

Village of Lombard's 2018 Budget Forecast & Plan Development

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Agenda

- ▶ Purpose
- ▶ Background
- ▶ Results of 2017 Budget Process
- ▶ Revenue & Expense Assumptions
- ▶ Current 5 Year Financial Forecast
- ▶ Proposed Expenditure Reductions
- ▶ What's Next
- ▶ Summary

Purpose

- ▶ The purpose of the FY18 budget planning meetings is to ensure the employees, Village Committees, Board of Trustees, and residents fully understand the current and future fiscal position of the Village.
- ▶ At this time, based on our projected FY18 deficit (approx. \$600,000)
- ▶ The goal is to compile a list of year over year expenditure reductions in the General Fund that total \$300,000.
- ▶ This deficit is a moving target and may change based on revenue projections, unforeseen expenses, the economy, and State unfunded mandates/revenue reductions.
- ▶ Last year the Village Board approved a Long Range Plan that included a 1% (\$1.6M) revenue increase for the Places for Eating Tax. The FY 2017 budget included an additional \$800,000 of the 1% Places For Eating Tax increase and \$800,000 in expenditure reductions.
- ▶ We currently project for FY 2018 that we will need to use \$300,000 of the remaining Places for Eating Tax. This additional revenue will be used to match the expenditure reduction of \$300,000 or 50/50 split.

Background

- ▶ In 2016, the Long Range Plan (see handout) was developed to address the rising cost of non-discretionary expenses.
- ▶ The FY 2017 Budget was developed with the assumption that the State of Illinois budget will not significantly change the Village's revenues. Staff will continue to monitor the State budget or other legislation that could severely impact the Village's revenues such as the state-shared income tax, motor fuel tax funding, and property taxes.
- ▶ Presentations are being done for all Village Committees to familiarize each of the Committees with the current financial situation for the Village, specific items have been referred to Committees for further vetting.

Result of FY 2017 Budget Process

- ▶ **Successfully addressed \$1.6M deficit in an efficient and timely manner**
 - ▶ \$800K in reductions/transfer of expenses
 - ▶ \$800K in new revenue
- ▶ **Open and Transparent Process**
 - ▶ Multiple public meetings/discussions
 - ▶ Extra communications with impacted stakeholders
- ▶ **Adoption of a Long Range Plan and Policy Changes for Future Guidance**
- ▶ **Finance & Administration Committee started work on the FY 2018 budget in November 2016**

Revenue & Expenditure Assumptions

Revenue Assumptions

- ▶ **3.0% annual growth**
 - ▶ Property Tax (assumed max levy per statute)
 - ▶ Income Tax
 - ▶ Amusement Tax
 - ▶ Fees, fines, licenses, and permits
- ▶ **1.5% annual growth**
 - ▶ Sales, Use, & Places For Eating taxes
- ▶ **0.0% annual growth for Utility Tax**
 - ▶ Gas
 - ▶ Electric
 - ▶ Telecommunications

Expenditure Assumptions

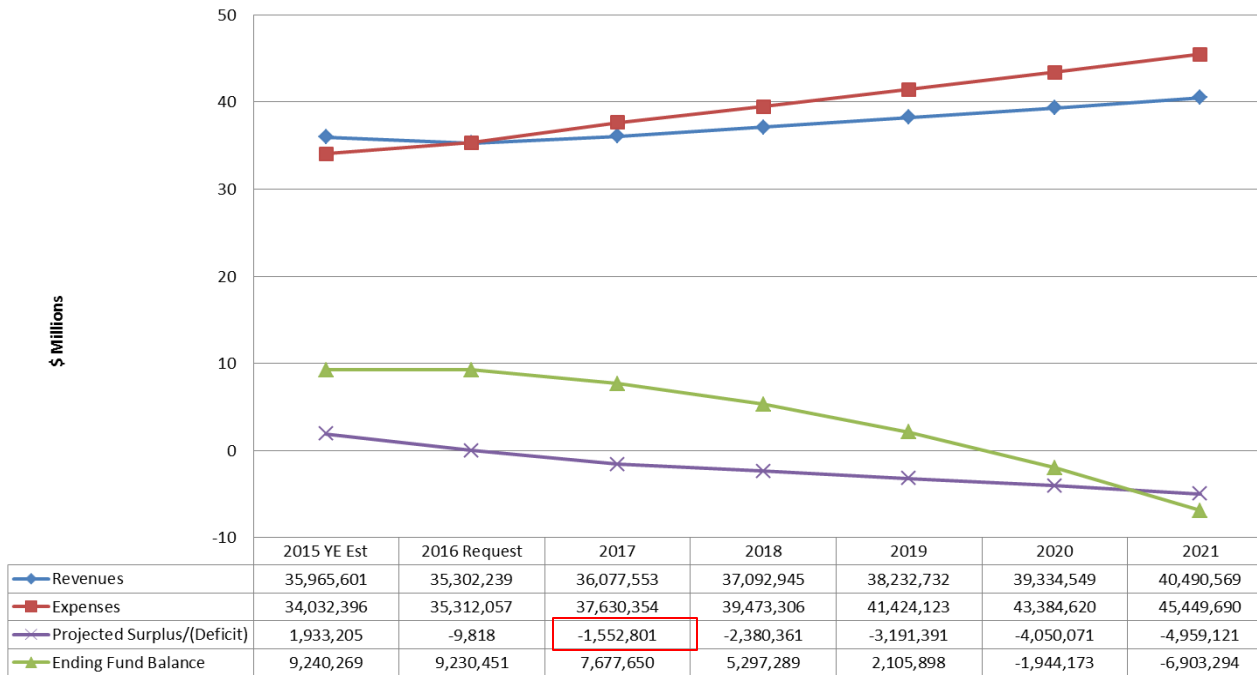
- ▶ **Increases**
 - ▶ Salary progressions: **4%**
 - ▶ Health insurance: **7.5%**
 - ▶ Retirement benefits:
 - ▶ IMRF **4%**
 - ▶ Police & Fire Pension **7.5-9.0%**
 - ▶ Technology Reserve: **1.5%**
 - ▶ Fleet Services: **3%**
(Includes fuel, labor costs, and parts)
 - ▶ All other costs: **3%**

LONG RANGE PLAN SYNOPSIS

Prior to Any Changes FOR 2017



The 5-Year Multi-Year Financial Forecast projects an estimated deficit of \$1.6M for fiscal year 2017.



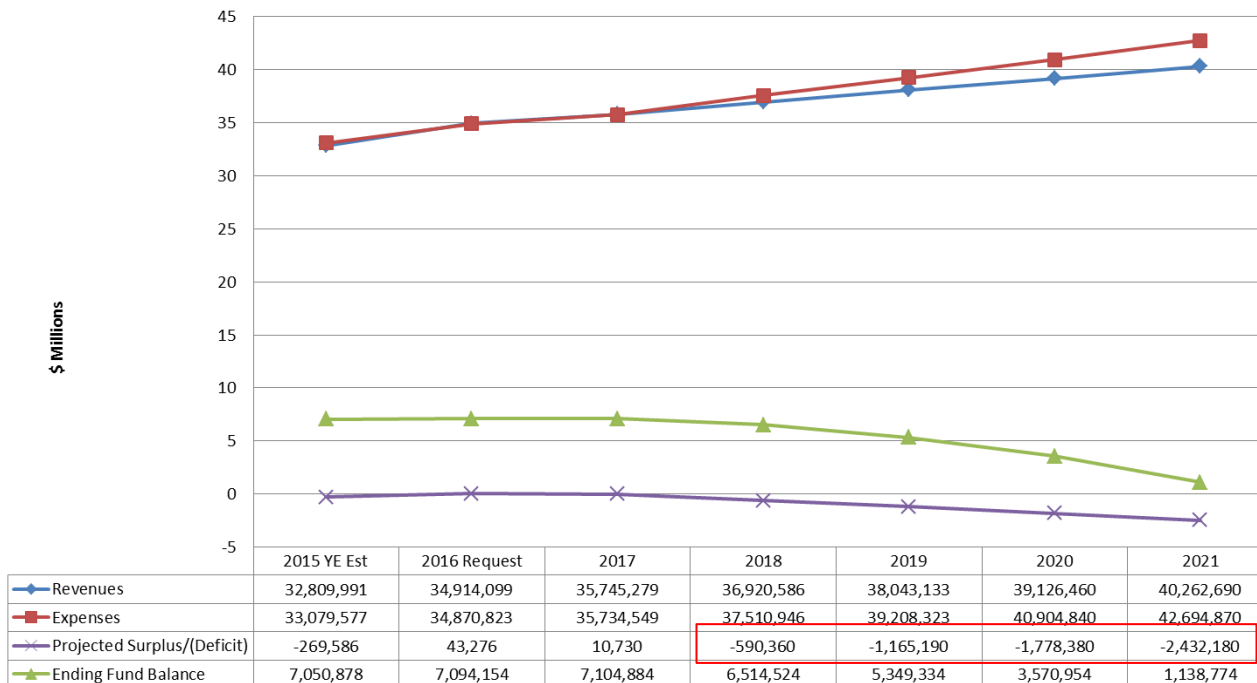
CURRENT 5 YEAR PROJECTION



1% increase to the PFE tax; with ½% PFE Tax allocated to General Fund and Expenditure Reduction of \$800K in 2017

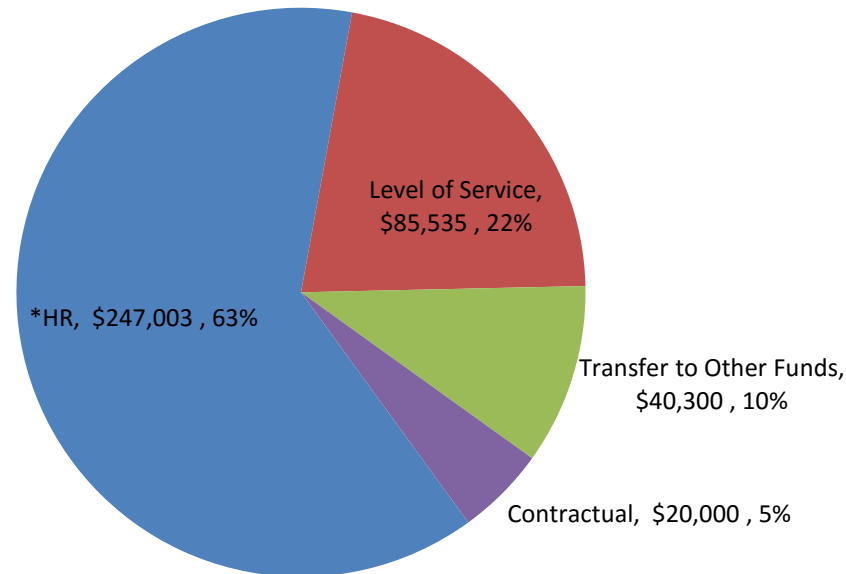
The 5-Year Multi-Year Financial Forecast projects an estimated deficit of \$590K in 2018, \$1.2M in 2019, \$1.8M in 2020, and \$2.4M in 2021.

All budget projections (FY17 and beyond) do not include new retail projections (Sams Club, Marianos, ect.).



FY 2018 Budget Estimated Savings (50/50 Split)

FY 2018 Estimated Savings



*HR, no elimination of current employees

Note: Currently, \$300,000 is needed to meet 50/50 split. The total of all proposed reductions total \$392,837. Final amount will be determined based on Committee feedback and financial forecast.

What's Next

- ▶ The Finance & Administration Committee will meet on February 27, 2017 to review feedback from the Public Safety & Transportation Committee and the Community Relations Committee on proposed changes.
- ▶ Staff will meet with all Village Committees in March and April to review the 2018 Budget Plan.
- ▶ A Joint Village Board and Finance & Administration workshop will be held in April 2017 to discuss final recommendations.
- ▶ The Village Board will hold a workshop in August with Department Heads to review their 2018 Budget requests.
- ▶ Finance & Administration Committee will review the 2018 Proposed Budget in September and provide recommendation to the Village Board.
- ▶ The Village Board will approve a 2018 Budget in November.

Summary

- ▶ The goal is to reduce non-discretionary expenses to reduce future year deficits.
- ▶ Based on discussions with the Village Committees, the Finance Committee will provide their recommendations to the Village Board at a workshop to be held this spring.
- ▶ Questions/Comments