

2023 BUDGET PUBLIC HEARING
NOVEMBER 3, 2022

TRUSTEE ANDREW HONIG, FINANCE & ADMINISTRATION COMMITTEE CHAIR
SCOTT NIEHAUS, VILLAGE MANAGER
TIM SEXTON, DIRECTOR OF FINANCE

AGENDA

- BUDGET OBJECTIVES
- 2023 BUDGET OVERVIEW
- GENERAL FUND (UNRESTRICTED & UNCOMMITTED) OPERATING BUDGET
- TOP 10 GENERAL FUND 2023 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 2023 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.

2023 BUDGET OVERVIEW

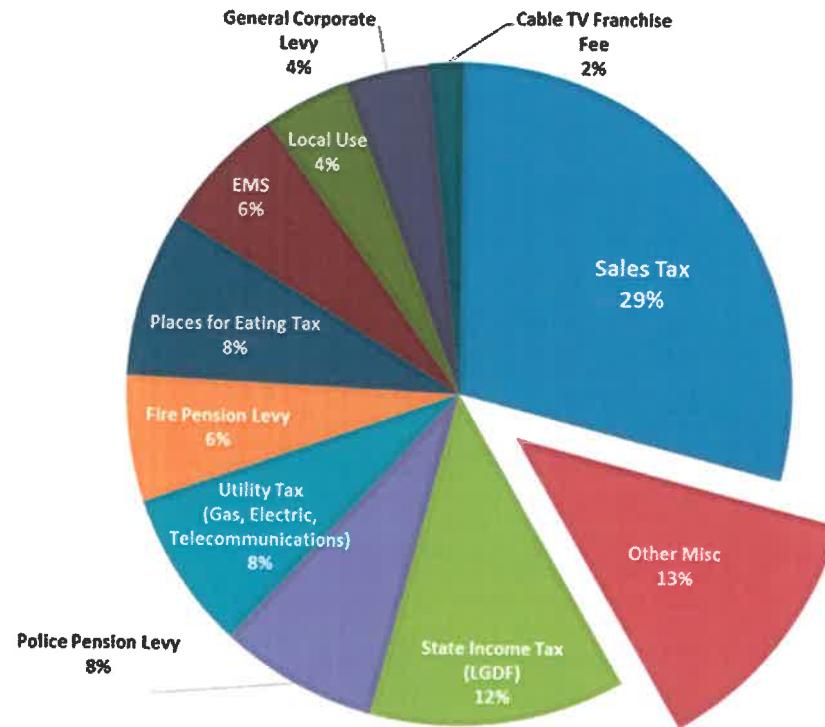
- The Village adopts a budget each fiscal year which runs from January 1st to December 31st.
- As proposed, the 2023 Budget projects Village revenues in all funds to total \$105,998,069 with overall expenditures to total \$105,858,523.
 - The overall proposed 2023 Budget provides funding for day-to-day 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.
- 2023 Budget Planning Process
 - Public Works and Environmental Concerns Committee meeting to review the 2023-2032 Capital Improvement Program
 - Finance and Administration Committee meeting to discuss the Fiscal Year 2023 budget and provide recommendation to the Board of Trustees
 - Village Board of Trustees held budget workshop on September 26, 2022
 - Proposed Budget was published on October 19, 2022
 - 2023 Budget and 2022 Tax Levy Ordinances on 1st Reading November 3, 2022 and 2nd Reading November 17, 2022
- Both the Proposed 2023 Budget and 2023-2032 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.

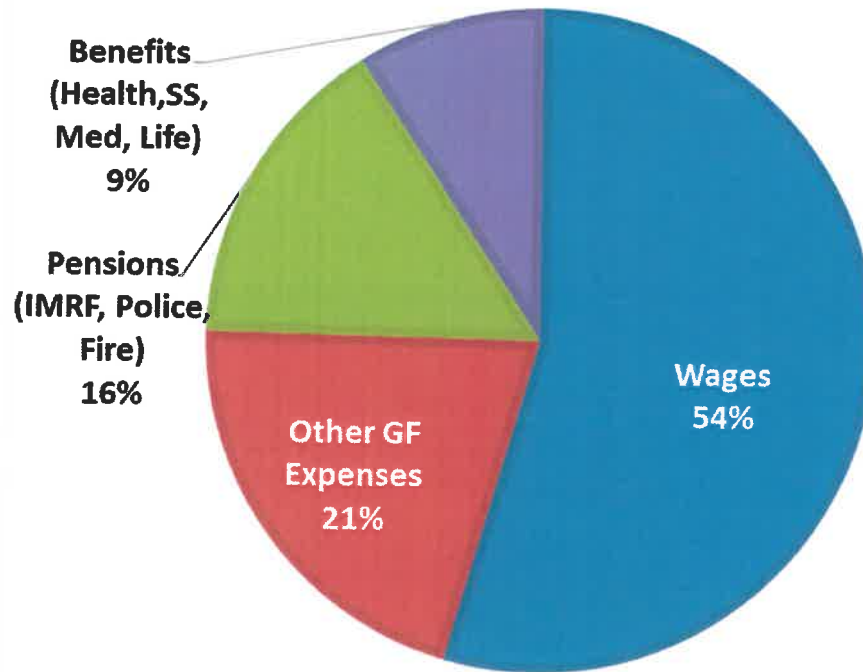
- Revenues of \$42,204,960 are projected to increase **\$3,276,550 (8.42%)** compared to the 2022 approved budget of \$38,928,410.
- Expenses of \$39,793,940 are projected to increase **\$1,888,773 (4.98%)** compared to the 2022 approved budget of \$37,905,167.
- **The projected revenues over expenses for 2023 is \$2,411,020.**
- Note that the projected revenue amount for 2023 is considered **not sustainable**.
 - Given the projected revenues over expenses for 2023, the Village still projects a looming deficit in the next 2-3 years.
 - An unstable economy creates concern over rising expenditures, falling revenues, and overall uncertainty.

TOP 10 GENERAL FUND 2023 REVENUES



- The Top 10 General Fund revenues account for 87.38% 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 2023 EXPENSES



- Combined wages and benefits (pensions, health and life insurance, etc.) make up 79% of all General Fund operating expenses.

HOTEL/MOTEL TAX FUND

- Hotel/Motel Fund Thru June 2022, revenue is approximately \$1.0 million. 15.6% under budget and 50% less than the same period in 2019
 - Thru June 2022, revenue is approximately \$1.0 million. This is double the revenue at this time in 2020 and approximately 57% more than last year at this time.
 - To prevent a negative fund balance at FYE 2021 and to stabilize the H/M fund for tourism grants, the Village Board agreed to use all 2020 & 2021 H/M revenue, \$1.3 million, for the H/M Tax Fund instead of allocating 25% to an Economic Development Fund. Going forward, the Village will not allocate H/M revenues to another fund.
 - H/M revenue will likely take several years to return to pre-pandemic levels.
 - The FY2022 H/M Fund expenses total \$1,733,980 compared to projected revenues of \$1,624,170

WATER & SEWER (W&S) FUND OPERATING BUDGET

- Revenues of \$16,963,449 are projected to decrease \$880,441 (-4.93%) compared to the 2022 approved budget of \$17,843,890.
- Expenses of \$18,180,055 are projected to increase \$348,220 (1.95%) compared to the 2022 approved budget of \$17,831,835.
- 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, 2023, The Water and Sewer Rate will increase \$0.40 per 1,000 gallons of water used, to \$16.50.
 - 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.
- 67.96% or 2/3 of the 2023 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 2024 may need to be increased more than originally planned, if water sales continue to fall short into 2023.

CLOSING COMMENTS

- The Village will need to remain watchful and flexible to respond to circumstances beyond the Village's control, such as the 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 October 24, 2022, voted unanimously to recommend the Village Board of Trustees approve the Proposed 2023 Budget.

Ordinance on First Reading is on Separate Action:
Village of Lombard Budget Ordinance for Fiscal Year 2023
(January 1, 2023 through December 31, 2023)