

Expenses are projected to exceed revenues in four funds next year.

General Operating

Amount - \$117,600

The General Operating budget is \$27.4 million. A projected deficit of \$117,600 represents less than 1% and is within a margin of error.

Library Fund

Amount - \$52,300

This amount is the sum of three amounts: 30% of the training budget (\$9,000), tuition reimbursement (\$12,000), and the amount budgeted for carpeting (\$40,000). The City Council approves the overall funding of the Library's annual budget and the Library Board has the authority to allocate that total funding within the various program areas contained in the Library Department's budget.

Water Fund

Amount - \$404,400

The City of Chicago increased water rates to the city of Park Ridge and other communities by 15% January 1, 2008 and 2009. Chicago will increase water rates by another 14% on January 1, 2010. This is the primary reason why Park Ridge needs to increase water rates. The city of Park Ridge raised water rates 6.7% May 1, 2008. This rate increase was not enough to cover increased operating and capital costs. This long-term trend as illustrated on page 70 is worrisome.

Uptown TIF Fund

Amount - \$1,343,800

Expenses will exceed revenues in the Uptown Tax Increment Fund until the property is fully assessed. Even though the Uptown TIF fund is projected to have a surplus at its conclusion, the practice of spending in advance of revenues is problematic in that there is a strain on the general operating fund cash to lend the Uptown TIF fund money. See pages 300 and 301 for more information.

Three funds are projected to have surpluses next year.

Emergency 911 Fund

Amount - \$38,000

This modest surplus is good news in that the fund currently has a negative fund balance.

Motor Fuel Tax Fund

Amount - \$31,700

The Public Works Department wants to limit on-going Motor Fuel Tax projects to current revenues.

Parking Fund

Amount - \$52,400

The City builds up surpluses in the parking fund for when it wants to complete capital projects.

THE CITY'S SOLVENCY

The City's budget can be analyzed in terms of solvency. The four relevant types of solvency are:

Cash Solvency

Cash solvency is defined as having adequate money on hand to pay expenses. Cash insolvency occurs when a city has a repeated history of budget insolvency money leading to long-range insolvency. Future cash solvency is a concern as illustrated on page 11.

Budget Solvency

Budget solvency means estimated revenues are adequate to finance expenditures and programs. If operating expenditures exceed operating revenues, then the budget does not meet the test of budget solvency. The fiscal year 2009/10 general operating fund budget is solvent.