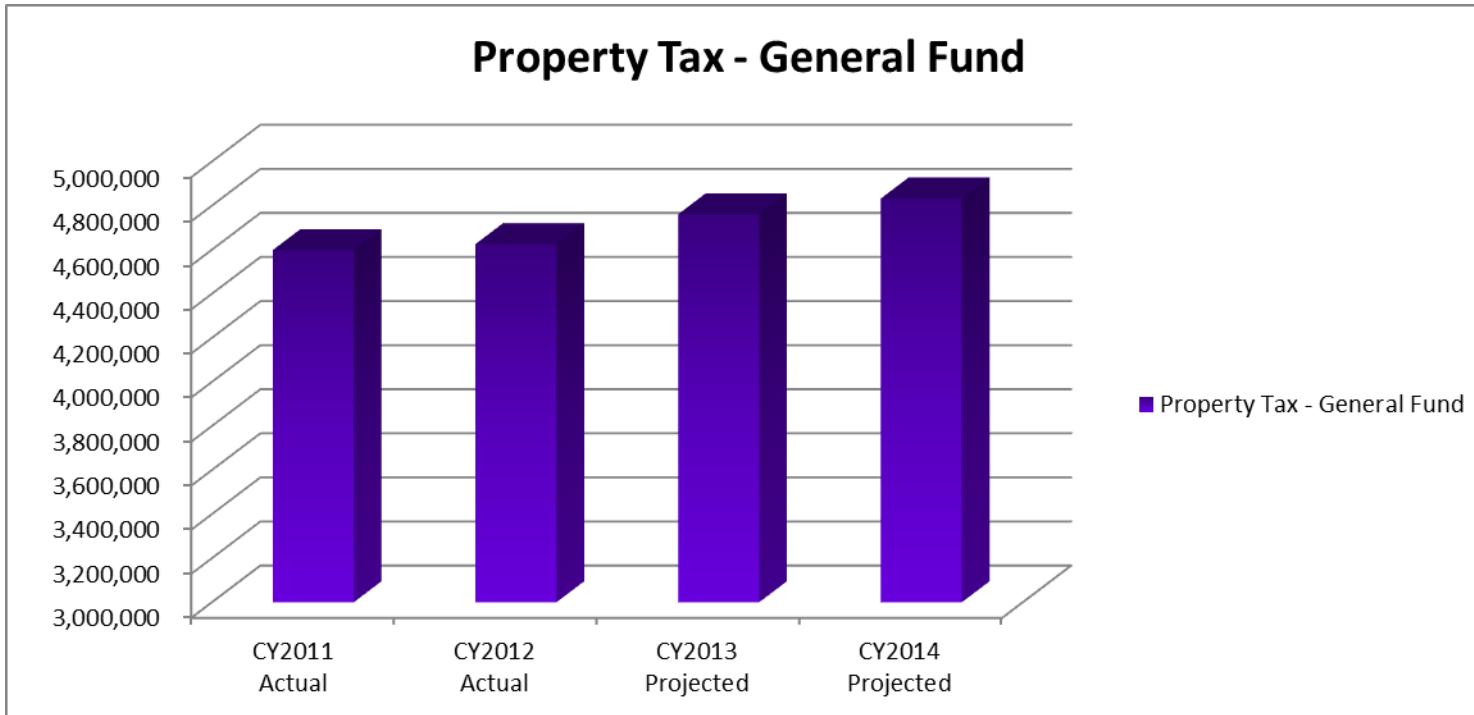
- Utility Taxes bottomed out in 2012 and are currently projecting to increase 3.7% compared to last year.

Revenue Trends



- Telecom taxes are projecting to be down 1%.

Revenue Trends



- Property taxes continue to be a stabilizing revenue source and are projected to increase 1.5% in the General Fund.

2014 Quarterly Financial Review – Property Taxes

Latest Property Tax Information

- DuPage EAV down 6.12%
- Total Taxes Extended = \$5.187M or 1.51% higher.
- Tax Rate = 1.0142 or 8.4% higher than last year (product of EAV Drop)
- Slight shift in tax burden towards non-residential means the average resident will pay the same in taxes (to the Village) this year as they did last year.
- Updated info on TIFs not available yet (April 21)

2014 Quarterly Financial Review – Departmental Projection

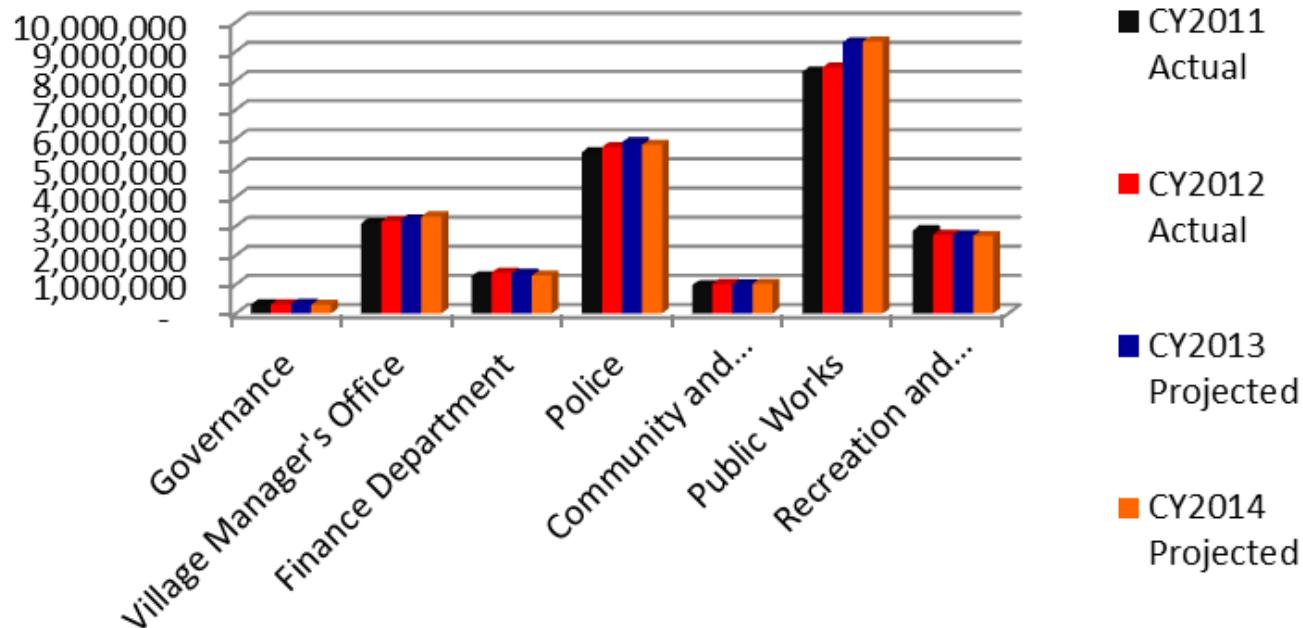
Expenditures by Department - 2011 Actual – 2014 Projected

	CY2011 Actual	CY2012 Actual	CY2013 Projected	CY2014 Budgeted	CY2014 Projected
Governance	308,367	323,429	332,605	352,680	302,291
Village Manager's Office	3,099,494	3,162,230	3,228,657	3,801,255	3,331,327
Finance Department	1,273,405	1,399,995	1,364,967	1,480,900	1,300,901
Police	5,541,685	5,707,951	5,880,411	6,192,316	5,788,805
Community and Economic Development	971,632	1,011,656	993,915	1,128,960	1,017,266
Public Works	8,300,902	8,449,827	9,309,442	9,901,670	9,334,614
Recreation and Community Programming	<u>2,856,586</u>	<u>2,707,124</u>	<u>2,689,040</u>	<u>2,800,725</u>	<u>2,660,297</u>
	<u><u>22,352,071</u></u>	<u><u>22,762,212</u></u>	<u><u>23,799,037</u></u>	<u><u>25,658,506</u></u>	<u><u>23,735,501</u></u>

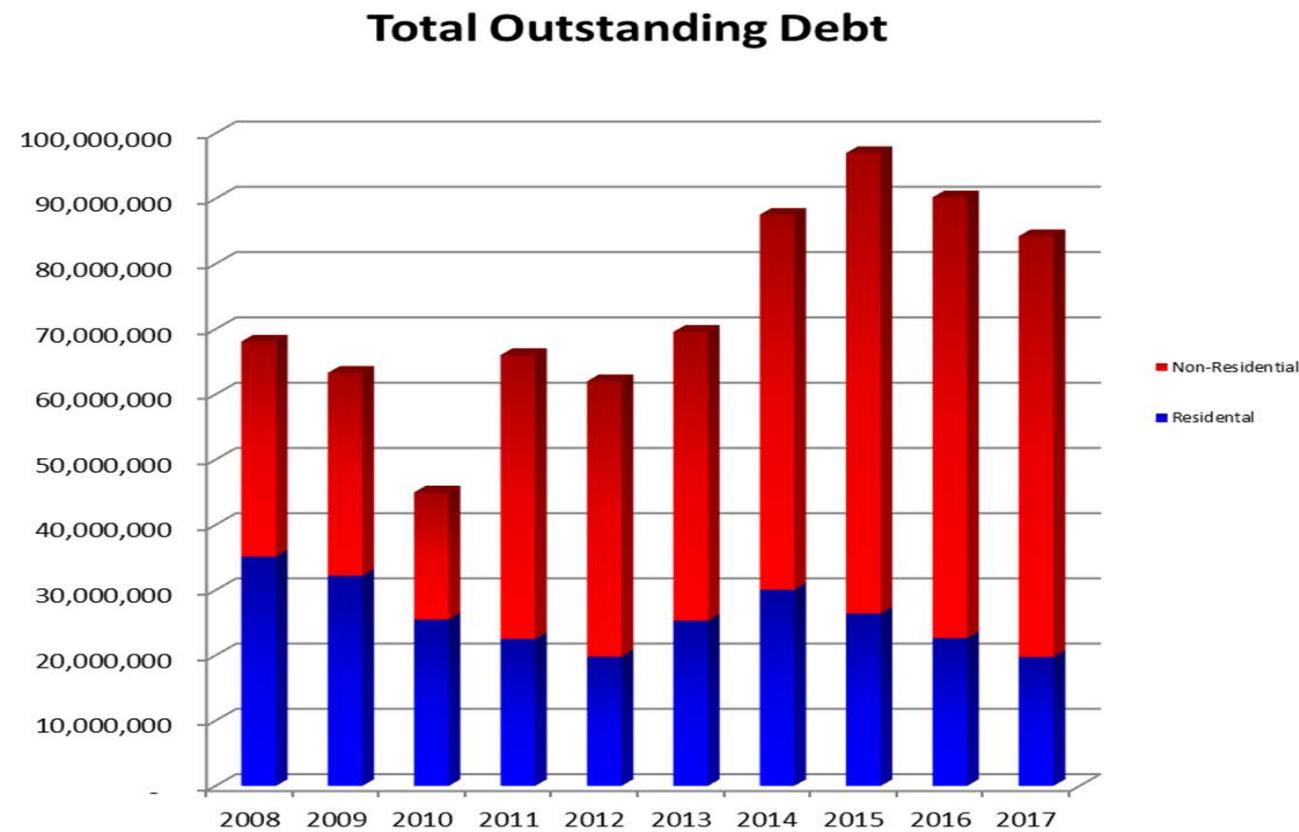
- All departments are projecting under budget!

2014 Quarterly Financial Review – Departmental Budgets

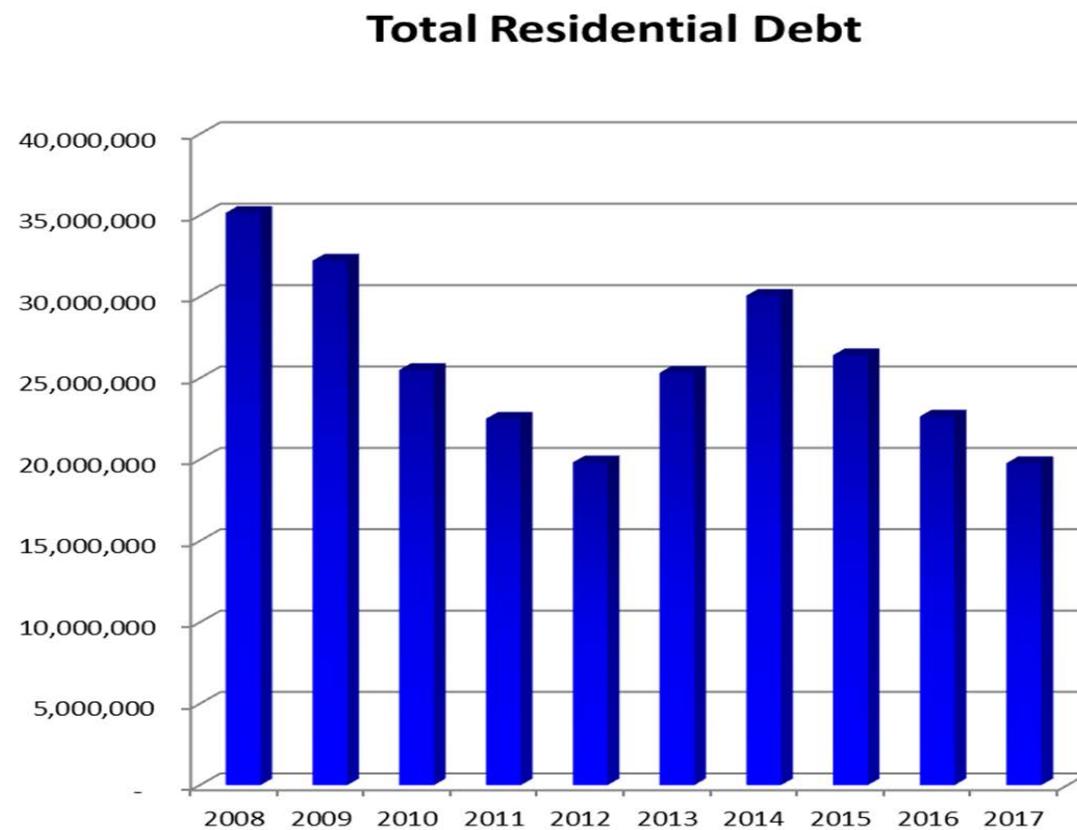
Expenditures By Department



2014 Total Debt Picture



2014 Residential Debt Picture (Debt supported by Taxes - Non TIF / SSA)



2014 Quarterly Financial Review – Bright Spots

- All departments are projecting under budget.
- Major revenue sources are stable.
- Net Revenues over Expenditures are \$71,307 better than budgeted.

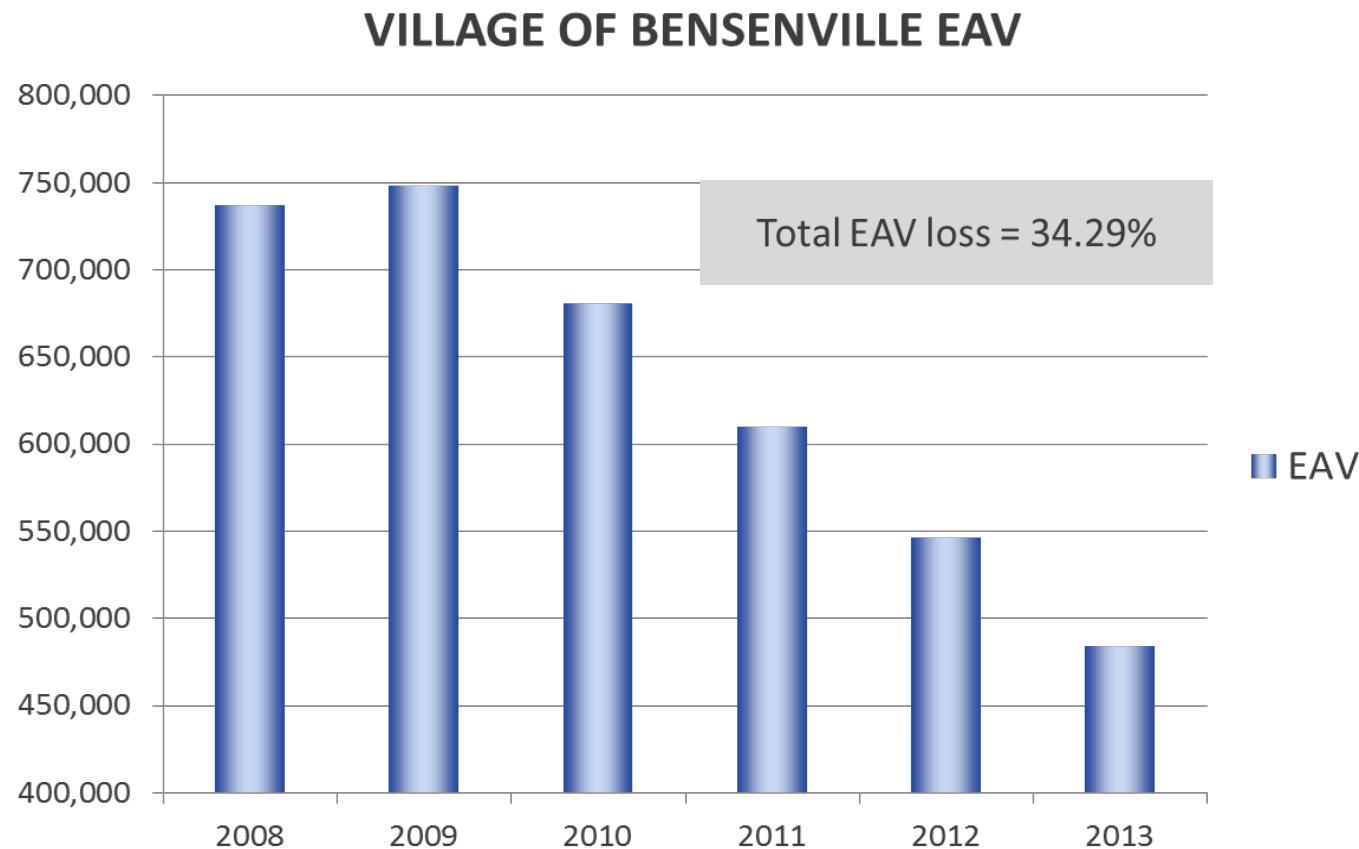
2014 Quarterly Financial Review – Financial Threats

- Still early in the year.
- Dependence on Sales Tax to fund operations which can be volatile. Almost 25% of our General fund budget is funded by sales tax. In 2013, the top 10 sales tax generating businesses within the Village accounted for a staggering \$3.8M or nearly 50% of all sales tax generated in the Village.
- State of Illinois financial condition (Worst in nation \$96 Billion unfunded pension obligation). Threatened claw-back of LGDF revenues.
- General economic slow down. Who knows what the future holds? A stock market crash, natural disasters, terrorist attack, China property bubble, Tech Bubble 2.0, massive student loan default all could feasibly occur in the near future facilitating another major recession.

2014 Quarterly Financial Review – Financial Threats

- TIF 12 Value Erosion resulting in less TIF revenues than expected. TIF revenues are based on the amount of Tax increment within a given TIF district. If the Assessed value in the TIF district is greater than the baseline set when the TIF went into effect the Village receives additional incremental property tax revenue. We are heavily reliant on future value creation to pay the future debt service associated with the roadway improvements within this TIF District. The annual TIF 12 debt service is currently \$875,550. The annual debt service escalates to over \$1M by 2020, over \$3M by 2028.
- Debt Service. The Village will be taking on significant new debt to pay for the Police Headquarters (\$16M) and Waste Water Treatment Plants (\$30M).

2014 Quarterly Financial Review – Financial Threats – Value Erosion



VALUE EROSION

- The US Housing Bubble began to burst in late 2006 culminating in the Great Recession beginning in late 2007, followed by a nationwide Foreclosure Crisis
- Affluent DuPage County was not spared from these Crises
- Addison Township is the most severely impacted Township in DuPage County in terms of property value loss
- The Village of Bensenville is the most impacted municipality in Addison Township
- Residential value decline since 2008 = 45.84%.
- Foreclosures and distressed home sales made up 62% of residential real estate transactions in Bensenville in 2011 compared to 37% in DuPage County.

CAUSES OF PROBLEM

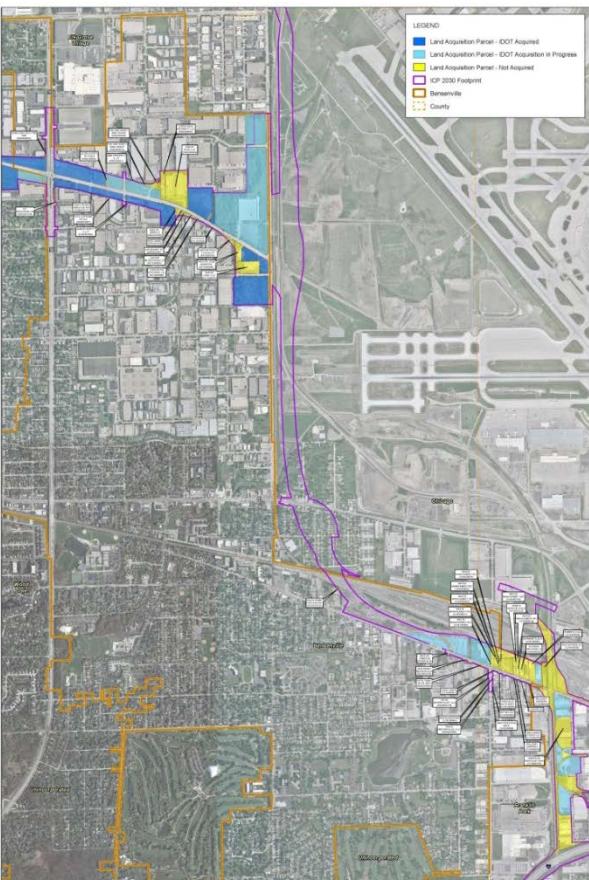
O'HARE MODERNIZATION PROJECT

- City Of Chicago Acquired 665 Residential Homes and 110 Businesses
- 2,000 residents displaced
- \$26.6M in EAV loss
- Prop. Tax loss = \$1.69M



CAUSES OF PROBLEM

ELGIN O'HARE WESTERN ACCESS LAND ACQUISITION



- 21 Full Take Parcels
- Representing **\$8,825,972.00** in EAV loss
- Roughly **\$986,332.25** tax dollars annually
- Another 19 partial acquisitions representing another significant reduction in EAV and taxes

CAUSES OF PROBLEM

MARKET RE-SET – ADDISON TOWNSHIP ASSESSORS RESPONSE

- General Reassessment every 3 years. Last General Reassessment in 2011. Assessor looks back at market and sales data for previous 3 years.
- Prior to the market collapse the Assessor's Office did not include distressed sales in its calculation of EAV. They were not considered arm's length transactions.
- The 2011 General Reassessment included distressed sales as there were so many of them they were now considered to be arm's length transactions. During the height of the crisis single family homes were being sold for as little as \$17,000. Because of the new criteria these transactions were required to be included in EAV calculations. This put huge downward pressure on Village-wide EAV.

Action Plan

- Pursue Economic Development Opportunities to Increase Property Values
- Continue Neighborhood Stabilization Plan to Protect Residential Property Values
- Challenge Assessment Appeals, Particularly in TIF 12
- Work with the Tollway to Minimize Negative Impacts of Takings along the Elgin-O'Hare Western Access Corridor