

VILLAGE OF LA GRANGE
Finance Department

BOARD REPORT

TO: Village President, Village Clerk, Board of Trustees,
Village Attorney and Village Comptroller

FROM: Bob Pilipiszyn, Village Manager,
Lou Cipparrone, Finance Director,
Joe Munizza, Assistant Finance Director

DATE: April 4, 2013

RE: **RESOLUTION — APPROVING THE FY 2013-14 OPERATING
AND CAPITAL IMPROVEMENTS BUDGET**

Tonight, the Village Board is considering adoption of the Village's annual Operating and Capital Improvements Budget for the fiscal year beginning May 1, 2013. The budget is the Village's most important policy document as it sets forth the Village's spending priorities over the next 5 years and how those priorities will be funded. Six separate budget discussions were required over the past eight months to develop this final budget document and 5-year financial plan. In addition, a public hearing was held earlier this evening to provide residents with a final opportunity to comment on the proposed budget document.

The budget development process for FY 2013-14 was different than it has been in the past. Most notably, the Village Board conducted a series of pre-budget development workshops last fall for the purpose of discussing sensitive budgetary issues and individual trustee concerns regarding Village finances over the long term. After considerable discussion, consensus direction was provided to Village staff regarding personnel expenses, and major revenues and expenditures, in developing the FY 2013-14 budget document.

Based on the direction which was provided, coupled with continued administration of the Village's comprehensive and multi-year cost containment plan, the proposed budget projects a balanced budget for each of the next five fiscal years in the General Fund. Reserves continue to remain at or above our minimum target range.

As a result of this fiscal recovery effort, the Village Board was able to consider several budget management options within the General Fund at its budget workshop in March. They were as follows:

- 1) Defer the scheduled 1.0% increase in the Village's utility tax by one additional year (to FY 2015-16) and still maintain a projected surplus in FY 2014-15;
- 2) Restore funding to a program or service which was reduced as part of the Village's cost containment plan; or

- 3) Adopt the General Fund budget as proposed, in order to work through several financial uncertainties during the upcoming fiscal year, such as: how the State of Illinois will handle its budget crisis and its potential impact on local government revenues; fees to be assessed against employers to help fund national health care; and reduced simplified telecommunications tax revenues.

It was the consensus direction of the Village Board to conservatively adopt the General Fund budget as proposed.

Although the Village's operating budget has been impacted by fiscal containment efforts, capital expenditures of approximately \$5.9 million remain budgeted in FY 2013-14. This total consists of \$2.0 million for the next stage of the Maple Avenue Relief Sewer project; \$940,000 in street resurfacing and reconstruction; \$885,000 for the renovation of Stone Avenue Station; \$835,000 for water pumping station improvements and completion of the water meter replacement project; \$391,000 for pedestrian safety improvements; \$301,000 for debt service related to the residential streetlight program; \$194,000 for tree planting and removal due to the Emerald Ash Borer; \$115,000 for roof repairs at Village Hall and replacement of the plaza fountain; and approximately \$160,000 in miscellaneous public improvements and major maintenance activities.

The Village is able to maintain this progressive capital improvements plan primarily due to grant funding secured through State agency appropriations and State capital bill, and Federal stimulus monies. Over the past five years the Village has secured over \$9.4 million in grant funds which leveraged over \$18.1 million in capital improvements.

For purposes of financial planning, the \$300,000 in "new/unassigned" annual revenue beginning in FY 2018-19 from the retirement of the residential streetlight bond issue has been programmed for capital improvements and thus serves to restore the historical \$1.0 million annual transfer from the General Fund to the Capital Projects Fund.

Please find attached a summary of revenue and expenditure adjustments which reconciles the preliminary FY 2013-14 budget to the final FY 2013-14 budget. Adjustments reflected in the reconciliation are as follows:

- 1) Miscellaneous Revenue was increased to reflect funds received from the settlement of a class action lawsuit against the Village's previous health insurance brokerage firms.
- 2) At the direction of the Village Board, the water rate increase was adjusted to only include "passing on" the water rate increases from the City of Chicago.
- 3) The Police Department budget was adjusted to reflect settlement of the police union contract through arbitration.

- 4) The Public Works Department line item budgets for Overtime and Snow & Ice Control were adjusted due to numerous snow events in February and March, resulting in increased expenditures for snow plowing and salt.

Also attached you will find a resolution approving the Village budget for FY 2013-14. Only the FY 2013-14 operating and capital improvement budget is required to be adopted tonight. Subsequent fiscal year budgets through FY 2017-18 are presented for informational purposes. The five year projections provide a comprehensive planning tool for forecasting revenues and expenditures for future years, in order to maintain the Village's strong financial position over the long term.

In summary, the proposed budget is a responsible budget. It is one that is balanced between recognizing the downward pressure on our financial means, sensitive to financial challenges being experienced by taxpayers, but at the same time, maintains community vitality through the delivery of core Village services in a cost-effective manner.

We recommend that the attached resolution, adopting the FY 2013-14 Operating and Capital Improvements Budget, be approved.