



2025 Budget/2025 Taxes (2024 Tax Levy) FAQ

What is the purpose of the Budget?

The budget is approved annually by the Village Board and serves as a forecast of the revenues it will receive and expenditures it will incur during the year. Guided by the policies, priorities and goals of the Village Board (including the Village's [Strategic Plan](#), financial policies and source documents), the budget is the single most important policy document produced by the Village each year. The budget is both a spending plan for the Village's financial resources and the legal authority for Village departments to spend the resources for public purposes. Through these resources, Village services are provided to meet the needs of the community.

Excellent Village core services include:

- Safety provided by Police and Fire Departments;
- Road, sewer, and water maintenance from Public Works;
- Building and code enforcement from Community Development; and
- Responsible long-term financial planning from the Finance Department

The Village is committed to providing excellent and responsive governmental services, addressing future needs and issues related to public safety, maintaining a proactive stance in monitoring financial resources, as well as financially prudent planning for capital improvements.

How was the Village's 2025 Budget created?

The 2025 Budget planning process began in January 2024 and included extensive work by staff and committees before being considered by the Village Board. First and foremost, the Budget is created with a focus on, and commitment to, the Strategic Goals that the Village Board established in their 2021-2024 [Strategic Plan](#).

These prioritized Strategic Goals include Financial Sustainability, with a direct application to budget policy in the areas of Reserve Policies, Use of Surplus, and Revenue Streams, including the Tax Levy. These Strategic Goals also include Operational Excellence and Well-Maintained Infrastructure, with a direct application to budget policy in the areas of Salary Ranges, Merit Compensation, Wage Adjustments, Technology Reserve, Vehicle Reserve, Building Improvements, Capital Improvement Plan (CIP), and the Construction of New Buildings.

The Budget process included a Public Works and Environmental Concerns Committee meeting to review the 2025-2034 Capital Improvement Program, four meetings with the Finance and Administration Committee to discuss the Fiscal Year 2025 budget and provide recommendation to the Board of Trustees, and a Village Board of Trustees budget workshop to review the 2025 proposed budget. In addition, this year, the Finance and Administration Committee met on August 26, 2024, to review the results of the 2024 Water Rate Study performed by NewGen Strategies & Solutions.

What is the Village's 2025 Budget?

The 2025 budget projects Village revenues in all funds to total \$130,191,540 with overall expenditures to total \$131,875,574. The overall proposed 2025 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 2025 Budget and 2025-2034 Capital Improvement Plan are available at www.villageoflombard.org/budget.

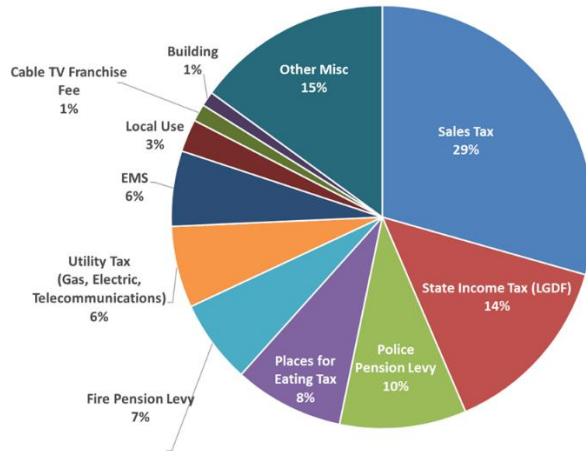
2025 General Fund Budget

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 \$46,535,690 are projected to increase \$1,704,930 (3.80%) compared to the 2024 approved budget of \$44,830,760.
- Expenses of \$46,464,310 are projected to increase \$1,755,760 (3.93%) compared to the 2024 approved budget of \$44,708,550.
 - Increase in pension costs due to 2023 investment performance and updated actuarial assumptions - \$480,530
 - General Wage increases are estimated around 3% -\$1,166,495
 - *Strategic Goal: Financial Strength – Bond Rating*
- A balanced budget is projected for 2025 (\$71,380 revenue over expenditures).
- The charts below provide an overview of both the 2025 General Fund Expenses and Projected Revenues.

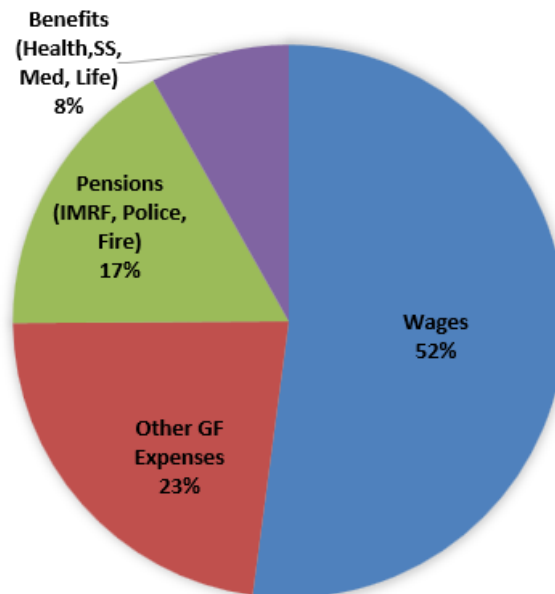
Top 10 General Fund 2025 Revenues & Expenses

2025 GENERAL FUND REVENUES



The Top 10 General Fund revenues account for 85% of all General Fund revenue sources.

2025 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 cautious about the future due to inflation, retail trends, the potential exit of large sales tax producers, and large state mandated pension obligations.

- In 2000, Sales Tax revenue totaled \$10,877,031 which is equivalent in purchasing power to about \$19,867,951 today, an increase of \$8,990,920 (82.7%) over 24 years. The FY 2025 Sales Tax is projected to be \$13,676,440, an increase of \$2,799,409 (25.7%) since 2000, or \$935,150 (7.3%) over 2024 Budget.
- Total Pension Liabilities as of 12/31/23 were \$66 million, down from \$69 million in 2022.
- The Village's share of the State Income Tax (LGDF) is always threatened by the state. Municipalities used to receive 10% of the total income tax, but now only receive 6.16% of the total. If the Village were to receive 10% of the amount distributed by the State, based on our budgeted amount, we would see an additional \$4.11 million in revenue.
- State Income Tax (LGDF) and Sales Tax have outperformed the budgeted amounts, leading to revenues over expenditures, which is not sustainable going forward.

What are the future financial challenges for the Village?

The Village Board has prioritized two challenges for the future through the use of the year-end waterfall for revenues over expenditures. Those two challenges are pension funding and future building needs, especially in the area of public safety.

What is the challenge with pensions?

Strategic Goal: Financial Strength – Bond Rating

Strategic Goal: Competent Workforce

- Pension liabilities decreased from \$69 million in 2023 to \$66 million in 2024, mainly due to the positive investment environment in 2023 and 2024.
- The Village has contributed an additional \$15.5 million toward pension liabilities with the waterfall for the years 2017 through 2024.
- This has resulted in annual savings to the General Fund of approximately \$913,700 per year.

What are the future building needs for the Village?

Strategic Goal: Efficient Service Delivery

Strategic Goal: Operational Excellence

Strategic Goal: Well-Maintained Infrastructure

The Village Board has prioritized in its strategic plan that the Village have facilities adequate to meet operational needs. Part of this priority was to conduct a facility plan for public safety. The draft architectural report puts estimated costs at \$40-\$50 million for police & fire building needs.

- The facility plan was conducted in 2023, and presented to the Public Safety Committee on 9/6/23, and they recommended approval to the Village Board
- The Village Board accepted the report at their meeting on 9/21/23.
- This initiated the discussion on the future building needs for public safety, and just as importantly, identify a funding source to pay for annual debt payments to be able to fund the building projects.

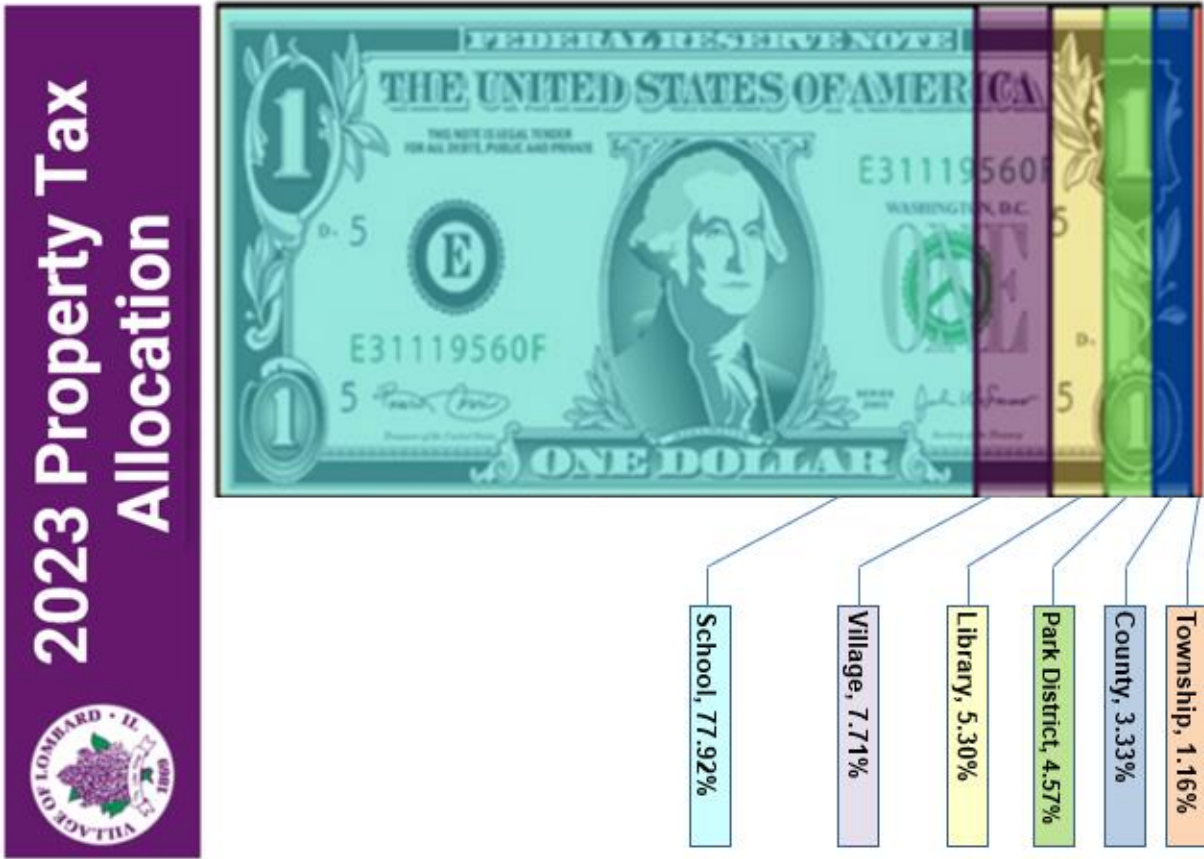
Are My Property Taxes Going to Increase?

The Village is allowed to raise property taxes by up to 5% each year or Consumer Price Index (whichever is lesser), plus new growth, without a referendum. The annual increase funds public services from police, fire, community development, public works, finance and governance.

The CPI from December 2022 to December 2023 was 3.4%. Therefore, this year, the Village will use 3.4%, as this percentage is less than the CPI. A portion of the Firefighters' Pension is not subject to the tax cap. This portion increases the 2024 statutorily permissible property tax levy by 0.11%, bringing the total permissible increase to 3.51% for all existing properties.

It is estimated that new growth will account for an additional 0.79% of the increase in the levy. If there is no new growth, there will be no levy for this. Also, the Downtown TIF is set to expire in 2024. The Village's portion of the Downtown TIF is \$259,111 or 2.22% and treated like new growth but does not increase the levy for existing properties. The Village will be opting for the statutorily permissible tax levy of a 6.52% increase (3.51%+0.79% + 2.22%), which translates to an increase of approximately \$20.02 for the owner of a \$300,000 home or \$34.53 per year for a \$500,000 home.

It is a common misconception that the majority of property taxes go to the Village. The Village of Lombard receives approximately 7.79% percent of property tax dollars, or 7.79 cents of each property tax dollar paid.



The Finance & Administration Committee voted to recommend taking the statutorily permissible 2024 tax levy **and setting aside the increase from both last year and this year for public safety building needs** at the meeting on 8/26/2024. The Board of Trustees reviewed this recommendation at their Budget Workshop on 9/05/24. This recommendation will be considered by the Board at their October 17th Board meeting.

Why is the Village taking the Statutorily Permissible Tax Levy?

Strategic Goal: Stable & Predictable Revenue

Lombard’s 2024 Statutorily Permissible Increase is 6.52%. Of the local taxing districts, Lombard’s share of the total tax bill is approximately 7.71%. The impact of taking the statutorily permissible tax levy increase for the owner of a \$300,000 house is an increase of \$20.02 per year.

The York Township Assessor’s Office determines the tax valuations for most Lombard residential properties (not the Village of Lombard). 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.

As a Non-Home Rule municipality*, if Lombard does not take the statutorily permissible increase in a given year, that piece of the increase that is left on the table is forfeited in all future years as well and cannot be reclaimed.

**A non-home rule municipality can only exercise powers for which express authority has been given to it by state law. This means that non-home rule communities, such as Lombard, are dependent on authority given to it from the General Assembly and Governor.*

The following historical example shows the lost revenue the Village of Lombard has experienced from not taking the increase in 2013. Note that not taking a \$251,073 tax increase in 2013, has cost the Village approximately \$3.35 million due to compounding over a twelve-year period, and will continue to impact the Village throughout its years.

Compounding of Statutorily Permissible \$251,073 Tax Levy Not Taken for 2013 Levy Year (2014 Fiscal Year)		
	Amount	Actual CPI
2013	(\$251,073)	1.5%
2014	(\$254,839)	0.8%
2015	(\$256,878)	0.7%
2016	(\$258,676)	2.1%
2017	(\$264,043)	2.1%
2018	(\$269,611)	1.9%
2019	(\$274,761)	2.3%
2020	(\$281,040)	1.4%
2021	(\$284,868)	7.0%
2022	(\$304,912)	5.0%
2023	(\$320,158)	3.4%
2024	(\$331,043)	
Average CPI Over Period		2.6%
Twelve Year Impact	(\$3,351,902)	

Any actual revenue over expenditures will be allocated using the Long Range Plan Waterfall Policy to fund the priorities of the Village Board, mainly the funding for future building needs and paying down net pension liabilities.

What is the Village doing with the Statutorily Permissible Tax Levy increase?

The Finance and Administration Committee recommended at their 8/25/24 meeting that the Village take the Statutorily Permissible Tax Levy increases for both 2023 and 2024 **and set it aside specifically for future public safety building needs.** This recommendation will be considered by the Board at their October and November Board meetings.

What is the Water Rate Increase for 2025?

Effective January 1, 2025, the Water and Sewer Rate will increase \$0.64 per 1,000 gallons of water used. At that time, the cost of 1,000 gallons of water used will be \$17.54. The fixed rate per bill will increase \$0.57 for billing and infrastructure. Overall, for the average residential customer that uses 4,000 gallons/month (73% of Lombard water customers), the overall increase of 4.0% will cost an extra \$3.13 per month.

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.