

# MEMO

October 23, 2020

To: Finance Committee and Village Board

From: Monica Hughes and David De Angelis

RE: 2021 Budget

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The finance committee met this past Wednesday for the 3<sup>rd</sup> operating budget workshop. This concludes the review of each individual area of the budget. The draft of the budget includes a tax levy of \$7,659,084 which is \$355,673 above the state levy limit. Staff had identified \$199,000 of changes that could be made to the capital budget to reduce the levy. This was accomplished by moving projects/equipment out into the future, transferring \$50,000 in funds from the debt service and reducing fire truck funding by \$25,000. The committee discussed and was in agreement with the suggestions.

A second proposed change by staff included reducing the sewer levy by \$120,000 and shifting this cost to the sewer user fee. This would increase the user fee to each resident by \$40. The committee discussed this and requested that staff look further at other possible changes noting that many were not comfortable increasing the user charge by that amount without further consideration of other areas.

Attached is a list of items that could be considered for changes to reduce the levy. This list is for the committee's discussion at the Monday finance meeting and the final budget workshop scheduled for November 4, 2020. Staff has identified these items as either financial discretionary policy or operations items or items that could be postponed without too much detriment to the Village operations. It should also be noted that many of these changes would require policy changes by the Village Board based on their prior approvals of these items. It is noted if there is a range of reduction that could be considered or the change creates a specific savings. Staff is providing these for discussion but with no specific recommendation.

The total reduction needed after the capital proposals is \$156,373. The Village is still working on its healthcare renewal which is currently at a 15% increase. This rate is currently under review and negotiations with our Broker, which always also consider plan changes. If a favorable rate is not negotiated, less than 10%, we will go into the market place for additional quotes. The draft budget includes 10% so if a more favorable rate cannot be obtained the additional 5% (\$24,000) would also need to be funded