

# Village of Lombard's Long Range Budget Plan

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# Agenda

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- ▶ Purpose
- ▶ FY 2016 General Fund Operating Budget
- ▶ 2016 Long Range Budget Planning Schedule
- ▶ Revenue & Expense Assumptions
- ▶ Current 5 Year Financial Forecast
- ▶ Long Range Planning Budget Discussions & Preferences
- ▶ Staff Proposed Expenditure Reductions
- ▶ Summary

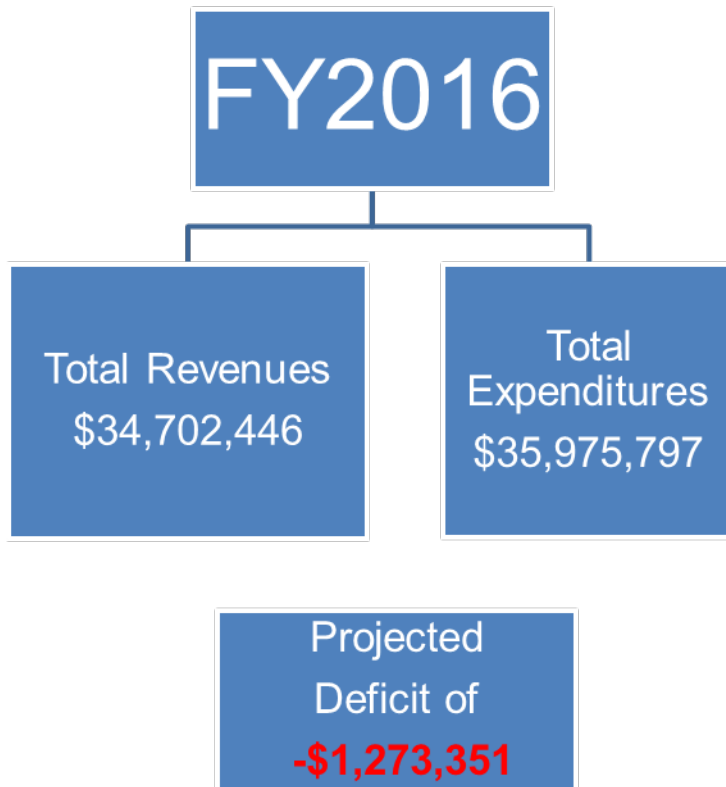
# Purpose of the Long Range Budget Plan

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- ▶ During the Fiscal Year 2016 budget meetings, there was considerable discussion about aligning revenues with expenses in order to eliminate future year deficits. The Long Range Plan is to develop strategies to address the rising cost of non-discretionary expenses.
- ▶ The FY16 Budget was prepared during a time of financial uncertainty at the State level and reflects the challenges associated with maintaining service levels while expenses are increasing faster than revenues.
- ▶ The FY16 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.
- ▶ Currently there are 8 full time positions vacant. The Village will monitor the State budget decisions and will then prioritize filling positions.
- ▶ Presentations are being done for all Village Committees to familiarize each of the Committees with the current financial situation for the Village, as there may be items that are referred to Committees in the future for further vetting.

# FY2016 Budget (as of 9/15/15)

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- The FY16 Budget reflects the following recommendation by the Finance and Administration Committee in order to eliminate the FY16 deficit of \$1,273,351 in the General Fund.

*Use 25% of 2015 Projected Revenues over Expenses*  
**\$469,615**

*Freeze or Fill Personnel by Priority in 2016 with no Additional Reduction in Current Staffing Levels as of September 21, 2015.*  
**\$596,235**

*Increase Revenues*  
**\$140,000**

*Decrease Expenses*  
**\$67,500**

# 2016 Long Range Budget Planning Schedule

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November 30, 2015	F&A: Review budget options and develop list of questions
January 25, 2016	F&A: Develop overall strategy and recommend revenue option(s)
February 22, 2016	F&A: Recommend expense reduction(s)
March 21, 2016	F&A: Finalize overall recommendation to Village Board
April 25, 2016	Village Board: Workshop to discuss F&A recommendation
June 16, 2016	Village Board Workshop: Approve Long Range Budget Plan
August 15, 2016	BOT Budget Review #1
August 22, 2016	BOT Budget Review #2

# Long Range Budget Plan

## Revenue & Expenditure Assumptions

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### 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%**

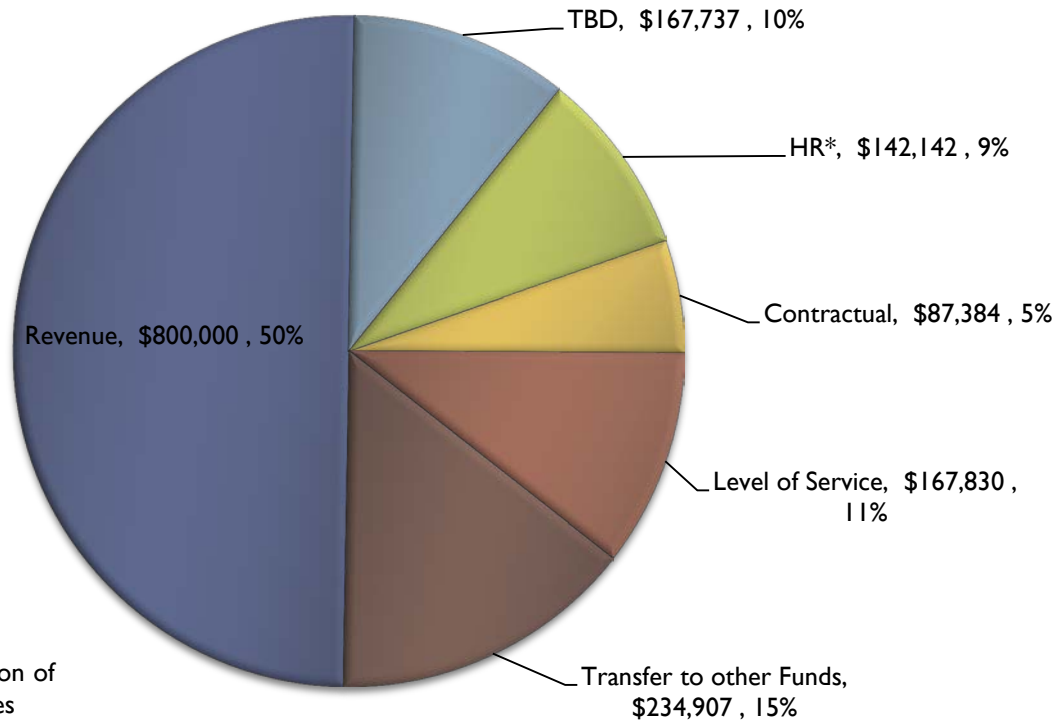
# Long Range Budget Planning Discussions & Preferences

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- ▶ The Finance & Administration Committee has had four meetings to discuss long range strategic budget options to eliminate a projected \$1.6M budget deficit in 2017.
- ▶ Finance & Administration Committee Preferences
  - ▶ 50/50 split between revenues and expenditures/HR for balancing the budget.
  - ▶ The Committee tasked the Village Manager and department heads make recommendations on how to come up with \$800k in expenditure reductions.
  - ▶ Raise the Places For Eating tax a full 1% with the understanding that 1/2% of revenue would go to the General Fund and 1/2% would be held in a separate account for a specific reason or until we have clear direction from the State on future revenues.

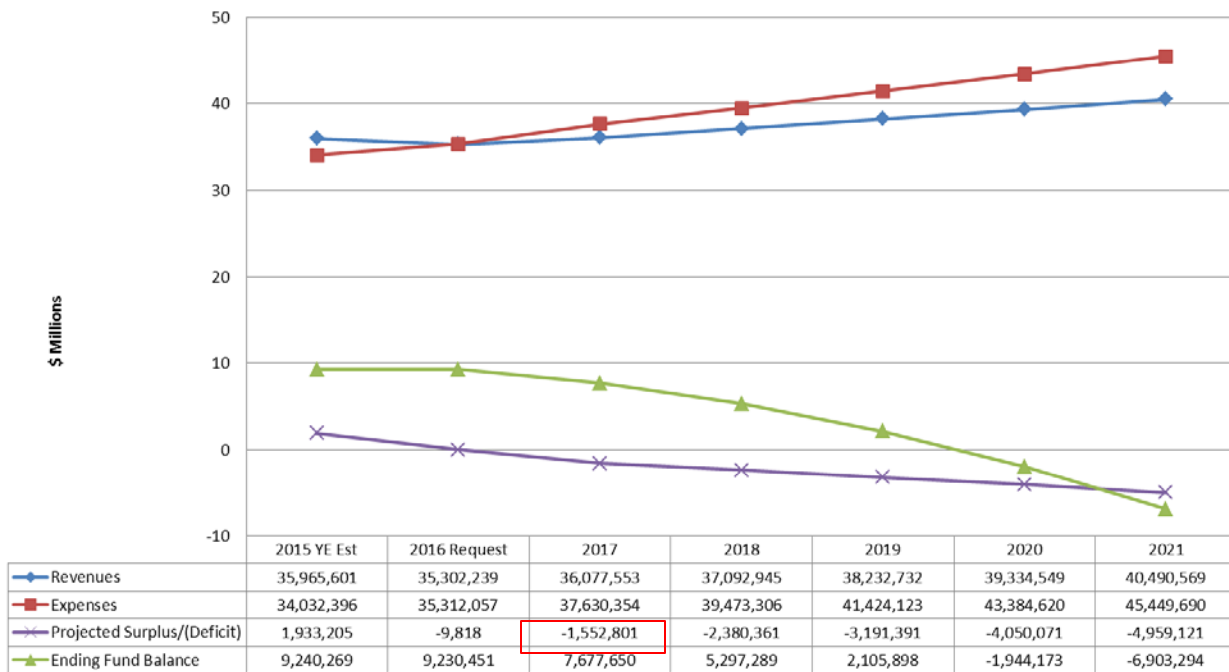
# Staff Proposed Expenditure Reductions/Changes

## Proposed General Fund Long Range Plan



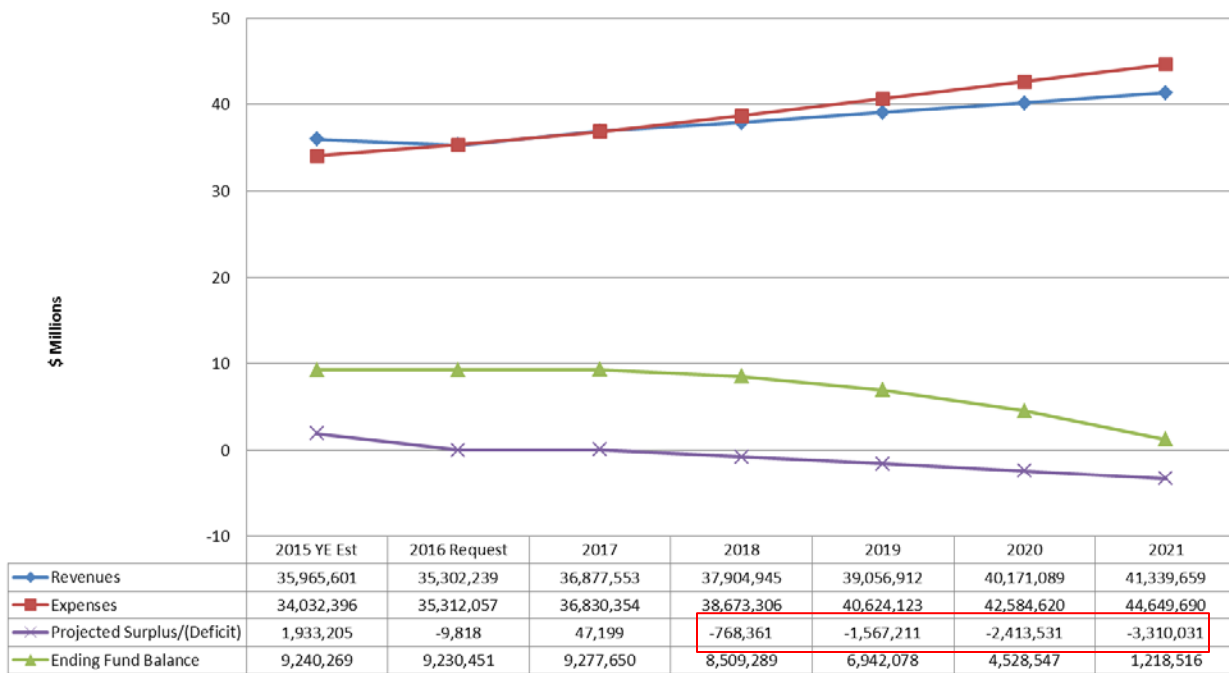
\*HR, no elimination of current employees





### Prior to Any Changes for 2017

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



### Assuming a 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 \$768K in 2018, \$1.6M in 2019, 2.4M in 2020, and 3.3M in 2021.

# Summary

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- ▶ The Long Range Budget Plan is to develop strategies to address the rising cost of non-discretionary expenses.
- ▶ Based on decisions from the LRP workshop, if the Village Board favors, staff will request the Village Attorney to prepare the necessary ordinances and review policy changes for Village Board approval in June 2016.
- ▶ Questions/Comments

# Recommendation of the Long Range Plan

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Motion to concur with the Long Range Plan as recommended by the Finance and Administration Committee, to include the following components:

1. Places for Eating Tax increase of 1%
2. Expense reductions as recommended by the Finance Committee
3. The Finance and Administration Committee will discuss and review the policies identified in the plan for a recommendation on changes to the Village Board
4. Commence communications prior to adoption in June

