

2024 BUDGET PUBLIC HEARING NOVEMBER 16, 2023

TRUSTEE ANDREW HONIG, FINANCE & ADMINISTRATION COMMITTEE CHAIR

SCOTT NIEHAUS, VILLAGE MANAGER

TIM SEXTON, DIRECTOR OF FINANCE

AGENDA

- BUDGET OBJECTIVES
- 2024 BUDGET OVERVIEW
- GENERAL FUND (UNRESTRICTED & UNCOMMITTED) OPERATING BUDGET
- TOP 10 GENERAL FUND 2024 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 2024 budget.

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

In addition, the Village continues to allocate any revenues over expenditures to the two main priorities established by the Village Board with the Long-Range Financial Plan that was adopted in 2016 – funding for future building needs and paying down state-mandated pension liabilities.

2024 BUDGET OVERVIEW

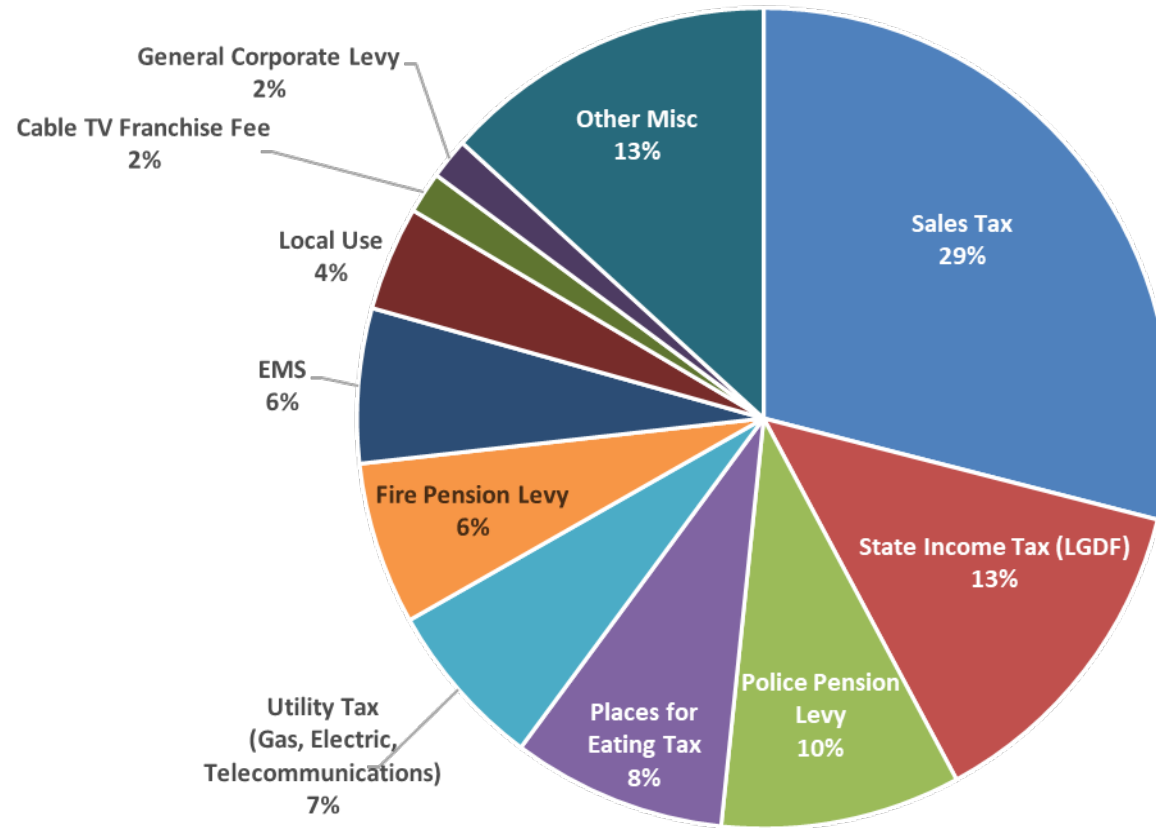
- The Village adopts a budget each fiscal year which runs from January 1st to December 31st.
- As proposed, the 2024 Budget projects Village revenues in all funds to total \$137,765,070 with overall expenditures to total \$131,768,435.
 - The overall proposed 2024 Budget provides funding for day-to-day 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.
- 2024 Budget Planning Process
 - Public Works and Environmental Concerns Committee meeting to review the 2024-2033 Capital Improvement Program
 - Finance and Administration Committee meeting to discuss the Fiscal Year 2024 budget and provide recommendation to the Board of Trustees
 - Village Board of Trustees held budget workshop on September 21, 2023
 - Proposed Budget was published on October 25, 2023
 - 2023 Tax Levy Ordinance on 1st Reading November 2, 2023 and 2nd Reading November 16, 2023
 - 2024 Budget and 2024-2033 CIP Ordinances on 1st Reading November 16, 2023 and 2nd Reading December 7, 2023
- Both the Proposed 2024 Budget and 2024-2033 Capital Improvement Plan are available at 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.

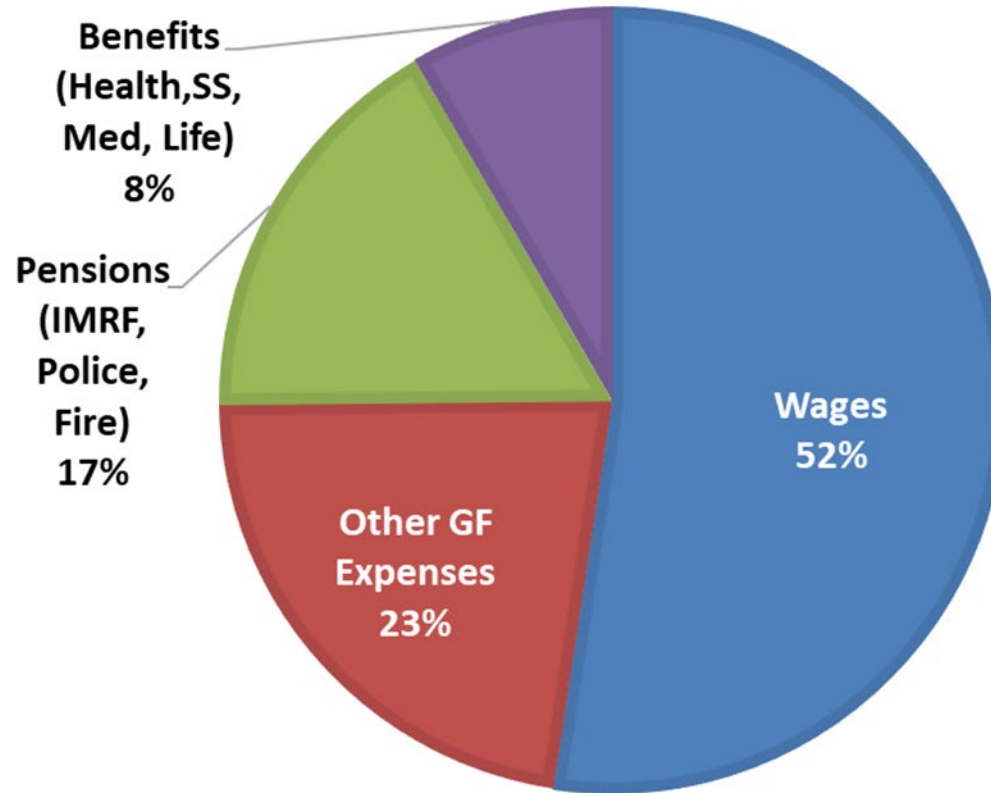
- Revenues of \$44,830,760 are projected to increase **\$2,625,800 (6.22%)** compared to the 2023 approved budget of \$42,204,960.
- Expenses of \$44,708,550 are projected to increase **\$4,914,610 (12.35%)** compared to the 2023 approved budget of \$39,793,940.
- **The 2024 General Fund budget is balanced with revenues matching expenditures.**
- The Village remains **cautious** about the future due to retail trends, the state of the economy, the potential exit of large sales tax producers, and large state-mandated pension obligations.
 - Sales Tax, 29% of General Fund revenue, has not kept pace with inflation.
 - Total Pension Liabilities as of FYE 2022 were \$69.0 million, up from \$40.3 million the previous year, due to a decrease in 2022 investment earnings.

TOP 10 GENERAL FUND 2024 REVENUES



- The Top 10 General Fund revenues account for 86.71% of all General Fund revenue sources.
- Sales Tax and Place for Eating Tax combined make up 37% of all General Fund revenues.

TOP 5 GENERAL FUND 2024 EXPENSES



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

2023 Tax Levy and Public Safety Buildings

The 2023 Property Tax Levy is \$11.8 million, and 2024 budgeted General Fund Revenue is \$44.8 million, so property tax revenue is equivalent to approximately 26% of total General Fund revenue.

The Village Board received a presentation regarding the future public safety building needs on 9/21/23

- The Board provided consensus direction at the 2024 Budget Workshop on 9/21/23 for staff to prepare the 2023 tax levy:
 - To include the statutorily permissible increase of \$735,283
 - To set the increase aside specifically for public safety building needs.
- 2024 Proposed Budget reflects this direction by:
 - Transferring the levy increase amount out of the General Fund
 - Transferring the levy increase amount to the Building Fund

2023 Tax Levy Increase Transfer to Buildings

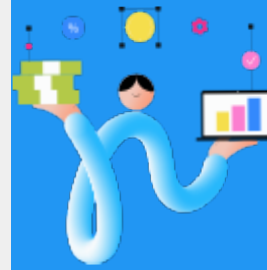
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In May 2024, DuPage County will notify the Village of the final 2023 Property Tax Levy amount to be collected in 2024



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Transfer In:
The amount designated for the Corporate Levy will be deposited into the General Fund



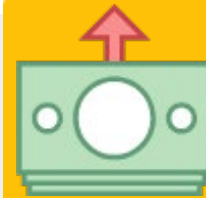
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Staff will then calculate the actual increase compared to the final 2022 levy



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Transfer Out:
The increase will be transferred from the General Fund to the Building Reserve Fund



HOTEL/MOTEL TAX FUND

- Revenue for 2023 through July 2023 is back near pre-pandemic levels.
 - To prevent a negative fund balance at FYE 2021 and to stabilize the fund for tourism grants, the Village Board agreed not allocating 25% to an Economic Development Fund. Going forward, the Village will not allocate Hotel/Motel revenues to another fund.
- The FY2024 H/M Fund expenses total \$1,915,840 compared to projected revenues of \$1,912,610.
- The projected FYE 2024 H/M Fund balance is \$2,254,737.

WATER & SEWER (W&S) FUND OPERATING BUDGET

- Revenues of \$18,068,030 are projected to increase \$1,104,581 (6.51%) compared to the 2023 approved budget of \$16,700,639.
- Expenses of \$18,457,275 are projected to increase \$277,220 (1.52%) compared to the 2023 approved budget of \$17,180,055.
- 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, 2024, The Water and Sewer Rate will increase \$0.40 per 1,000 gallons of water used, to \$16.90.
 - Overall, for the average residential customer who uses 5,000 gal/month, the increase will cost an extra \$2 per month. Approximately 73% of Lombard water customers use 5,000 gallons per month.
- 68% or approx. 2/3 of the 2024 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.
- Water sales have fallen short of estimates used for the Water Rate Study, on which rates for 2020-2024 were developed. Rates for 2025 may need to be increased more than originally estimated when the Village conducts another water rate study during 2024.

CLOSING COMMENTS

- The Village will need to remain watchful and flexible to respond to circumstances beyond the Village's control, such as a potential downturn in the general economy 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
 - Technology options
 - Necessary building improvements
 - 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 September 11, 2023, voted unanimously to recommend the Village Board of Trustees approve the Proposed 2024 Budget.

Ordinance on First Reading is on Separate Action:
Village of Lombard Budget Ordinance for Fiscal Year 2024
(January 1, 2024 through December 31, 2024)