

## Pavlicek, Cara

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**From:** Simone Boutet <smboutet@gmail.com>  
**Sent:** Sunday, July 14, 2019 3:11 PM  
**To:** Pavlicek, Cara  
**Subject:** Pre-Budget information

Cara:

In your 2019 Budget Message, you stated, “It is unlikely that the Village can continue to limit property tax increases to 3% annually going forward unless there are increases to other revenues (such as sales tax or similar), there is a reduction in non-core service support (e.g. property tax support for grant funding agreements or services provided to other taxing bodies) or there is a reduction in core municipal services.”

Before we begin the 2020 budget process, please provide information related to this statement, specifically, the financial trends and amounts that led you to advise the board that we can not continue to maintain a 3% cap without reducing services.

The goal is to gain enough information on the uncertainties the Village faces in the medium term to allow us to set an overall expenditure cap, and to identify funding sources to support that level of spending. I laid out some questions below to make this request more clear. I would like you to provide information on our financial trends and expected costs over the medium term – i.e. for each year in the next 3 years or 2020-2022.

I don't expect this to be a long document. I am asking for high level financial trends, not details. For example, when estimating revenue, please provide estimates of each major revenue source plus a single sum for all minor revenue sources and total those up. As a discussion document for the board, the information should clarify the causes for changes in costs and funding sources expected to occur if everything stayed the same and we did not change our policies and programs.

Suggested format for requested information:

1. 2020-2022 estimates based on current policies in effect in the 2019 approved budget. For comparison purposes, please include actuals and approved budgeted amounts for the years 2017-19 as well as projections for 2020-22.
  - a. All expenses, under current policy, normally covered in the budget, including:
    - i. The current level of services
    - ii. The cost to complete capital projects already approved by the board.
    - iii. The total cost of new capital projects normally expected in the budget
    - iv. All other mandatory expenses, such as debt service and pension payments
  - b. Sources of funding to support the total cost of current services, including:
    - i. Revenue based on the current levy and fee schedules.

- ii. Use of estimated FY2019 year end fund balances, without reducing the balance below our cap.
- iii. New or existing borrowing.

2. Information to assist the board's understanding of the estimates provided above:

- a. Major assumptions, including specific drivers of change. Please show the change in expense or major funding source for each year accounted for by each major driver.
- b. Major existing discretionary non-core expenses
- c. The amount of money which would result from changing the rates for revenue sources. For example, the amount of money that each marginal increase in the levy or one percent of sales tax would bring in.
- d. Uncertainties
  - i. General trends that might affect the estimates, such as overall inflation, the effect a typical recession might have on revenue, and costs associated with any new requirements imposed by the State.
  - ii. Specific events that could significantly affect Village finances. For example, the updated actuary analysis of pension liabilities, any expiring union contracts, workers comp and lawsuits.
  - iii. Please estimate a likely range, for example, revised actuary estimates might increase annual pension contributions from between X and Y dollars, or for confidential issues, such as salary or benefit increases not already included in approved union contracts, please use existing costs or rates without making any assumptions or projections relating to future negotiations.

Also, I would like this information within the next 2 or 3 weeks. If that is not reasonable, please provide a time frame that allows the board to have this information and to digest it during our board break in August so we can do so well in advance of the beginning of budget season.

Thanks,

Simone