

SUBJECT: 2022 Glenview Village Budget Workshop II – Preliminary Library Budget and Levy, Village Corporate Fund, Internal Service Funds

MEETING DATE: September 30, 2021

VILLAGE BOARD REPORT

TO: Village President and Board of Trustees

FROM: Erika Smith, Finance Director, (847) 904-4337
Nate Giacalone, Budget Manager, (847) 904-4336

THROUGH: Matt Formica, Village Manager

PURPOSE

The agenda for the second workshop for the 2022 Annual Budget will include the following:

- Preliminary Glenview Public Library Operating Fund and Proposed Tax Levy
- Overall Village Financial Picture
- Glenview Corporate Fund Overview
- Operating Department Presentations
- Internal Service Funds
 - CERF
 - FRRF
 - Insurance and Risk Fund

PRELIMINARY 2022 VILLAGE OF GLENVIEW PUBLIC LIBRARY BUDGET AND 2021 PROPOSED LEVY

The preliminary 2022 Glenview Public Library Budget and corresponding 2021 proposed property tax levy will be presented by Glenview Public Library Executive Director Lindsey Dorfman with the Library Board and staff present. This preliminary budget is resulting in a levy recommendation that is increasing by the new Equalized Assessed Valuation (EAV) growth of 1.05%. The Library Board will be formally approving their budget in December 2021.

OVERALL VILLAGE OF GLENVIEW FINANCIAL PICTURE

The Village's strategic priorities which include Fiscal Sustainability, Infrastructure Investment, Challenge the Status Quo, and Commitment to Customer Service continue to drive the development of the budget and day-to-day management of the Village. These priorities are evident as the Village of Glenview continues to maintain a stable financial position even though there have been impacts from the ongoing COVID-19 pandemic. The Village's financial stability is supported by the following current financial indicators:

- Moody’s Credit Rating remains at highest possible level – Aaa
- The Village continues to implement cost containment strategies which assists in providing a balanced budget where revenues meet or exceed the budgeted expenditures
- The Village maintains the required reserve levels as defined by policy in each Village fund
- The Village continues to prioritize investment in the Village infrastructure replacements with the development of a 2022 Capital Improvements Program (CIP) Budget of \$25.6M
- Maintains the commitment to appropriately fund employee pension benefits through continued increased contributions to the Police and Fire Pension Funds

During Budget Workshop I the Board gave direction to increase the Unassigned Corporate Fund Balance Policy from 30% - 40% to 35% - 45%. This policy change was initiated to protect the Village from another potential economic downturn or any other unforeseen change in revenues.

2021 CORPORATE FUND BUDGET PROJECTION

The Village adopted a balanced Corporate Fund 2021 budget, with an operating surplus of \$2,563. As has been stated, the Village relies on a number of economically sensitive revenues to fund the general operations of the Village and staff has been continuing to closely monitor these revenue streams for forecasting.

The table below details that the revenue estimates for 2021 have increased to \$316,251 since Budget Workshop I. There has been a minor increase to expenditures totaling \$17,000.

Corporate Fund	2021		2021	Difference
	2021 Budget	Projection Workshop I	Projection Workshop II	Workshop I vs Workshop II
Revenues	\$ 73,514,658	\$ 78,736,402	\$ 79,052,653	\$ 316,251
Expenditures	73,512,095	77,697,093	77,714,093	17,000
Surplus /(Deficit)	2,563	1,039,309	1,338,560	299,251

The draft 2021 projection for the Corporate Fund estimates an operating surplus of \$1,338,560. The surplus is a result of revenues projected to be \$5,537,995 higher than budget offset by expenditures being projected to be \$4,201,998 above budget. The increase in 2021 expenditures are primarily driven by costs from the Voluntary Separation Program, restoring certain positions and cuts included as part of the Village’s COVID-19 Financial Response Plan, overtime, economic development agreements and the restaurant support program.

As mentioned in Budget Workshop I, Corporate Fund revenues have performed better than initially anticipated as follows:

2021 Revenue Projections

Revenue Description	2021	2021	2021	2021 Workshop II
	Budget	Projection Workshop I	Projection Workshop II	Projection vs 2021 Budget
Sales & Home Rule Sales Tax	26,793,016	30,853,280	31,169,531	4,376,515
Property Tax	12,827,363	12,865,875	12,865,875	38,512
Joint Dispatch Charges	7,044,525	7,044,525	7,044,525	-
Utility Taxes	4,915,669	4,669,245	4,669,245	(246,424)
Income Taxes	4,409,919	5,970,030	5,970,030	1,560,111
Building Permits	2,207,676	2,207,676	2,207,676	-
Glenbrook Fire Protection District	2,450,000	2,629,230	2,629,230	179,230
Insurance Reimbursement	1,764,534	1,764,534	1,764,534	-
Make-Whole Payments	1,652,893	1,629,425	1,629,425	(23,468)
Use Tax	1,851,371	2,041,807	2,041,807	190,436
Hotel/Motel Tax	925,026	725,811	725,811	(199,215)
All Other Corporate Fund Revenues	6,672,666	6,334,964	6,334,964	(337,702)
Total Revenues	73,514,658	78,736,402	79,052,653	5,537,995

CORPORATE FUND 2022 BUDGET

The Corporate Fund 2022 budget to be presented is balanced with an operating surplus of \$222,237. Budgeted revenues are \$80.73M and budgeted expenditures are \$80.50M.

Corporate Fund		2022 Budget
Revenues		\$ 80,733,723
Expenditures	Management Services	22,977,918
	Public Works	7,462,166
	Police	15,939,264
	Fire	20,848,025
	Community Development	4,305,781
	Revenues Dedicated to CIP	6,760,000
	Transfers Out	2,218,332
	Total Operating Expenses	80,511,486
	Total Operating Surplus	222,237
	Appropriated Prior Year Fund Balance - CIP	1,000,000
Total Expenditures	81,733,723	
Total Fund Performance		\$ (777,763)

Fiscal Year 2022 revenues are budgeted \$7.21M higher than the 2021 budgeted revenues primarily due to anticipating an increase in some of the major revenue streams from the previous COVID impacted budget assumptions.

2022 Revenue Projections

Revenue Description	2021	2021	2022	2022 Proposed
	Budget	Projection Workshop II	Proposed Budget	Budget vs 2021 Budget
Sales & Home Rule Sales Tax	26,793,016	31,169,531	32,728,008	5,934,992
Property Tax	12,827,363	12,865,875	13,001,844	174,481
Joint Dispatch Charges	7,044,525	7,044,525	7,114,968	70,443
Utility Taxes	4,915,669	4,669,245	4,505,613	(410,056)
Income Taxes	4,409,919	5,970,030	5,951,751	1,541,832
Building Permits	2,207,676	2,207,676	2,207,676	-
Glenbrook Fire Protection District	2,450,000	2,629,230	2,655,522	205,522
Insurance Reimbursement	1,764,534	1,764,534	1,782,180	17,646
Make-Whole Payments	1,652,893	1,629,425	1,655,794	2,901
Use Tax	1,851,371	2,041,807	1,977,423	126,052
Hotel/Motel Tax	925,026	725,811	750,000	(175,026)
All Other Corporate Fund Revenues	6,672,666	6,334,964	6,402,944	(269,722)
	73,514,658	79,052,653	80,733,723	7,219,065

On the expenditure side, staff has continued to use zero-based budgeting and cost containment measures to hold the line on expenses. Representatives from each Village Department will present their Corporate Fund budget and outline the budget highlights and new initiatives included in the 2022 budget. Listed below are some key highlights from the various operating departments:

Management Services - Addition of a full-time Community Engagement Manager to transform the way in which the Village connects with residents. Additionally, Information Technology is transitioning Village systems to cloud services.

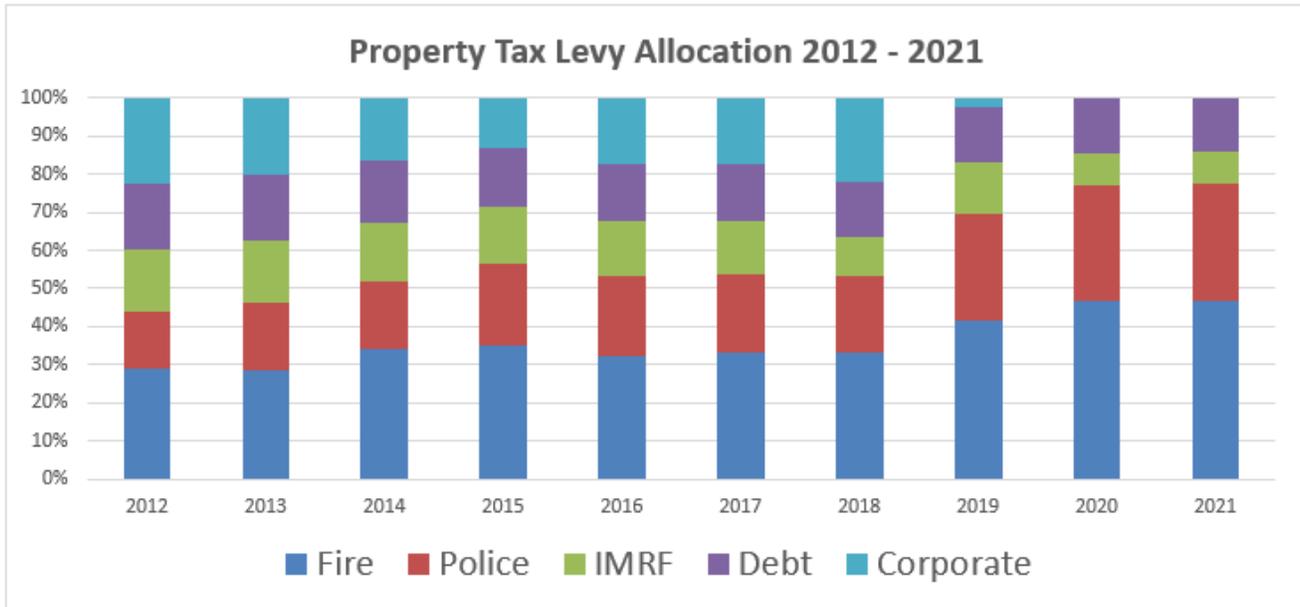
Public Works - Campus site planning to develop a long-term vision and implementation plan

Community Development - Business Assistance Program Funding including tenant improvements and façade improvements

Fire - Begin providing 24-hour service coverage on a third ambulance (up from 12 hours per day)

Police - Body Worn Cameras (carried over from 2021)

The property tax levy historically has been assigned to pay for a portion of the Corporate Fund operating expenditures, specific debt obligations and the Village portion of the Police, Fire and IMRF pension contributions. Due to the increase in the Police and Fire Pension portions of the tax levy, the portion of the levy assigned to Corporate Fund operating expenditures declined to zero for the 2020 levy and continues to be zero for the 2021 levy.



INTERNAL SERVICE FUNDS

The Village has three Internal Service Funds that will be briefed to the Village Board in Budget Workshop II (CERF, FRRF, and Insurance and Risk Fund). Internal Service funds are used to report any activity that provides goods or services to other funds, departments, Library or other governments, on a cost recovery basis.