

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) X *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: August 3, 2021 (COW)(B of T) August 19, 2021

TITLE: An Ordinance Amending the Village's Fiscal Year 2021 Budget Ordinance to
Distribute the 2019 and 2020 Revenues over Expenditures

SUBMITTED BY: Timothy Sexton, Director of Finance


BACKGROUND/POLICY IMPLICATIONS:

The Finance and Administration Committee met on July 26, 2021 and recommended to allocate \$3,019,489, which is the 2019 (\$1,078,000) and 2020 (\$2,076,193) revenues over expenditures, according to the Year-End Revenues Over Expenditures Policy "waterfall". Attached is how the \$3,019,489 would be distributed thru the "waterfall" and the cumulative history of distributions through the "waterfall".

The Village Board would need to approve the attached Budget Amendment, in the amount of \$4,529,233.50, in order to redistribute the funding to the Village's accounts/pension funds. Internal fund transfers total \$3,019,489 and are considered expenses for accounting purposes. In addition, \$1,509,744.50 will be recognized as an actual expense when funds are paid out to the pension funds. The detailed distribution is listed in the attachment titled, 2021 Budget Amendments—Line Item Expenditures/Revenues.

Therefore, staff requests that the Village Board approve the attached amendment to Fiscal Year 2021 Budget Ordinance.

Review (as necessary):

Village Attorney X	_____	Date	_____
Finance Director X		Date	8/4/21
Village Manager X	_____	Date	_____

**2019 & 2020 YE Revenues over Expenditures
\$3,019,489
Recommended Distribution thru the Waterfall**

Emergency Reserve Fund \$0

Projected Fund Balance at FYE 21: \$1,833,037

**5% of the current year's
budgeted expenses in the
General fund**



May be used for:

- Unexpected, large-scale events that cost more than \$1M
- When immediate action must be taken for health and safety of residents
- Major flood, earthquake, event requiring significant overtime, etc.

Revenue Stabilization Fund \$0

Projected Fund balance at FYE 21: \$1,283,129

**Equal to 3.5% of the current year's
budgeted expenses in the General
Fund**

**Revenues should be down at least
1.5% compared to prior year
budget to utilize this fund.**



May be used for:

- Temporarily offsetting unanticipated fluctuations in on-going revenues
- Unanticipated events: external mandates, closure of large sales tax generator, reductions in state shared revenues, etc.

This Fund allows the Village to restructure its operations in a deliberate manner to ensure critical Village services. If this reserve is spent down, it will be restored within 3 years.

**Building Reserve Fund
\$1,509,744.50**

Projected Fund balance at FYE 21: \$5,378,834

**Pension Stabilization Fund
\$1,509,744.50**

Fund balance after transfers: \$1,000,000

**Build new,
replace, or
complete a
major
renovation to
an existing
Village owned
building.**

**(50/50)
Building and
Pension funds**



**Distribute \$1,509,745 to pension funds in
2021**

**20% IMRF: \$301,949
40% Police Pension Fund: \$603,898
40% Fire Pension Fund: \$603,898**

**Projected Cumulative transfers to Pension
Funds**

***includes LRP Distributions:**

**IMRF: \$900,709
Police Pension Fund: \$1,801,418
Fire Pension Fund: \$1,801,418**

\$ 3,019,489

	2021 Budget	Needed Reserve	Reserve Beg Balance	Addl Reserve Needed
Emergency (5% of Total unreserved budgeted GF Exp)	5%			
	\$ 36,503,165	\$ 1,825,158.25	\$ 1,833,037.00	\$ (7,878.75)
Revenue Stabilization (3.5% of Total unreserved budgeted GF	3.50%			
	\$ 36,503,165	\$ 1,277,610.78	\$ 1,283,129.00	\$ (5,518.22)
Total*		\$ 3,102,769.03	\$ 3,116,166.00	\$ (13,396.97)
Remaining Balance to distribute between Pension and Building Reserves (*leave excess from above reserves and only spread annual distribution)				\$ 3,019,489.00
Pension (50% Remaining Balance):				\$ 1,509,744.50
Pension Stabilization Fund		\$ 1,000,000.00	\$ 1,000,000.00	\$ -
Balance over \$1M Make Distribution to Pension Funds				\$ 1,509,744.50
<u>Distribution to Pension Funds:</u>				
IMRF: 20%				\$ 301,948.90
Police Pension: 40%				\$ 603,897.80
Fire Pension: 40%				\$ 603,897.80
Building (50% Remaining Balance)				\$ 1,509,744.50

History of Distributions thru Waterfall

<u>Fund</u>	<u>2017 & 2018</u>					<u>Cumulative</u>
	<u>YE 2016</u>	<u>YE 2017</u>	<u>LRP</u>	<u>YE 2018</u>	<u>2019 LRP</u>	<u>YE 2019/2020</u>
	<u>Waterfall</u>	<u>Waterfall</u>	<u>Distribution</u>	<u>Waterfall</u>	<u>Distribution</u>	<u>Waterfall</u>
Emergency	\$ 1,786,727	\$ 46,313	\$ -	\$ -	\$ -	\$ -
Revenue	\$ 1,250,709	\$ 32,419	\$ -	\$ -	\$ -	\$ -
Building	\$ 1,119,423	\$ 920,634	\$ 628,764	\$ 750,000	\$ 574,980	\$ 1,509,745
Pension	\$ 1,119,423	\$ 920,634	\$ 628,764	\$ 750,000	\$ 574,980	\$ 1,509,745
	\$ 5,276,282	\$ 1,920,000	\$ 1,257,528	\$ 1,500,000	\$ 1,149,960	\$ 3,019,489
						\$ 14,123,259

	<u>2017&2018</u>					<u>Total</u>
	<u>YE 2016</u>	<u>YE 2017</u>	<u>LRP</u>	<u>YE 2018</u>	<u>2019 LRP</u>	<u>YE 2019/2020</u>
	<u>Waterfall</u>	<u>Waterfall</u>	<u>Distribution</u>	<u>Waterfall</u>	<u>Distribution</u>	<u>Waterfall</u>
IMRF: 20%	\$ 23,884.53	\$ 184,126.89	\$ 125,752.80	\$ 150,000.00	\$ 114,996.00	\$ 301,948.90
Police Pension: 40%	\$ 47,769.07	\$ 368,253.77	\$ 251,505.60	\$ 300,000.00	\$ 229,992.00	\$ 603,897.80
Fire Pension: 40%	\$ 47,769.07	\$ 368,253.77	\$ 251,505.60	\$ 300,000.00	\$ 229,992.00	\$ 603,897.80
						\$ 1,801,418.24
						\$ 4,503,545.59

ORDINANCE _____

AN ORDINANCE AMENDING BUDGET ORDINANCE

WHEREAS, the Corporate Authorities of the Village of Lombard have passed budget adoption Ordinance #7889 on November 19, 2020 in the amount of \$89,589,232; and

WHEREAS, Section 8-2-9.6 of the Budget Act allows for the amendment of the annual budget; and

WHEREAS, the Corporate Authorities find that an amendment to the annual budget ordinance is necessary at this time to more accurately reflect the experience of the FY 2021 fiscal year.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS, as follows:

Section 1: That in order to more accurately reflect the experience of the current fiscal year, certain budget amendments are necessary from time to time as per the attached.

Section 2: That these amendments should reflect the actual expenses for the fiscal year and will increase the total amount of the budget by \$4,529,233.50.

Section 3: That the following amendments be made to the various departments and divisions line item expenditures: (See attached)

Section 4: Additional funds are available to effectuate this revision.

Section 5: That this ordinance shall be in full force and effect after the passage and publication pursuant to the laws of the State of Illinois and the Village of Lombard.

Passed on first reading this ____ day of _____, 2021.

First reading waived by action of the Board of Trustees this ____ day of _____, 2021.

ORDINANCE _____
AN ORDINANCE AMENDING BUDGET ORDINANCE
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Passed on second reading this ____ day of _____, 2021.

Ayes: _____

Nays: _____

Absent: _____

Approved this ____ day of _____, 2021.

Keith T. Giagnorio
Village President

ATTEST:

Elizabeth Brezinski
Village Clerk

APPROVED AS TO FORM:

Thomas P. Bayer
Village Attorney

2021 Budget Amendments--Line Item Expenditures/Revenues		Expense	Revenue
1	Transfer from General Fund to Building Fund		
	101.120.510.81094	\$ 1,509,744.50	
	432.61910		\$ 1,509,744.50
2	Transfer from General Fund to Pension Stabilization		
	101.120.510.81095	\$ 1,509,744.50	
	279.61910		\$ 1,509,744.50
3	AP Distribution from Pension Stabilization to Pension Funds		
	279.120.490.71440 (IMRF)	\$ 301,948.90	
	279.120.490.76050 (Police Pension)	\$ 603,897.80	
	279.120.490.76052 (Fire Pension)	\$ 603,897.80	
		<u>\$ 1,509,744.50</u>	
		\$ 4,529,233.50	