

2022 Budget FAQ

How was the Village's 2022 Budget created?

The 2022 Budget planning process began in January 2021 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 2022-2031 Capital Improvement Program, five meetings with the Finance and Administration Committee to discuss the Fiscal Year 2022 budget and provide recommendation to the Board of Trustees, and a Village Board of Trustees budget workshop to review the 2022 proposed budget.

What is the Village's 2022 Budget?

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.

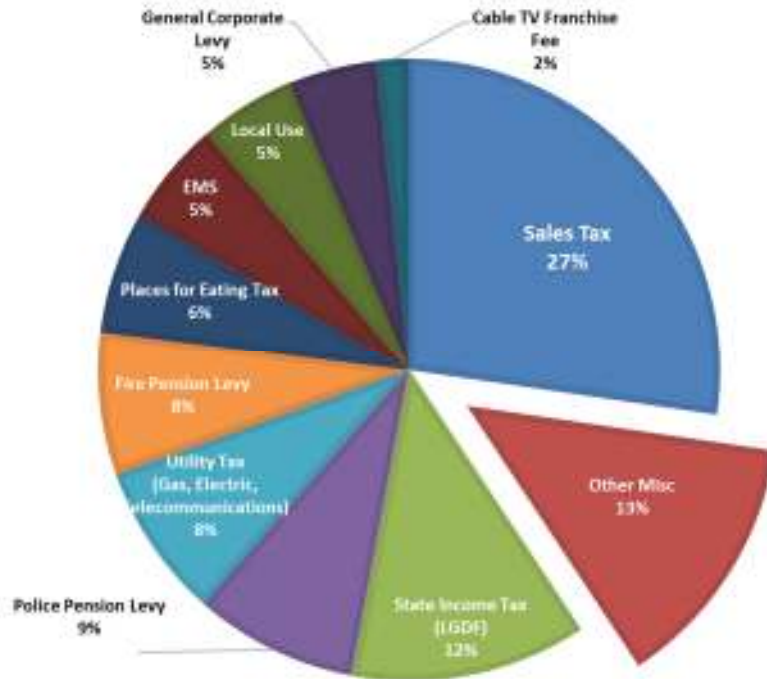
Both the Proposed 2022 Budget and 2022-2031 Capital Improvement Plan are available at www.villageoflombard.org/budget.

2022 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.

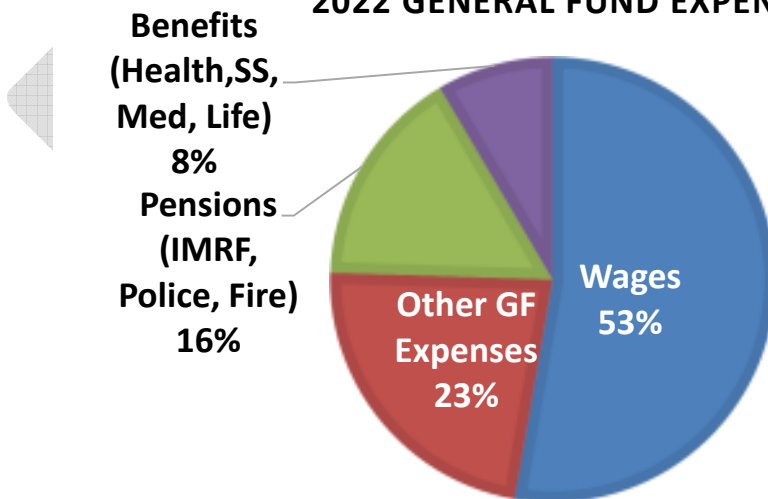
- Revenues of \$38,928,410 are projected to increase \$2,592,680 (7.14%) compared to the 2021 approved budget of \$36,335,730. The 2022 revenue growth is skewed in comparison to the 2021 Amended Budget which was impacted by the pandemic.
- Expenses of \$38,032,617 are projected to increase \$1,158,080 (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.
- The charts on the following page provide an overview of both the 2022 General Fund Expenses and Projected Revenues.

Top 10 General Fund 2022 Revenues & Expenses



The Top 10 General Fund revenues account for 86.61% of all General Fund revenue sources.

2022 GENERAL FUND EXPENSES



Combined wages and benefits (pensions, health insurance, Social Security/Medicare and life insurance) make up 77% of all General Fund operating expenses.

What are the major budget concerns for the future?

The Village remains cautiously pessimistic about the future due to retail trends, the potential exit of large sales tax producers, and large state mandated pension obligations.

- Sales Tax, which is 27% of the revenue for the General Fund, has not kept pace with inflation. The dollar had an average inflation rate of 2.28% per year between 1999 and today, producing a cumulative price increase of 64.21%.
- In 1999, Sales Tax revenue totaled \$10,904,272 which is equivalent in purchasing power to about \$17,905,456.05 today, an increase of \$7,001,184.05 over 22 years. **The FY 2022 Sales Tax is projected to be \$10,955,840 an increase of \$51,568 or 0%.**
- The Village was notified that three large sales tax producers are considering moving their business to other municipalities. Therefore, staff may project a negative Sales Tax revenue projection (compared to 0%) for future budgets.
- Finally, investments for the pension funds have done well for the past few years. However, a decrease in investment earnings will cause a spike in the actuarial required funding for Pensions and/or Liabilities, which will reduce funding available for the Corporate property tax levy.

What is the Village going to do with the \$6,022,736.31 of Federal Stimulus funds?

The Village received \$3,011,368.16 on 8/17/2021 in American Rescue Plan Act (ARPA) funding and is expected to receive an additional \$3,011,368.16 in 2022. The Village Board held a Budget Workshop on September 27, 2021 and discussed the need to allocate additional funds in order to stabilize the Hotel/Motel Fund due to COVID which caused a reduction in travel and large events at hotel properties.

The Board provided direction to staff to report the \$6,022,736.31 allocated to the Village of Lombard as lost revenue and to submit eligible expenses related to public safety salaries. This approach meets the U.S. Treasury Department reporting requirements.

How does the Village plan to allocate 2021 anticipated savings and the remaining funds from the sale of 101 S. Main?

Staff presented various options to the Board for the allocation of a projected \$5,311,368 of funds available from the following:

- Sale of 101 S Main - \$1M
- Savings from public safety salaries - \$3,011,368.16
- Anticipated YE 2021 Revenues over Expenses - \$1.3M

The consensus of the Village Board is to allocate \$700,000 to both the Building Fund and Pension Stabilization Fund; \$1,000,000 to the Hotel/Motel Fund for reserve stabilization; \$300,000 for Hotel Tourism Grants/Support; and \$2,611,368 to the proposed Economic Development Reserve Fund.

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 3.74% increase, which translates to an increase of approximately \$7.30 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 7.50% percent of property tax dollars, or 7.50 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 2022?

Effective January 1, 2022, 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 \$16.10. 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."

Please visit the village's website to view the report on unfunded state mandates that the Illinois Municipal League compiled, [2019 report of unfunded State mandates](#).

Where can I find more information or provide my feedback?

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

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