



DATE: October 21, 2022

TO: Finance Committee and Village Board

FROM: David De Angelis, Village Manager
Finance Director Monica Hughes

RE: 2022 Operating and Capital Budget, 2021 Tax Levy and 2022 User Fees

The committee completed its review of the current proposed budget at the October 19, 2021 workshop. This draft of the budget is in compliance with the state levy limits and expenditure restraint. It includes a levy increase of \$141,024 or 1.93% above the 2021 levy.

As of the October 19th meeting, staff had not received a final health insurance renewal rate. The budget included 10% and the preliminary renewal was received at 9%. On Thursday, October 21, 2021 we received word that United Healthcare will renew our plan at 3.5%. This reduction would produce a savings in the general fund of approximately \$36,000.

The Finance Committee and Village Board have a number of options available.

1. This expenditure item could be reduced and the tax levy reduced
2. This expenditure item could be reduced, the tax levy remain at its current level, and the amount of fund balance needed to balance the operational budget reduced. The current budget includes the use of \$150,000 of on hand funds, this would reduce it to \$114,000. This would allow our fund balance to be maintained at a higher level, which is favorable in the debt market and would bring our current budget closer to being supported with current dollar revenues.
3. This savings could be moved into contingency to provide additional funding in 2022 for police staffing changes which will include payouts for accumulated benefits or other Village needs. This would have no effect on the current tax levy, if funds are not used they would remain in our fund balance- favorable in the debt market and not reduce our expenditure restraint base calculation.

It is staff's recommendation that the Village select the third option which we believe will allow the Village to operate and provide services to residents with changing staff needs in 2022 and economic conditions.