



**Meeting:** Village Board  
**Meeting Date:** 3/14/11  
**Agenda Item:** 8a

**Mission Statement**  
 Delivering quality services in a courteous, cost-effective and efficient manner.

## VILLAGE BOARD MEETING STAFF REPORT

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**REPORT TO:** Burt R. McIntyre, President  
 Village Board of Trustees

**REPORTED BY:** Bob Bartelt, Village Administrator

**AGENDA ITEM:** 8a – Potential impacts of the proposed state budget

**REVIEWED BY:**

**POLICY ISSUE**

None

**PRIOR ACTION/REVIEW**

None

**FISCAL IMPACT:**

1. Is There A Fiscal Impact? Yes
2. Is it Currently Budgeted? No
3. Future Impact to the Operating Budget? Yes

**SUMMARY INFORMATION**

The proposed state biennial budget could have several impacts on the village’s financial future, including the following:

- The village’s state shared revenue would drop by roughly 8.5%. We currently receive \$736,900 in state shared revenue. An 8.5% cut would be about \$62,636.
- State Transportation Aids would see a 10% cut. We currently receive \$820,100 in State Transportation Aids, so the loss would be approximately \$82,100.
- The state would discontinue all of its recycling grants. The village receives \$68,000 a year in recycling grants.
- If the state were to pass a law that requires village employees to contribute a share of their pension, there would be a positive effect. Currently the village pays \$135,000 a year for the employee share of the pension. We would see a savings in 2012 and 2013 of \$66,000 per year from the non-union employees. In 2014, the union contract would end and we would see an additional \$69,000 per year of savings from the union employees.

<u>Year</u>	<u>Loss Revenue</u>	<u>Pension savings</u>	<u>Total</u>
2012	\$212,736	\$66,000	-\$146,736
2013	\$212,736	\$66,000	-\$146,736

In 2014 we would see another \$69,000 savings from the union employees' pension contributions, but we have no idea what the State budget will look like that year.

- We currently have a fund balance of \$2,724,907, which is for unforeseen expenses. We could easily use some of our fund balance to get through these slow economic times.
- We have maintained a zero tax rate increase for many years. We need to get back to promoting single-family development. We have spent the last few years concentrating on developing TIF districts. This does nothing for the general fund and doesn't increase revenues until the TIF closes.
- The village is in great financial shape and will be able to handle the proposed changes in the state budget.

**RECOMMENDED ACTION**

Review only