

Review of 2013 Comprehensive Annual Financial Report (CAFR)

February 2014

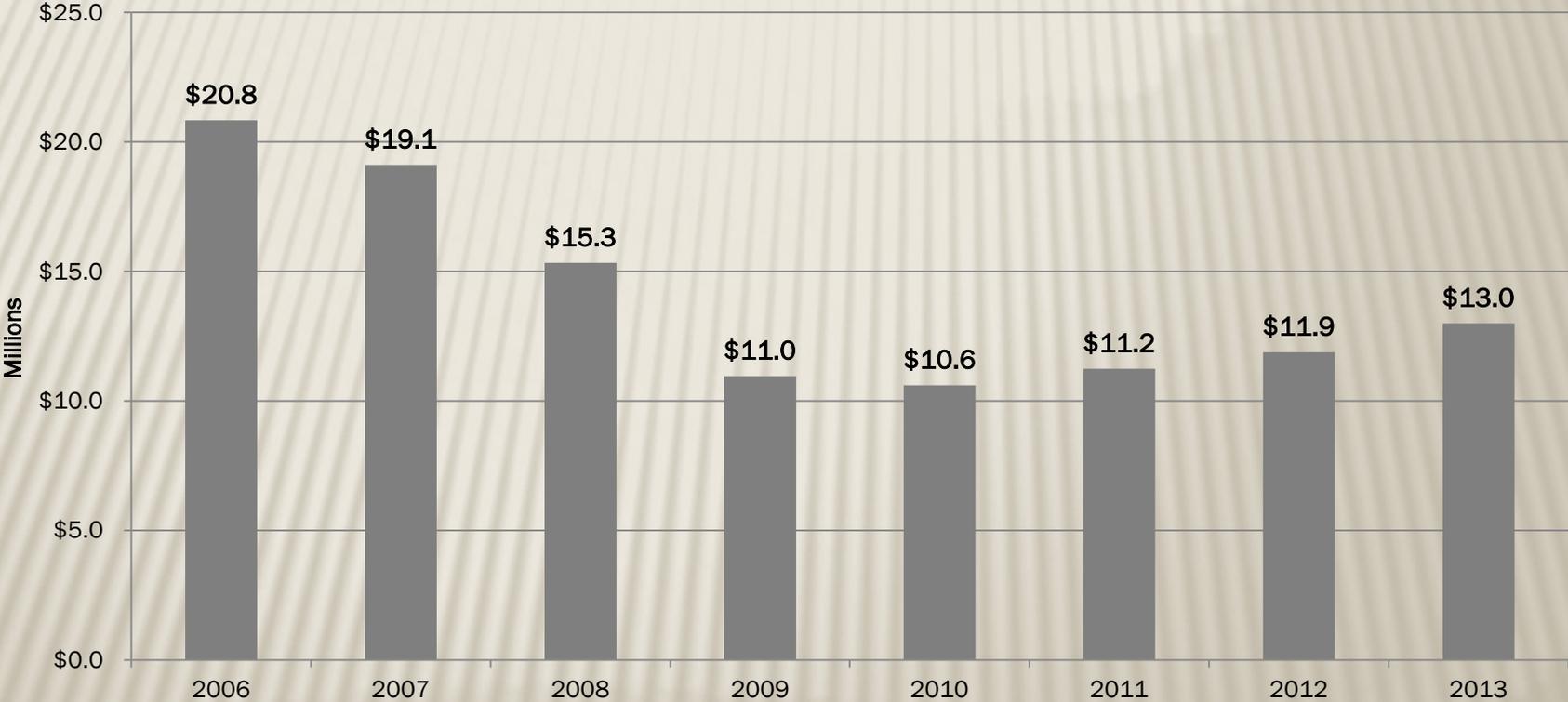
**VILLAGE OF GLEN ELLYN –
FINANCE COMMISSION**

CONSOLIDATED FUNDS

EXECUTIVE SUMMARY

- × Good Year for Village financially
 - + General Fund Generated a \$1m surplus
 - × Increased IL income taxes (\$241k)
 - × Reduced legal expenses (\$232k)
 - × Reduced pension and medical expenses primarily due to changes in methodology and assumptions (\$208k)
 - + Continued Pay Down of Debt (excl. Village Links)
 - + Pension Funding position improved thanks to positive market returns
- × Net unfunded pension and debt of \$17m still remains

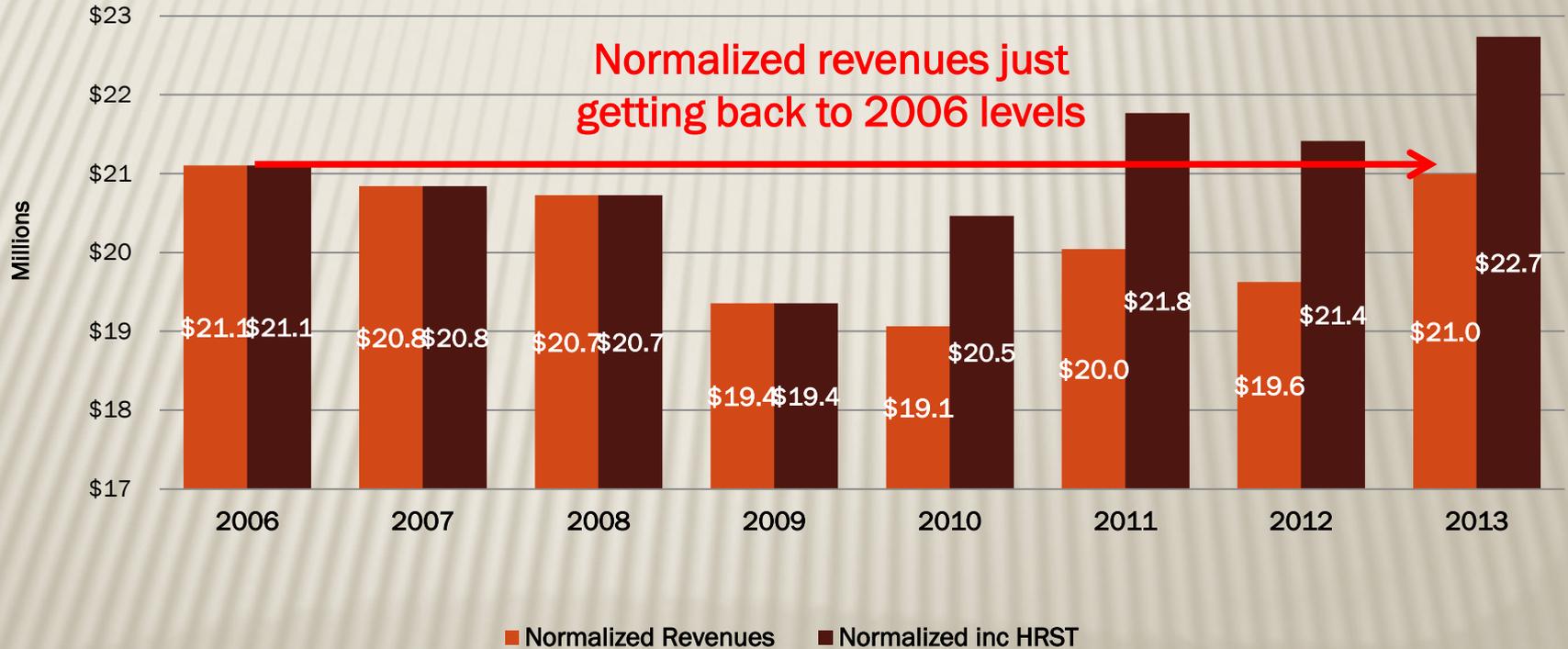
FUND BALANCE - ALL GOV'T FUNDS



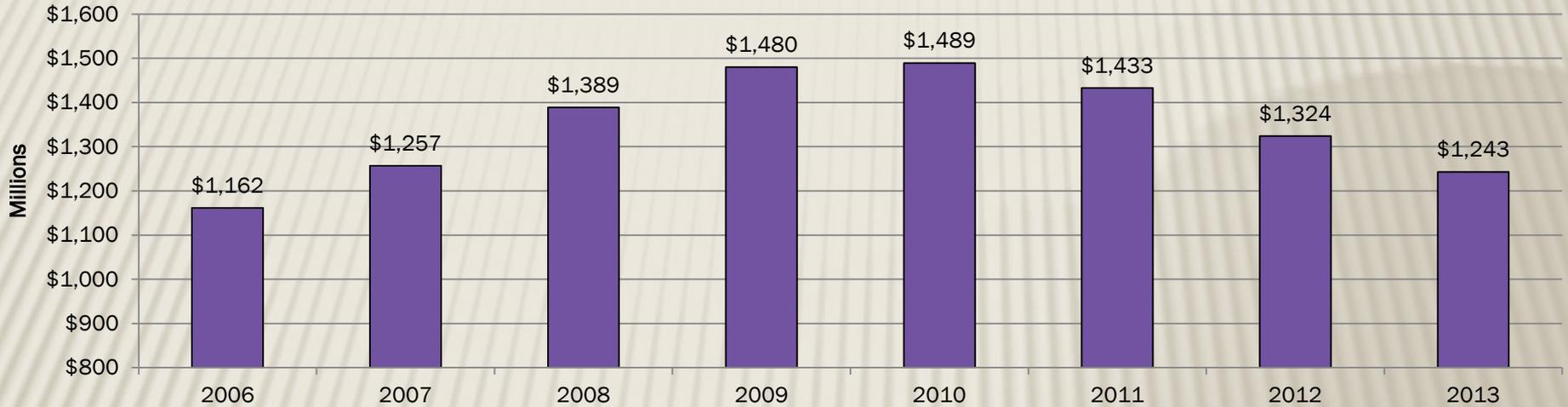
Fund Balance has now grown for three consecutive years

NORMALIZED REVENUE TRENDS

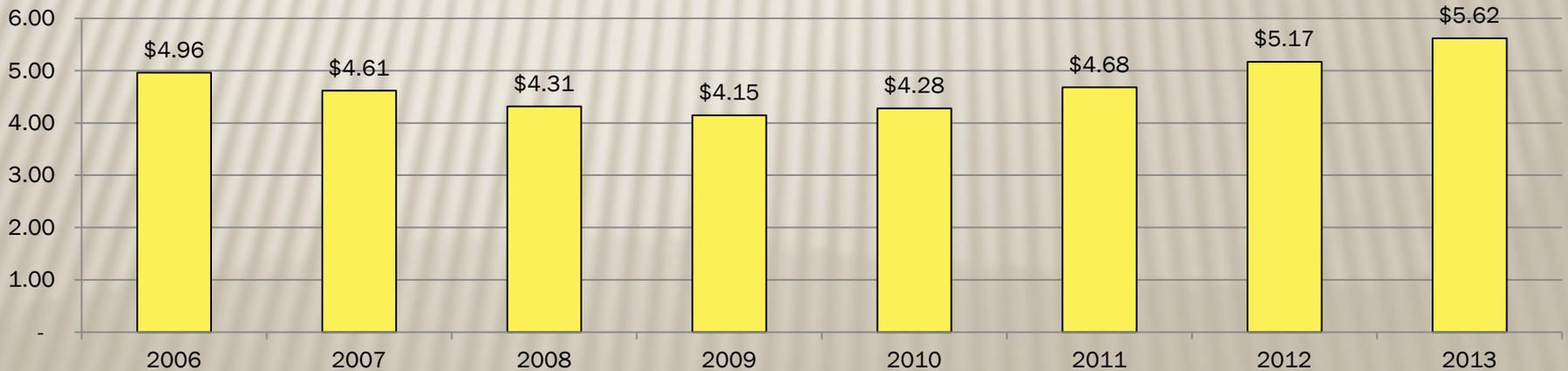
- ALL GOV'T FUNDS



TOTAL TAXABLE ASSESSED VALUE

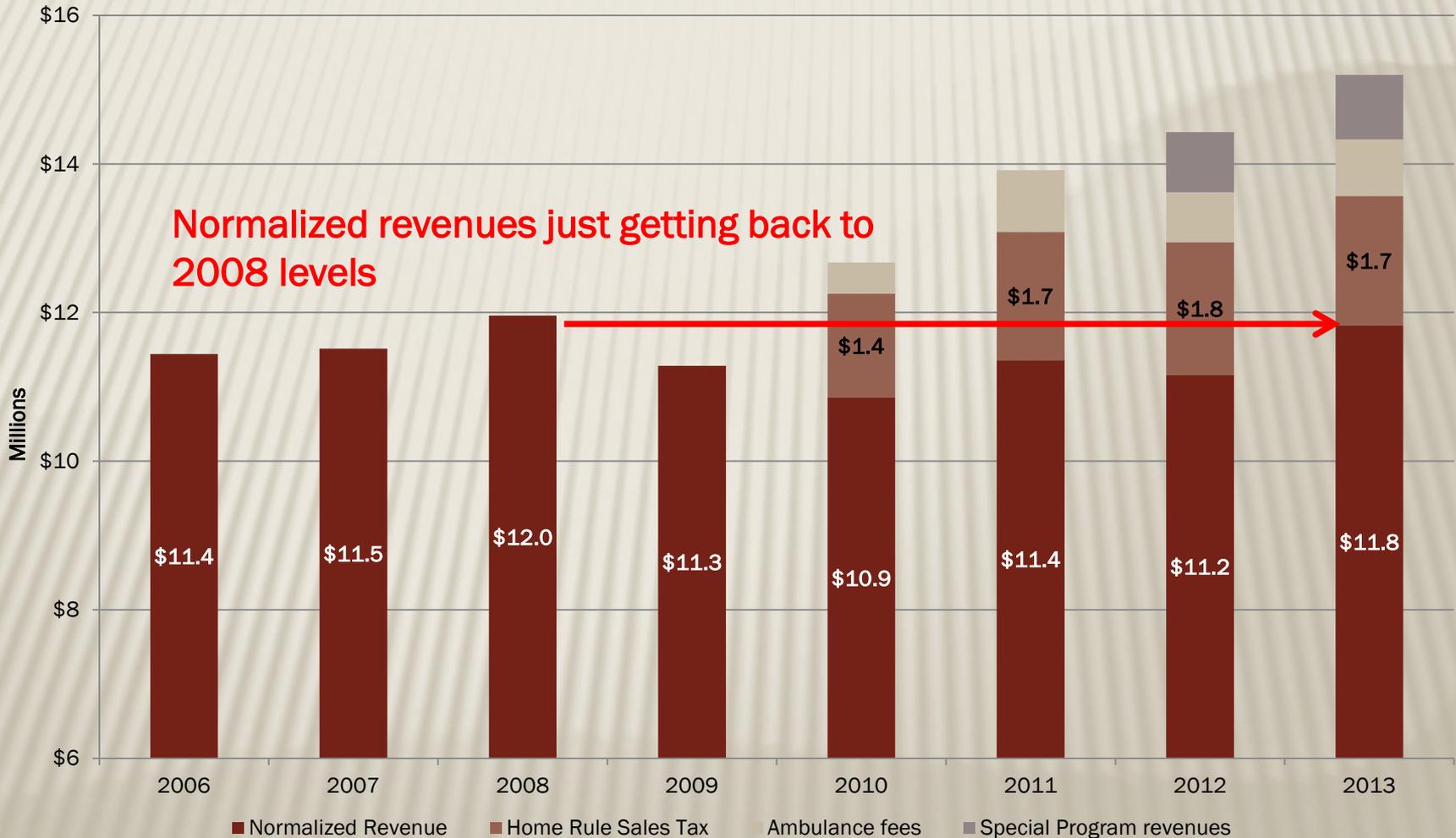


Village Property Tax per \$1,000 of EAV



GENERAL FUND

NORMALIZED REVENUE - GENERAL FUND



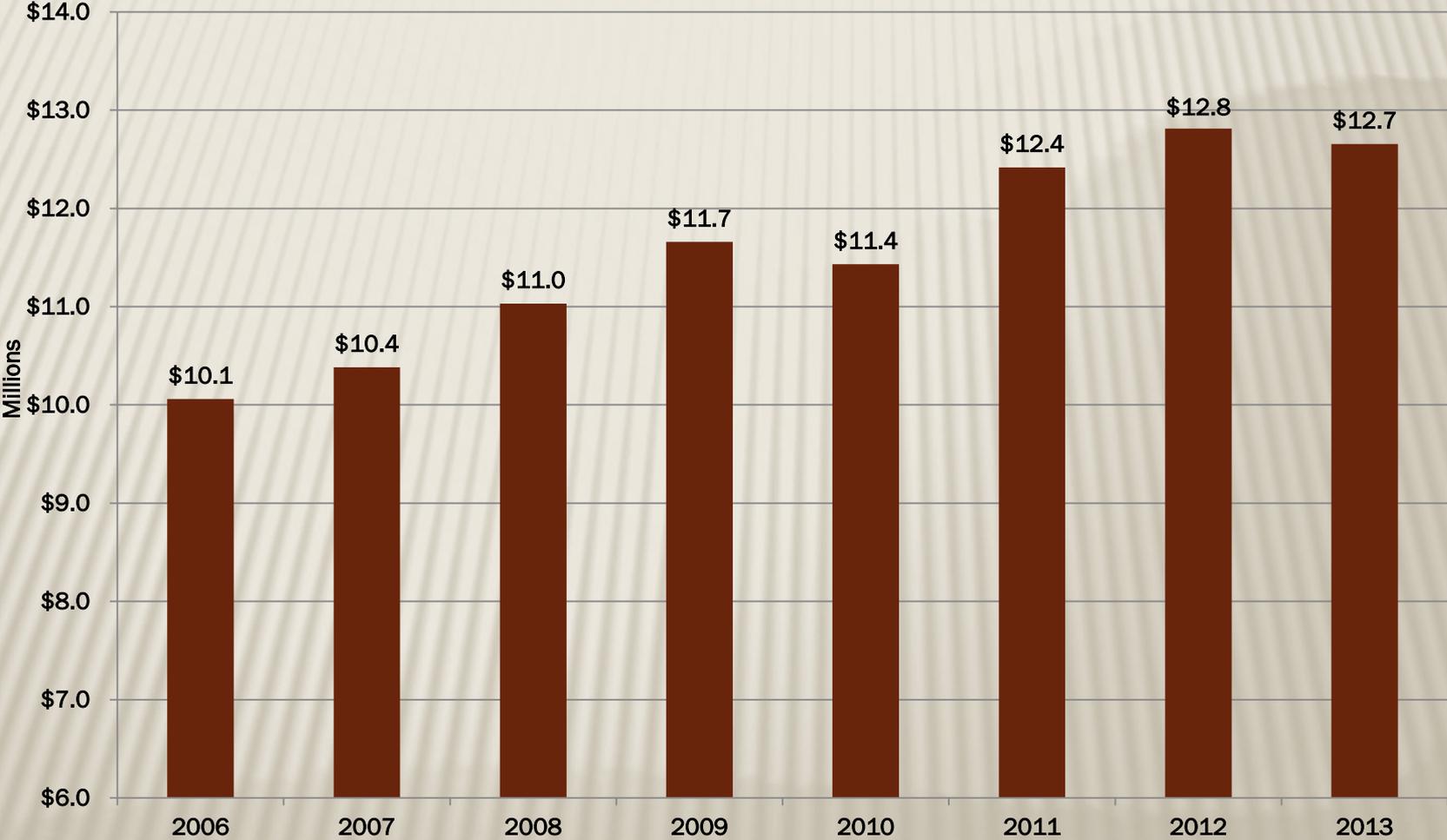
Note: Ambulance fees and Special Program Revenues are essentially offset by expenditures.

PROGRESSION OF NORMALIZED REVENUES – INCLUDING HRST

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Prior Year Revenue	\$12,252,985	\$13,084,364	\$12,946,114
HRST	323,794	62,816	(44,700)
Prop taxes	291,574	150,164	74,804
Build/Electrical permits	255,001	(208,509)	105,262
Grants	96,421	(79,450)	81,934
Sales tax	153,481	(69,010)	(70,970)
Il Income Tax (1)	(39,341)	126,966	241,820
Police & Other (2)	(128,277)	(147,591)	229,945
All Other	<u>(121,274)</u>	<u>26,363</u>	<u>(18,385)</u>
Current Year Revenue	\$13,084,364	\$12,946,114	\$13,545,824
change	6.8%	-1.1%	4.6%

- 1) Increased state tax collections from improving economy and stock market
- 2) Primarily driven by increased police department revenue which is timing of collections from Glenbard.

NORMALIZED EXPENDITURES - GENERAL FUND



PROGRESSION OF NORMALIZED EXPENDITURES

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Prior Year Expenditures	11,430,853	12,417,743	12,813,096
Compensation (4)	101,028	201,191	408,571
Insurance (1)	389,951	94,030	(172,897)
Pension (2)	248,181	83,330	(35,488)
Police radios - capital	107,968		
Legal (3)	20,717	54,877	(231,884)
All Other	<u>119,045</u>	<u>(38,075)</u>	<u>(126,017)</u>
Current Year Expenditures	<u>12,417,743</u>	<u>12,813,096</u>	<u>12,655,381</u>

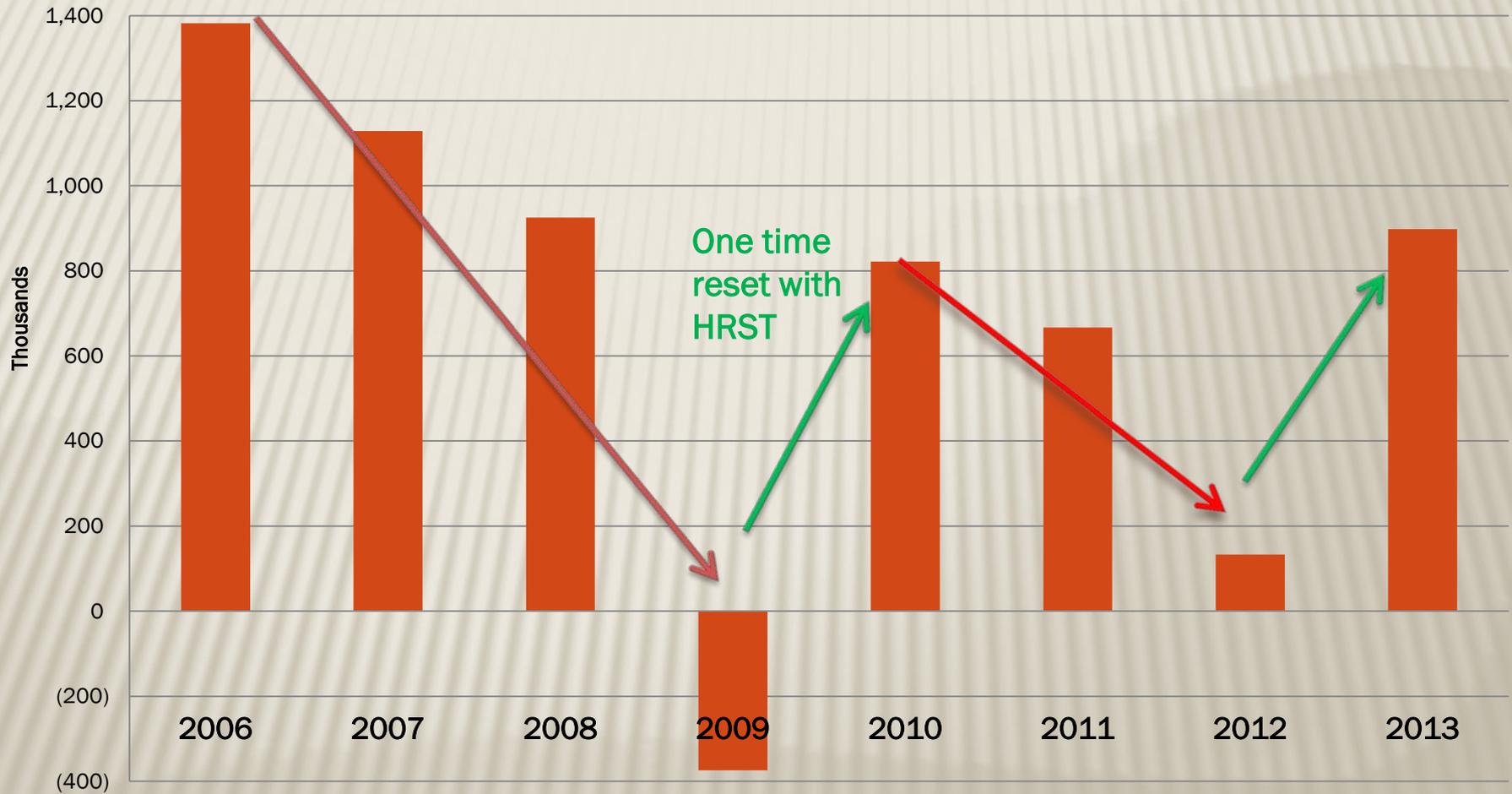
- 1) Good medical experience and change in allocation %'s to the funds. (Total payments in the insurance fund were up about \$50k in 2013.)
- 2) Pension reduction primarily due to modifying assumptions.
- 3) No significant legal actions in 2013, costs related to COD were in 2011 and 2012.
- 4) Compensation increase was 5.7% over prior year. See next slide for more detail.

RECAP OF COMPENSATION COSTS

	2006	2007	2008	2009	2010	2011	2012	2013	YOY %	6 Yr CAGR
Salaries	5,696,455	5,826,662	6,064,390	6,558,720	6,425,400	6,427,390	6,671,189	6,966,238	4.4%	
Overtime & Stipulated obligations	419,515	472,795	472,967	518,698	373,268	474,711	129,565	151,635		
Temp Help & Crossing Guards	32,695	30,709	32,779	32,129	36,554	34,149	336,687	428,139		
Comp paid to employees	6,148,665	6,330,166	6,570,136	7,109,547	6,835,222	6,936,250	7,137,441	7,546,012	5.7%	3.0%
Comp Paid per employee	50,255	51,823	51,795	54,900	55,571	58,020	60,410	62,727		3.2%
FICA taxes	291,471	302,727	312,049	339,595	313,438	311,713	324,596	338,096	4.2%	2.1%
Medical Portion of Insurance Costs (1)	695,134	507,004	551,323	609,926	721,914	1,039,385	1,183,088	1,062,255	-10.2%	6.2%
Pension & IMRF	694,351	764,576	867,480	989,972	1,049,669	1,297,850	1,381,180	1,345,692	-2.6%	9.9%
Total Employee Benefits	1,680,956	1,574,307	1,730,852	1,939,493	2,085,021	2,648,948	2,888,864	2,746,043	-4.9%	7.3%
Total Personnel Services	7,829,621	7,904,473	8,300,988	9,049,040	8,920,243	9,585,198	10,026,305	10,292,055	2.7%	4.0%
FICA taxes per employee	2,382	2,478	2,460	2,622	2,548	2,607	2,747	2,810		
Medical costs per employee	5,682	4,151	4,346	4,710	5,869	8,694	10,013	8,830		
Emp Ben per employee	13,739	12,888	13,645	14,977	16,951	22,158	24,451	22,827		
Headcount	122.4	122.2	126.9	129.5	123.0	119.6	118.2	120.3		
<i>Ratios</i>										
FICA taxes/Comp Paid	4.7%	4.8%	4.7%	4.8%	4.6%	4.5%	4.5%	4.5%		
Medical costs/Comp Paid	11.3%	8.0%	8.4%	8.6%	10.6%	15.0%	16.6%	14.1%		
Pension & IMRF/Comp Paid	11.3%	12.1%	13.2%	13.9%	15.4%	18.7%	19.4%	17.8%		
Total Employee Benefits/Comp Paid	27.3%	24.9%	26.3%	27.3%	30.5%	38.2%	40.5%	36.4%		

(1) Estimate based on activity in the Insurance Fund. These costs are actually recorded as contractual services.

NORMALIZED SURPLUS/(DEFICIT) - GENERAL FUND



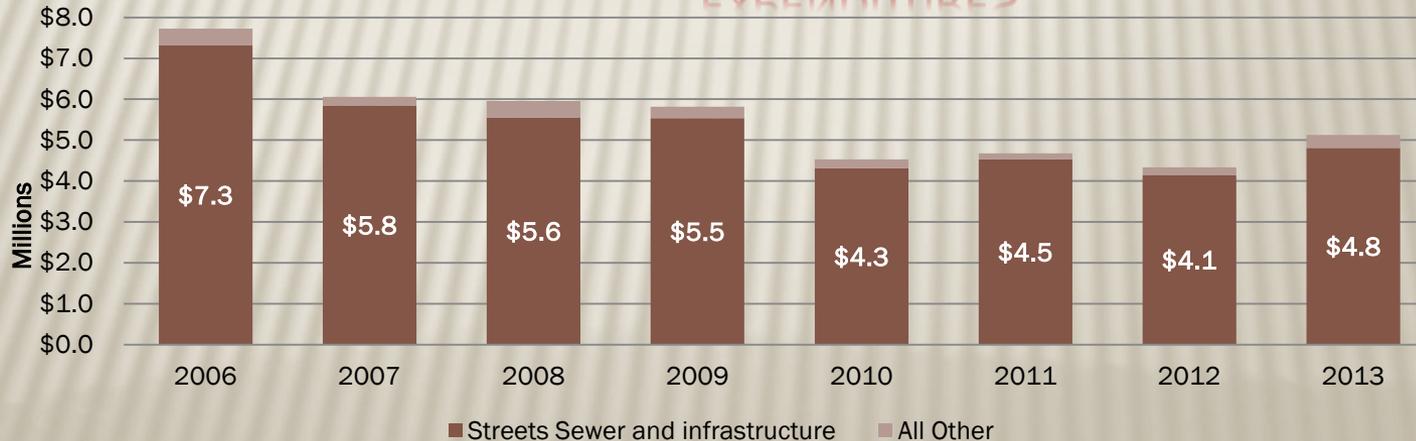
CAPITAL PROJECTS AND DEBT SERVICE FUND

CAPITAL PROJECTS FUND

REVENUE & TRANSFERS

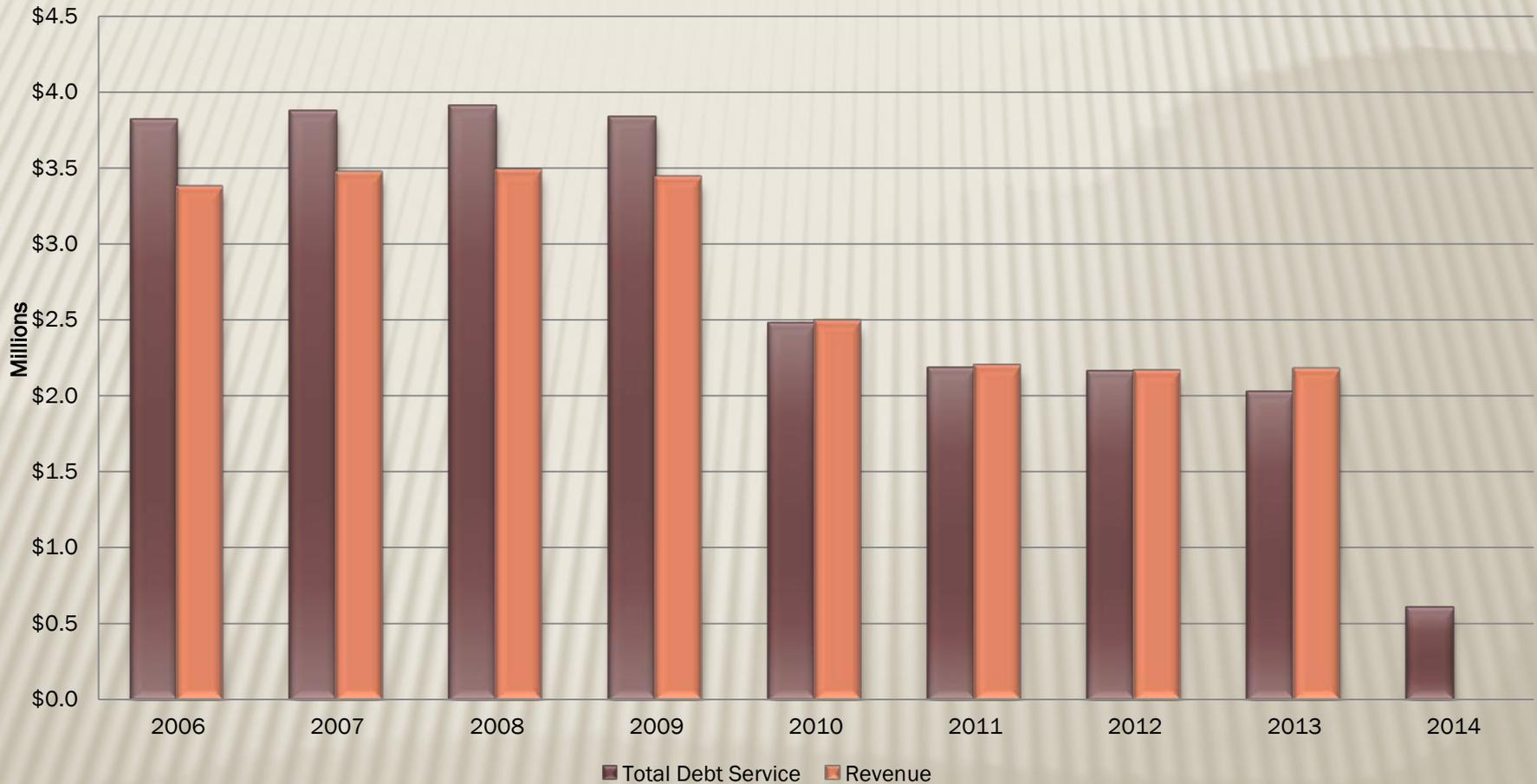


EXPENDITURES



Due to transfer of property taxes for debt service to capital projects fund, revenues are projected to go to about \$7.5m in 2015. Also see 5 year forecast.

DEBT SERVICE FUND

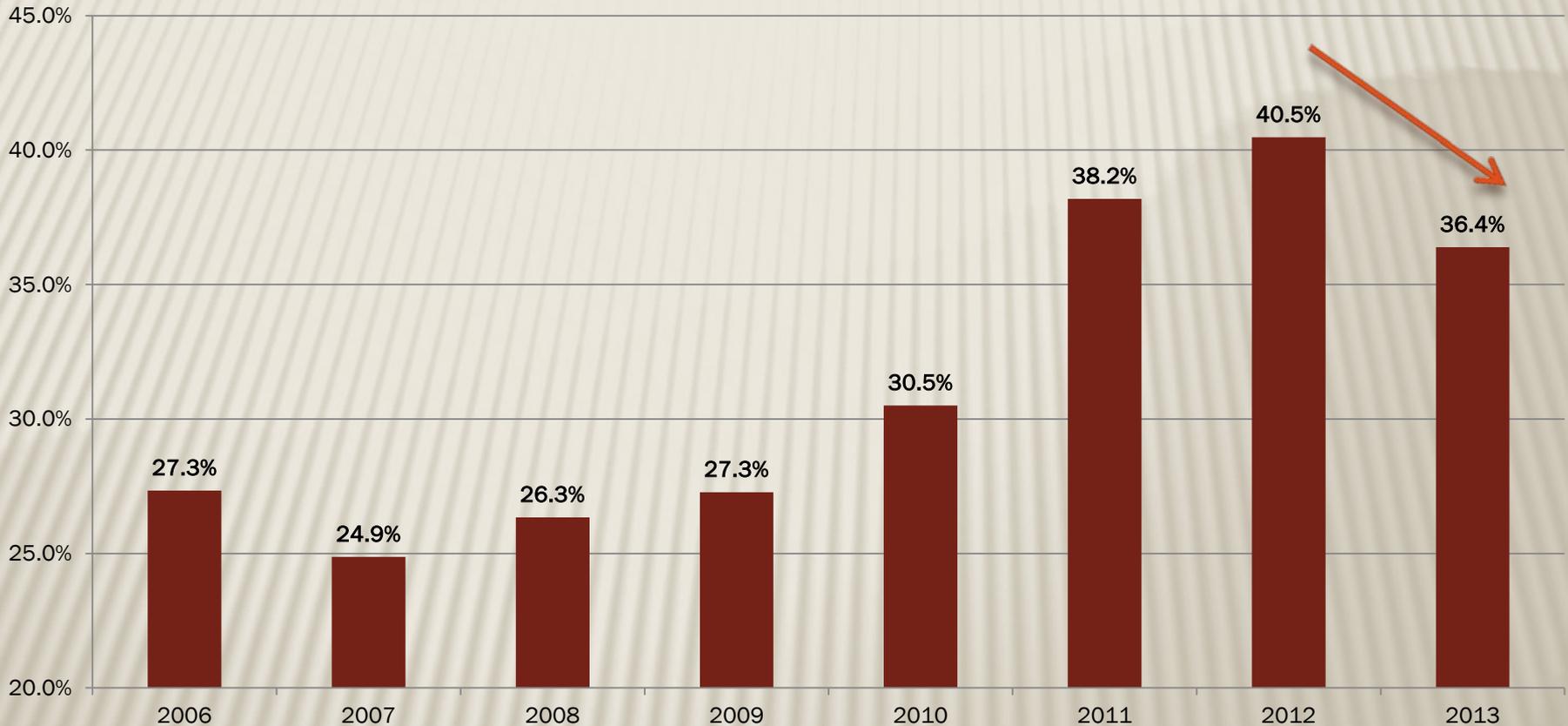


Debt will be paid down completely in 2014.
(Excludes Library and Village Links Debt)

ISSUES TO WATCH

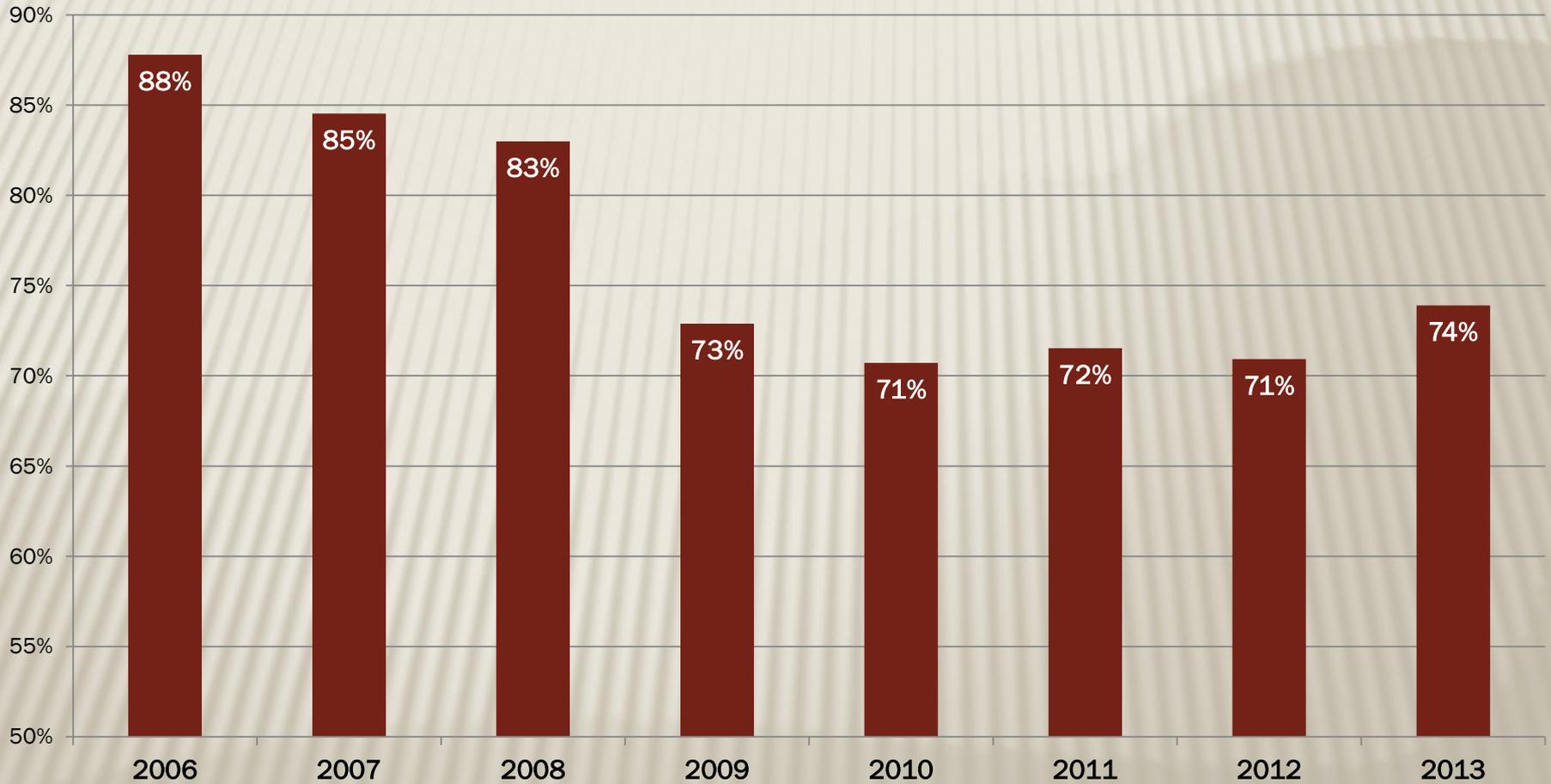
EMPLOYEE BENEFITS – MEDICAL & PENSION

Total Employee Benefits/Paid Compensation

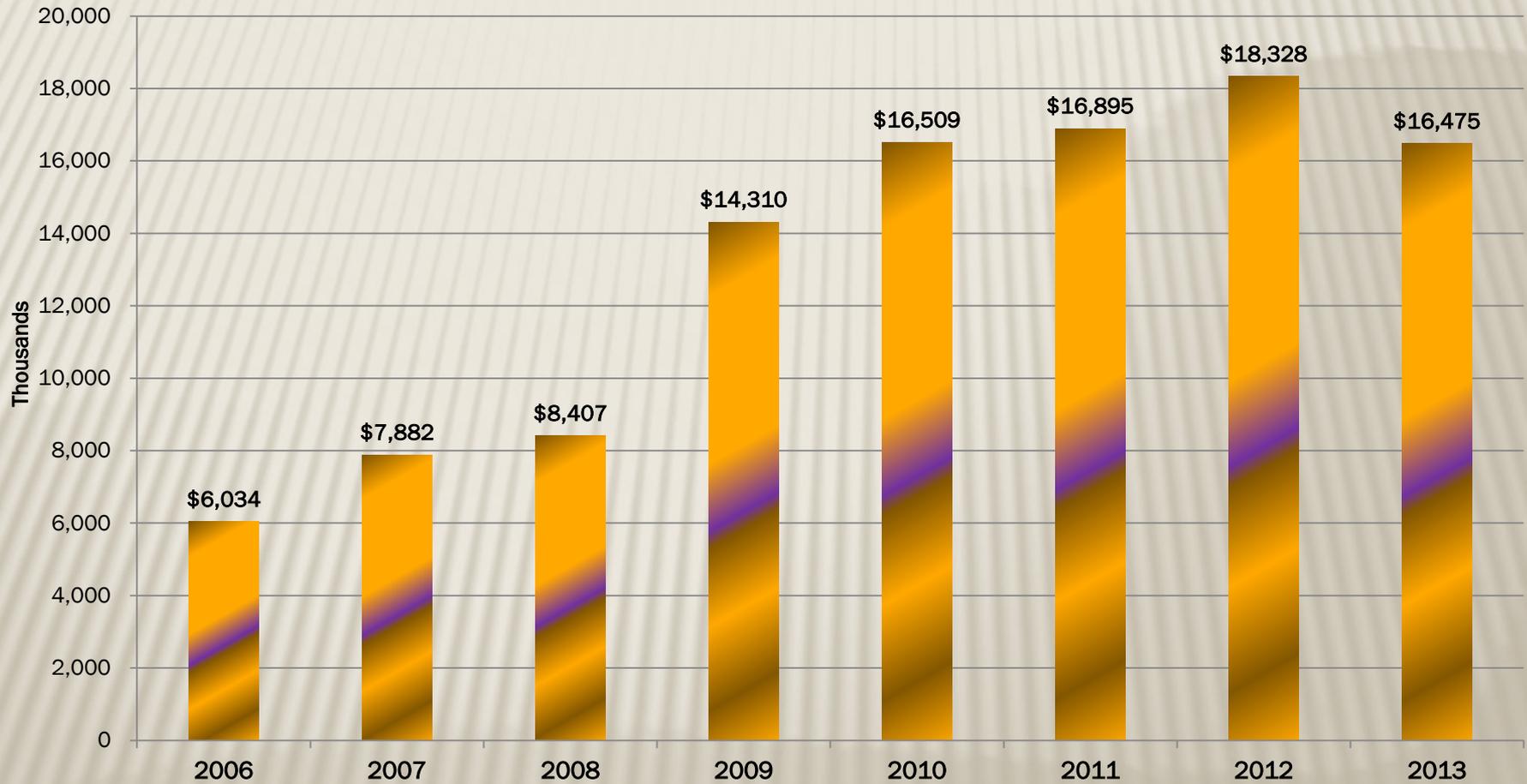


Notes: Over the past several years pension and medical costs have grown significantly. In 2013, the medical group had good experience, but there was also a change in how medical costs were allocated to the General Fund (now based on actual rather than a budgeted allocation), and the pension expense was kept down using actuarial assumptions. [See Five Year Forecast for further discussion.](#)

FUNDED RATIO – ALL PENSION FUNDS COMBINED

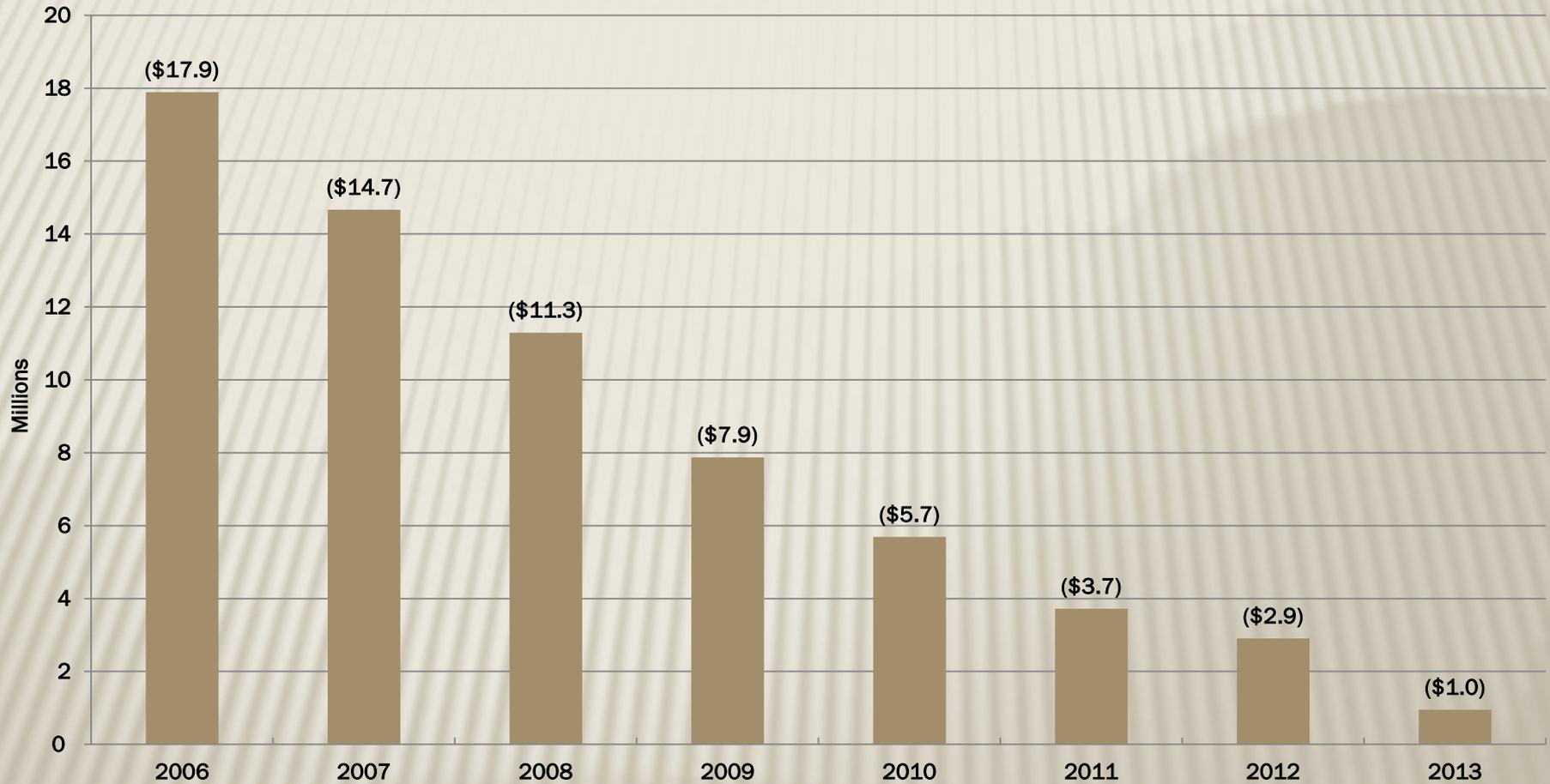


UNFUNDED PENSION LIABILITY



2013 was an extraordinary year for pension plan returns, so despite a lower contribution from changes to the actuarial assumptions, the unfunded liability went down.

VILLAGE DEBT



Note – Excludes Village Links Debt of about \$7.7m in 2013.

VILLAGE DEBT + UNFUNDED PENSION



CONCLUSION

- ✘ Overall a good year for Village
- ✘ Things to Watch
 - + Medical Costs
 - + Pension Liability
 - + Compensation inflation
 - + Capital Projects
 - + Village Links
- ✘ Questions