

## 2021 Budget FAQ

### How was the Village's 2021 Budget created?

The 2021 Budget planning process began in 2019 and included extensive work by staff and committees before being considered by the Village Board. The process included a Public Works and Environmental Concerns Committee meeting to review the 2021-2030 Capital Improvement Program, six meetings with the Finance and Administration Committee to discuss the Fiscal Year 2021 budget and provide recommendation to the Board of Trustees, and a Village Board of Trustees budget workshop to review the 2021 proposed budget. The 2021 Budget is balanced, however due to impacts of the COVID-19 pandemic, this effort required use of Village reserves.

### What is the Village's 2021 Budget?

The 2021 budget projects Village revenues in all funds to total \$97,315,870 with overall expenditures to total \$89,589,232. The overall proposed 2021 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.

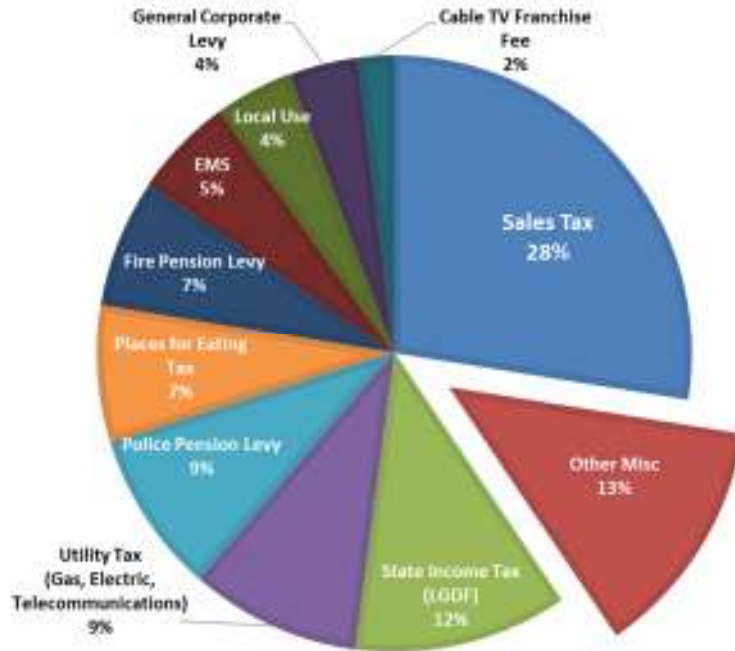
Both the Proposed 2021 Budget and 2021-2030 Capital Improvement Plan are available at [www.villageoflombard.org/budget](http://www.villageoflombard.org/budget).

### **2021 General Fund Budget**

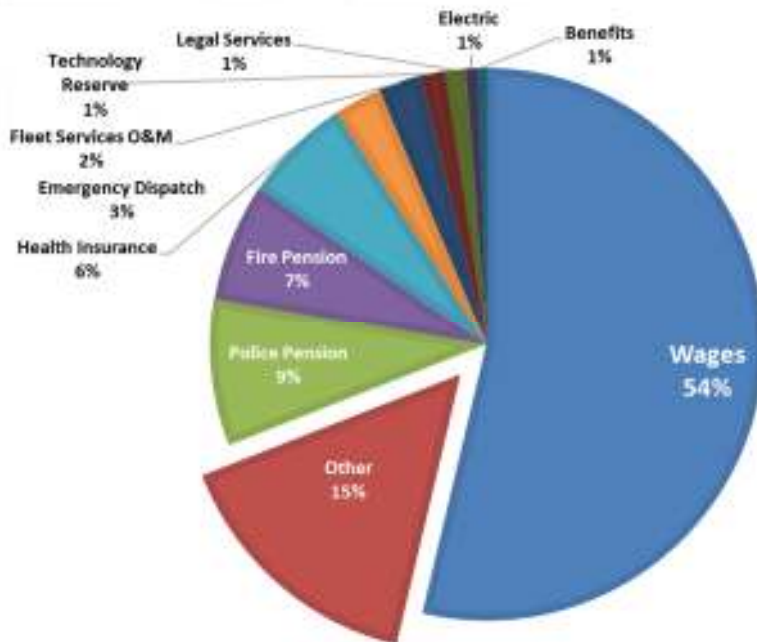
The General Fund dollars are used to support core services that include public safety provided by Police and Fire Departments; building and code enforcement from Community Development; responsible administrative oversight; and roads, forestry and infrastructure maintenance from Public Works.

- Revenues of \$36,335,730 are projected to be down \$985,050 (2.64%) compared to the 2020 approved budget of \$37,320,780.
- Expenses of \$36,874,537 are projected to be down \$446,245 (1.20%) compared to the 2020 approved budget of \$37,320,782.
- The Village will save approximately \$661,000 in the General Fund in 2020 due to 5 full-time and 6 part-time vacated positions that have been frozen. These positions will remain frozen in 2021 budget for an additional savings of \$758,500.
- 2021 includes new revenue for Local Cannabis Sales Tax (\$270K), Cannabis Use Tax (\$20K), and regular Sales Tax on Cannabis (\$70K)
- The charts on the following page provide an overview of both the 2021 General Fund Expenses and Projected Revenues.

Top 10 General Fund 2021 Revenues: The Top 10 General Fund revenues account for 87% of all General Fund revenue sources.



Top 10 General Fund 2021 Expenses: Combined wages and benefits (pensions, health and life insurance, uniforms, and tuition reimbursement) make up 77% of all General Fund operating expenses.



### **How did COVID-19 Impact the 2020 Budget and Beyond?**

The Village receives 35% of its budget from food, beverage, and sales tax combined. As a result of the COVID-19 Pandemic, the Village is predicting the following revenue shortfalls:

- Sales Tax: 21% decrease in 2020 and 10% decrease in 2021
- Places for Eating: 38% decrease in 2020 and 10% decrease in 2021
- As a result of decreased sales tax revenue, the Village estimates that the year-end 2020 deficit caused by the pandemic will be nearly \$2.43 million, with an additional 2021 deficit of \$539,000 in 2021. The Village Board has approved the use of Village reserve funds to help close this deficit.

### **What Actions did the Village Take to Face COVID-19 Impacts?**

The Lombard Village Board and staff remained committed to facing budget challenges head on. Some of the action taken to help offset Lombard's long-term budget deficit and additional deficits caused by COVID-19 include the following:

- The Village will save approximately \$661,000 in the General Fund in 2020 due to 11 vacated positions that have been frozen and remain unfilled. These positions will remain unfilled, saving an additional \$758,500 in 2021.
- Expenses that were previously approved for the 2020 budget have been cut by more than \$446,000.
- In 2019, the Village Board approved the allowance of cannabis dispensary facilities in Lombard. On August 20, 2020, the Village approved an application for a recreational cannabis facility to open at 738 E. Butterfield Rd. It is estimated that this facility may generate more than \$350,000 in tax revenue in 2021.
- The Village will continue to identify potential revenue enhancements, economic development options, and ways to improve efficiencies to continue to provide excellent core services to residents.

### **Are My Property Taxes Going to Increase?**

The Village is able to raise property taxes by up to 5% each year or Consumer Price Index plus new growth (whichever is lesser) without a referendum. The annual increase funds public services from police, fire, community development, public works, finance and governance. Despite facing serious financial challenges, the Village does not wish to cause undue burden on tax payers and will be opting for a 3.52% increase, which translates to an increase of approximately \$6.73 for the owner of a \$300,000 home. It is a common misconception that the majority of property taxes go to the Village. The Village of Lombard receives 7.57% percent of property tax dollars, or 7.57 cents of each property tax dollar paid.

In addition, The Village has been notified by York Township of potential residential property tax implications, resulting from a reduced commercial tax base due to COVID-19 impacts.

### Reduced Tax Base due to COVID-19 Impacts

- As a result of COVID-19 and prolonged economic impacts, the overall commercial tax base has declined. The York Township Assessor has identified that this may result in higher tax rates for individual homeowners and property owners.
- The York Township Assessor's Office determines the tax burden for most Lombard residential properties (not the Village of Lombard). In response to a negatively impacted tax base, the Assessor's Office has shared that they anticipate the potential of increased property tax impacts upon residential properties.
- Tax bills are based on two factors including:
  1. The equalized assessed value (EAV) of your property, and;
  2. The amount of money your local taxing districts require to operate during the coming year.
- This potential decline in the commercial tax base could mean higher tax amounts for residential property owners.

### **What is the Water Rate Increase for 2021?**

Effective January 1, 2021, the Water and Sewer Rate will increase \$0.40 per 1,000 gallons of water used. At that time, the cost of 1,000 gallons of water used will be \$15.70. Overall, for the average residential customer that uses 5,000 gallons/month (73% of Lombard water customers), the increase will cost an extra \$2 per month.

### **You said that increases are required due to unfunded State mandates. What are those mandates?**

According to the Illinois Municipal League (IML), "Members of the General Assembly consider dozens of proposals each year that would impose new unfunded state mandates on cities, villages and towns in Illinois. These mandates are passed and enacted as a matter of routine. This report compiles a list of mandates that affect municipal governments."

The IML has compiled a 2019 report of unfunded State mandates. Please visit [www.villageoflombard.org/unfunded-state-mandates](http://www.villageoflombard.org/unfunded-state-mandates) to view the report.

### **Why can't the Village use funds raised from the Library tax increase?**

It's important to remember that the Village, the Library, and the Park District are completely separate entities, with separate boards, and separate budgets. Similar to separate businesses, the Village does not control, and does not have access to, the revenues owned by a separate agency.

### **Where can I find more information or provide my feedback?**

If you would like more information, please contact [finance@villageoflombard.org](mailto:finance@villageoflombard.org) or call (630)620-5910.