

## 2022 BUDGET PUBLIC HEARING NOVEMBER 4, 2021

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TRUSTEE ANDREW HONIG, FINANCE & ADMINISTRATION COMMITTEE CHAIR

SCOTT NIEHAUS, VILLAGE MANAGER

TIM SEXTON, DIRECTOR OF FINANCE

# AGENDA

- BUDGET OBJECTIVES
- MULTI-YEAR FINANCIAL FORECAST ASSUMPTIONS
- 2022 BUDGET OVERVIEW
- GENERAL FUND (UNRESTRICTED & UNCOMMITTED) OPERATING BUDGET
- TOP 10 GENERAL FUND 2022 REVENUES & TOP 5 EXPENSES
- HOTEL/MOTEL TAX FUND
- WATER & SEWER (W&S) FUND OPERATING BUDGET
- CLOSING COMMENTS

## BUDGET OBJECTIVES

Addressing the Top 5 priorities in the Village's Strategic Plan are essential in order to provide for the daily operations and services of the Village, as expressed in the 2022 budget.

- Financial Stability
- Economic Development
- Communication & Community Image
- Operational Excellence
- Well Maintained Infrastructure

# MULTI-YEAR FINANCIAL FORECAST ASSUMPTIONS

Multi-Year Financial Forecast Assumptions	
<b>Revenue Assumptions</b>	
3.0% Annual Growth	
Property Tax (assumed max levy per statute)	
Income Tax	
Amusement Tax	
Fees, fines, licenses, and permits	
0.0% Annual Growth (subject to change based on trend analysis)	
Sales, Use, & Places for Eating Tax	
Utility Tax: Gas, Electric, Telecommunications	
<b>Expense Assumptions</b>	
Salary Progressions 4.0%	
Health Insurance 7.5%	
Retirement Benefits:	
Illinois Municipal Retirement Fund 4.0%	
Police & Fire Pension Funds 7.5%-9.0%	
Technology Reserve 1.5%	
Fleet Services 3.0% (includes fuel, labor costs, and parts)	
All other costs 3.0%	

Conservative Budgeting Policy adopted July 21, 2016 to provide stability for long-term trends. Individual years may vary.

## 2022 BUDGET OVERVIEW

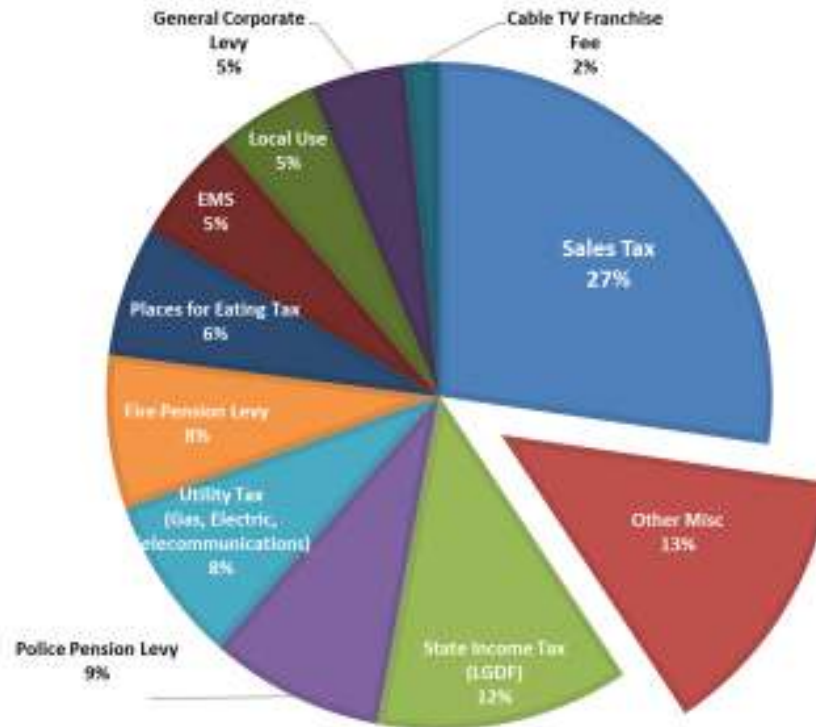
- The Village adopts a budget each fiscal year which runs from January 1<sup>st</sup> to December 31<sup>st</sup>.
- As proposed, the 2022 Budget projects Village revenues in all funds to total \$104,563,250 with overall expenditures to total \$98,384,642.
  - The overall proposed 2022 Budget provides funding for day-to-day operations and maintenance, grants, insurance, pensions, legal obligations, fleet, water and sewer operations, facilities and infrastructure (capital improvement program budget).
  - The portion of the Village of Lombard's budget for day-to-day operating and maintenance costs is called the General Fund Budget.
- 2022 Budget Planning Process
  - Public Works and Environmental Concerns Committee meeting to review the 2022-2031 Capital Improvement Program
  - Five Finance and Administration Committee meetings (starting in January 2021) to discuss the Fiscal Year 2022 budget and provide recommendation to the Board of Trustees
  - Village Board of Trustees held budget workshop on September 27, 2021
  - Proposed Budget was published on October 20, 2021
  - 2022 Budget and 2021 Tax Levy Ordinances on 1<sup>st</sup> Reading November 4, 2021 and 2nd Reading November 18, 2021
- Both the Proposed 2022 Budget and 2022-2031 Capital Improvement Plan are available at [www.villageoflombard.org/budget](http://www.villageoflombard.org/budget).

## GENERAL FUND (UNRESTRICTED & UNCOMMITTED) OPERATING BUDGET

The General Fund dollars are used to support core services that include public safety provided by Police and Fire Departments; building and code enforcement from Community Development; responsible administrative oversight; and roads, forestry and infrastructure maintenance from Public Works.

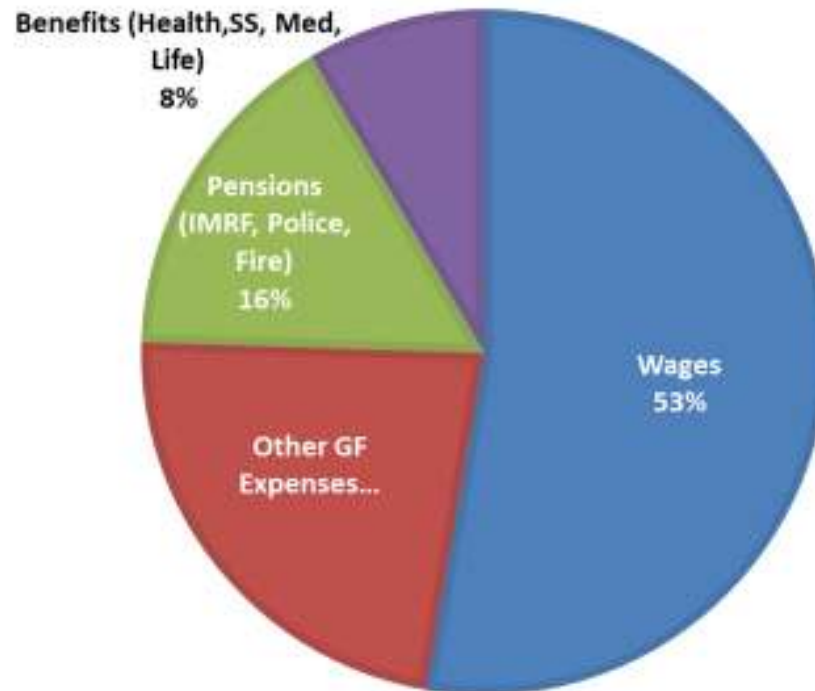
- Revenues of \$38,928,410 are projected to increase \$2,592,680 (7.14%) compared to the 2021 approved budget of \$36,335,730. **The 2022 revenue growth is skewed in comparison to the 2021 Amended Budget which was impacted by the pandemic.**
- Expenses of \$38,032,617 are projected to increase \$1,158,080 (3.14%) compared to the 2021 approved budget of \$36,874,537.
- **The projected revenues over expenses for 2022 is \$895,793.** This is the first time since 2009 that the Village has a positive projection.
- The Village will save approximately \$455,213 in the General Fund in 2022 due to 3 full-time (2 police officers/1 firefighter) and 5 part-time vacated positions that have been frozen since the beginning of 2020 or earlier.

# TOP 10 GENERAL FUND 2022 REVENUES



- The Top 10 General Fund revenues account for 86.61% of all General Fund revenue sources.
- Sales Tax and Place for Eating Tax combined make up 33% of all General Fund revenues.

## TOP 5 GENERAL FUND 2022 EXPENSES



- Combined wages and benefits (pensions, health and life insurance, etc.) make up 77% of all General Fund operating expenses.



## HOTEL/MOTEL TAX FUND

- Hotel/Motel Fund - Projected Deficits
  - 2020 and 2021 YTD underperformed by a total of \$1.4M compared to projected budgets
  - Thru June 2021, revenue is 15.6% under budget and 50% less than the same period in 2019
  - Due to the slow rebound, the projected 2022 H/M Fund balance is **-\$378K** and falls to **-\$1.1M** in 2023
  - The FY2022 H/M Fund expenses total \$1,618,460 compared to projected revenues of \$951,620

## WATER & SEWER (W&S) FUND OPERATING BUDGET

- Revenues of \$17,843,890 are projected to increase \$213,620 (1.21%) compared to the 2021 approved budget of \$17,630,270.
- Expenses of \$17,831,835 are projected to increase \$204,803 (1.16%) compared to the 2021 approved budget of \$17,627,032.
- The Village Board approved a 5-Year (2020-2024) water & sewer rate increase based on results from the 2019 Water & Sewer Rate Study.
  - Effective January 1, 2022, The Water and Sewer Rate will increase \$0.40 per 1,000 gallons of water used, to \$16.10.
  - Overall, for the average residential customer who uses 5K gal/month, the increase will cost an extra \$2 per month. Approximately 73% of Lombard water customers use 5,000 gallons per month.
- 68.28% or 2/3 of the 2022 expenses in the W&S Fund are payments to DuPage Water Commission and the Glenbard Wastewater Facility for the purchase and delivery of Chicago water and the processing of wastewater. The other 1/3 is for the Village to operate the systems.
- DuPage Water Commission did not increase their rate thru April 2022 and payments to Glenbard Wastewater are expected to increase 7.14% or \$360,000 compared to the 2021 approved budget.

## CLOSING COMMENTS

- The Village will need to remain watchful and flexible to respond to circumstances beyond the Village's control such as the possible downturn in the general economy as a result of the COVID-19 pandemic and impacts from the State of Illinois as it works to address its financial issues.
- The Village will continue its work in identifying
  - Potential revenue enhancements
  - Economic development and technology options
  - Enhancements for public safety operations and communications
- As the Village moves forward, we will continue to balance services with available resources.
- Thank you to the Board of Trustees, Finance and Administration Committee, and Public Works Committee for their support and direction, as well as the entire Village staff for their efforts and contributions.

## Recommendation

The Finance & Administration Committee, at their meeting on October 25, 2021, voted unanimously to recommend the Village Board of Trustees approve the Proposed 2022 Budget.

Ordinance on First Reading is on Separate Action:

Village of Lombard Budget Ordinance for Fiscal Year 2022 (January 1, 2022 through December 31, 2022)