



FY 2011-12 Budget

April 18th Presentation for Adoption

Timeline

- December – Set Levy
- January – Staff submits budget requests
- February-March: Budget Work Sessions (3)
- April 4th –
 - Set time and date for public hearing (April 18th)
 - Final work session if needed
- April 5th – Send notice to newspaper
- April 6th – Budget on display
- April 18th -
 - Public Hearing on budget
 - Adoption of budget

General Fund

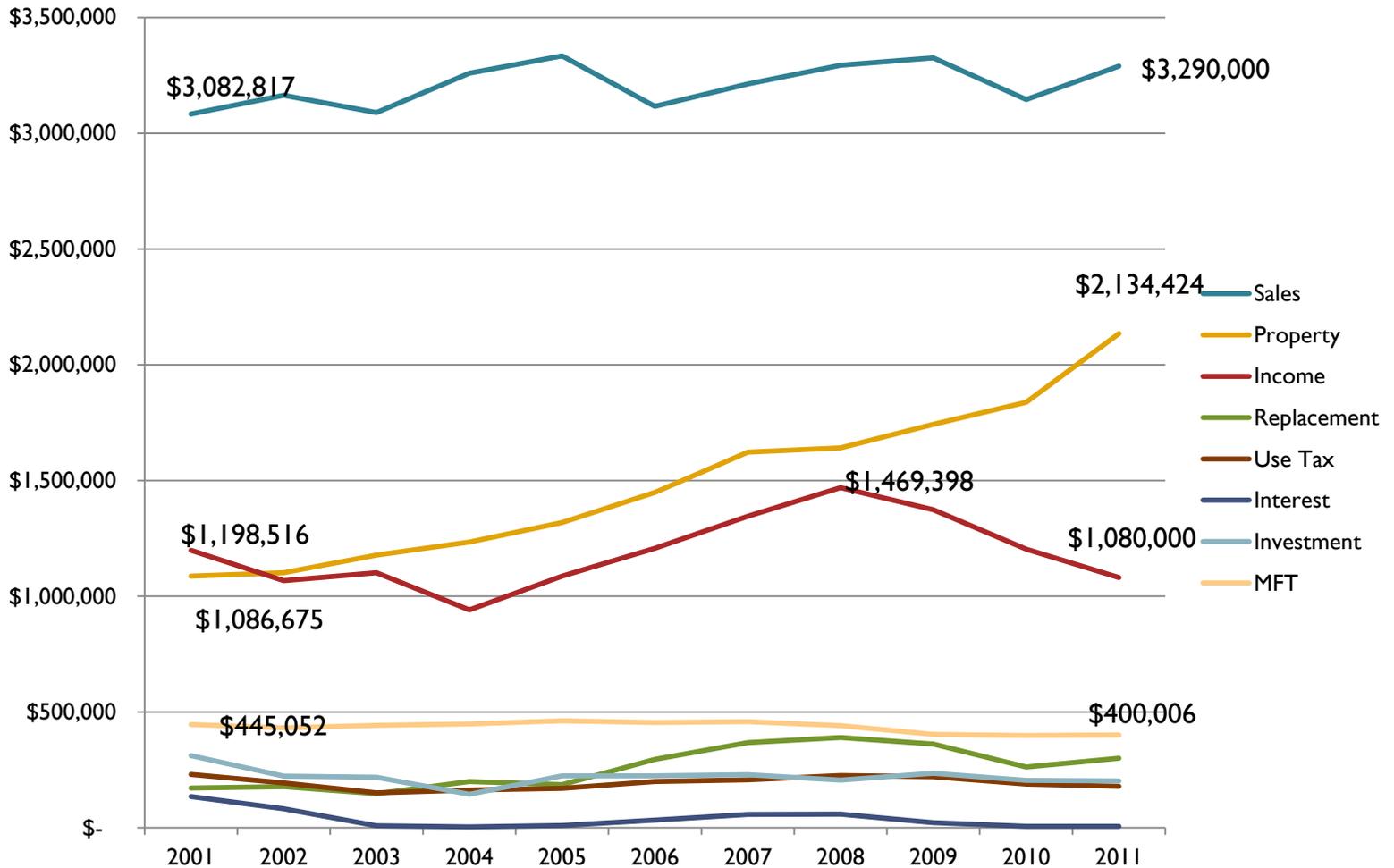
- General Fund
 - 1 of 27 Funds
 - Approximately half of City's expenditures
 - Largest Fund
 - Administration
 - Code Enforcement
 - Fire
 - Police
 - Public Works

Identifying Specific Challenges

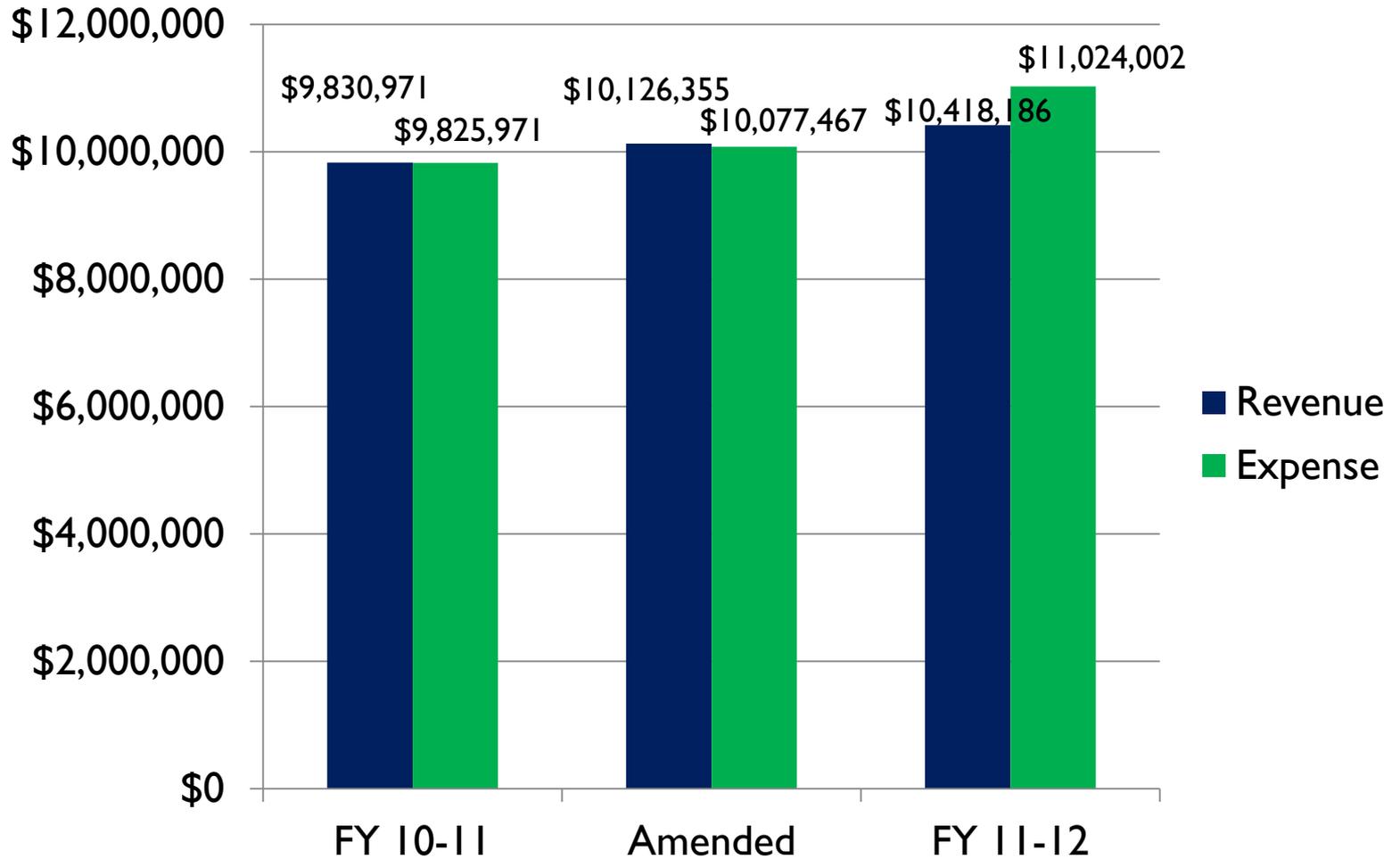
- Revenue changes

- Property taxes becoming larger portion of revenues due to pension costs
 - Police Pension Levy has increased 123.95% in 10 years
 - Fire Pension Levy has increased 452.83% in 10 years
- Sales taxes are slowly recovering after a decline
 - New stores will increase revenue
 - Development agreements used to attract new developments will negate a portion of the increase
- State shared revenues are down due to late payments
 - Will state fall behind another month?
 - Catch up a month?
 - Status quo?
- Franchise Fees have declined (telecommunications tax)

10 Year Revenue Trends



General Fund



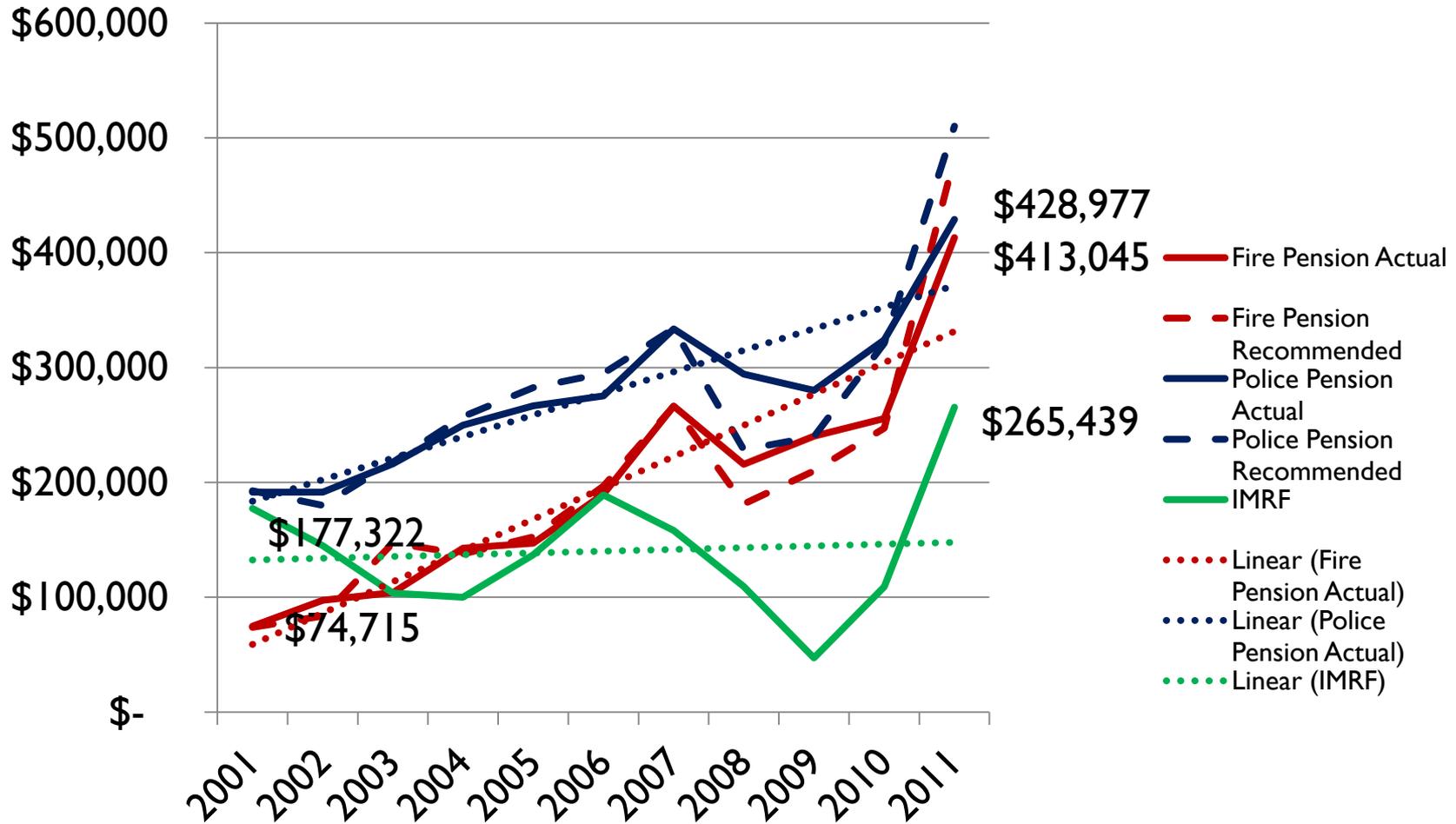
General Fund

- Structural deficit is small (approximately \$98,500)
 - State has recent history of inconsistent payments to cities
 - If the State makes 12 monthly payments, the operating deficit won't exist and the City's budget will balance!
 - Still an ongoing problem into future
 - Permanent Fire Chief will cost more
 - Other position replacements Community Services Director
 - Joint Housing/Grants coordinator with other communities
 - Building issues
 - Public Works space (building fire)
 - Police Storage (vehicle impoundment)
 - Age of Fire Stations (mechanical updates)
 - Pensions – Still going to increase faster than future revenues
 - Halts economic development creativity (no funds to encourage growth)
 - Need State of Illinois to make significant changes beyond what has been done (pension, work comp, budgeting, eco devo)
- One time Expenses inflate deficit (not an ongoing concern)
 - One-time expense for Coliseum renovation
 - One-time expense for Regional Detention at 6th Ave & Lynn

Identifying Specific Challenges

- Expense changes
 - Pensions
 - With the FY 11-12 Budget, Police Pension expenses increased 138% in 10 years
 - Fire Pension expense has increased 342% in past 10 years with the new budget
 - A 476% in last 11 years
 - Now has 20 people drawing from the fund and just 19 paying in
 - Though we meet the required contributions per the Illinois State department of Insurance, an independent actuary recommends we increase funding even further
 - Health Insurance
 - Projected to increase 8% in next budget
 - Union Contracts unsettled
 - Police contract unsettled, nearly 2 years old
 - Fire contract ends April 30th
 - Furlough hours end (adds ~\$30,000)
 - 3% increase takes effect (adds ~\$35,000)
 - Seniority Changes (adds ~\$10,000)
 - Other Employees
 - Jan 1, 2012 FICA tax break ends, so State Income Tax felt
 - Increases to health insurance
 - Fuel Costs – How high this year?
 - Majority of expense change for FY 11-12 is Coliseum, Pensions, Health Insurance and liability insurance

Pension Contributions



What's being done in the General Fund Budget?

- Coliseum Renovation Funding Assistance
 - Asbestos removal
 - Plumbing tear out and replacement
 - New electric service
 - New IT room and wiring
 - ADA compliance
 - HVAC replacement
- 6th Avenue/Lynn Boulevard Regional Retention Pond , 1st Phase
- Continuing Streetscape
- Repair Farmer's Market roof

What's being done in the Budget?

- Demolish building south of Farmer's Market
- Further cleanup and renovation of riverfront and industrial areas
- Zoning Code Update
- New air packs for the fire department
- Begin Public Works replacement building for fire damaged building
- \$915,000 budgeted for pavement
- No layoffs or position eliminations

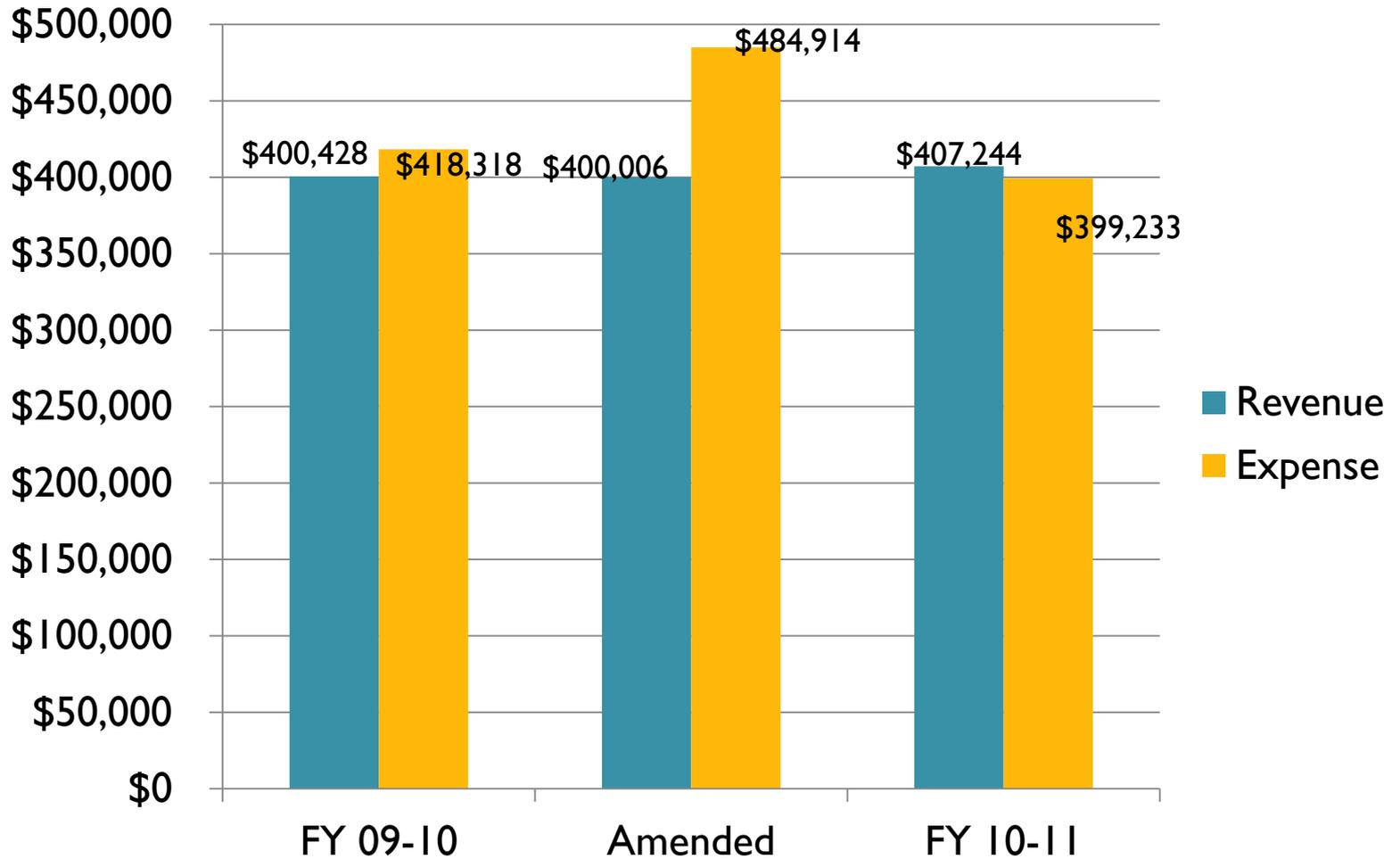
General Fund

- Sterling had the smallest deficit of the surrounding communities last year (FY 2010) by more than \$600,000
- Should finish current fiscal (FY 2011) year balanced
- Operating deficit for next year (FY 2012) of \$98,500
 - HOWEVER... if the State is on time with payments, the operating deficit won't exist
- Additional 1-time capital costs
 - One-time transfer to Coliseum for renovation (\$425,000)
 - Regional Stormwater detention project to be repaid by adjoining property owner (\$85,000)
 - Inflates deficit to appear to \$606,000



OTHER MAJOR FUNDS

Motor Fuel Tax



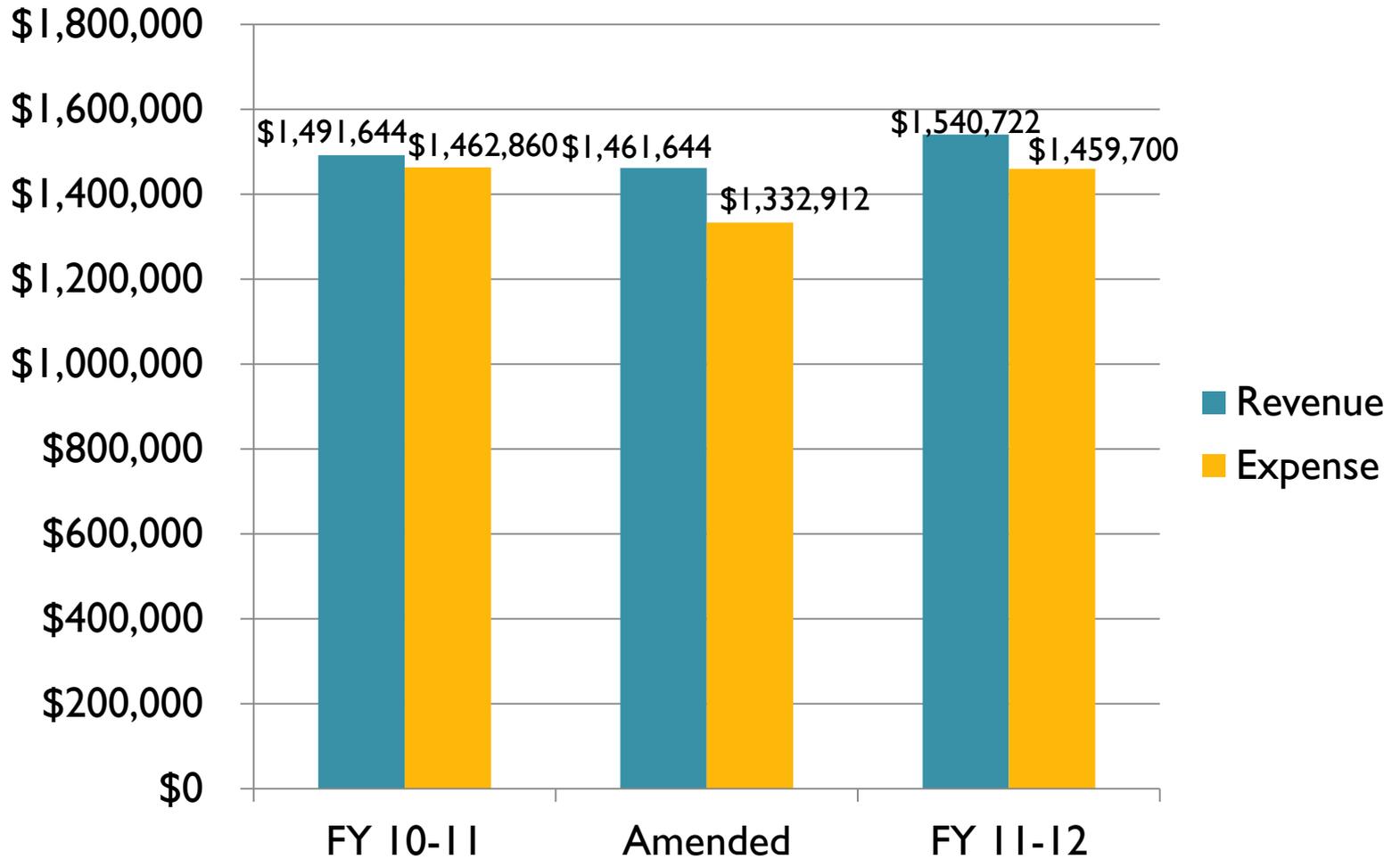
Motor Fuel Tax

- Revenues
 - State transfer of Motor Fuel Tax
 - Interest
- Expense
 - Amended
 - Final Pay approved by IDOT for Lynn Boulevard reconstruction project (2008)
 - Budgeted in prior years, so funds were in MFT reserves
 - 2011-12
 - No new projects
 - General Maintenance and bond payment only
 - Bond paid off March 1, 2017

Solid Waste

- Solid Waste
 - Amended Budget revenues and expenses less than budgeted due to later start on new cart system
 - FY 2011-12 Budget is projected to balance with NO increase this year

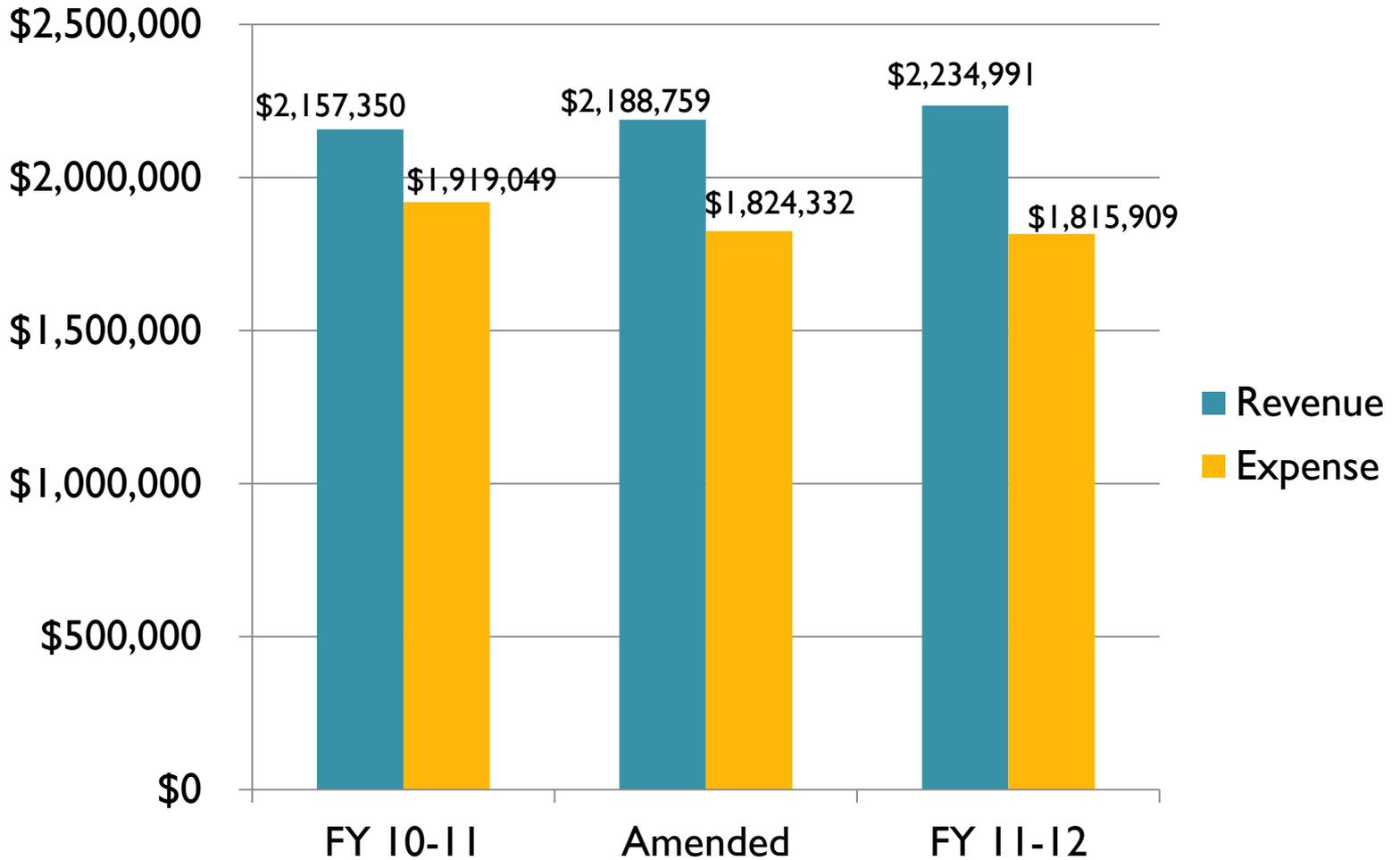
Health Insurance Fund



Health Insurance Fund

- Health Insurance costs still on upward trend overall
- FY 2010-11 costs under budget
 - Cost saving measures implemented
 - Lack of major cases this year
- Costs are projected to rise 8%-9% over actual
- Fund Balance is at 25%, goal of 33% for the health insurance fund

Sewer Fund



Sewer Fund

- To date, the Sewer Fund has over \$2m available for future plant replacement/upgrade – continue setting aside \$405,000 for dredging and plant replacement
- Sewer failure on Locust Street will require slip lining
- Requesting 75 cent increase to continue funding the replacement fund to avoid large bills seen in the neighboring communities of Dixon and Rock Falls to fund recent plant upgrades.
 - There was no increase last year and only a 20 cent increase two years ago
 - Minimum Sterling bill proposal is \$8.10 (Basic+Debt)
 - Dixon - \$10.40
 - Effective May 1, Rock Falls minimum is \$41.55!!!
 - Basic - \$11.50
 - Debt - \$2.15
 - Capital - \$2.40
 - Plant Replacement - \$25.50
 - Most Sterling customers pay less for their whole bill than RF does just for the plant replacement cost alone

Total Budget

| | |
|--|---------------------|
| General Fund | \$11,026,502 |
| Motor Fuel Tax Fund | \$399,233 |
| Library Board | \$809,449 |
| Band Commission | \$88,026 |
| Sterling Industrial Development Commission | \$116,605 |
| Coliseum Board | \$4,049,417 |
| Sewer Fund | \$2,210,909 |
| Solid Waste Fund | \$981,903 |
| Civil Defense Fund | \$10,293 |
| Foreign Fire Insurance Fund | \$0 |
| Special Service Area | \$70,512 |
| TIF Central Business District Fund | \$469,092 |
| TIF Rock River Redevelopment Fund | \$316,875 |
| TIF Lincolnway-Lynn Fund | \$665,576 |
| NWSW Redevelopment Fund | \$2,250 |
| Civic Center Escro Fund | \$0 |
| Trust Committee | \$1,185 |
| NSP2 Grant Fund | \$1,335,000 |
| Health Insurance Fund | \$1,459,700 |
| IMRF Fund | \$286,015 |
| Social Security Fund | \$229,092 |
| Police Pension Fund | \$883,372 |
| Fire Pension Fund | \$836,825 |
| Lynn Boulevard Project Fund | \$214,700 |
| McFalls Landfill Project Fund | \$5,000 |
| Whiteside Area Housing Fund | \$0 |
| Lincolnway-Lynn Bond Fund | \$332,788 |
| Coliseum Bond Fund | \$159,180 |
| Budget Total | \$26,959,499 |



Q & A