

## TWO COMMENTS REGARDING THE TENTATIVE BUDGET

According to the tentative general fund budget, the total operating revenue is \$61.1 million. This includes a \$1.6 million increase in the property tax levy. So, without the tax increase, the amount of spending that could have been afforded out operating revenue is  $\$61.1 - \$1.6 = \$59.5$  million.

Yet, the actual planned spending, both as part of the budget and from other sources, is \$69.6 million, which is \$10.1 million higher. (This does not include \$15.2 for renovation of the pool complex, which I discuss further below.)

The sources of the \$10.1 increase in funding are summarized as follows

<b>Paid for by Current Revs</b>	<b>59,496,710</b>
Tax Increase	1,595,000
Fund Balances (General & Library)	2,170,000
Parkland Trust	450,000
American Rescue Plan Act (ARPA)	1,836,183
Borrowing o/t Pool	4,025,714
<b>Total Spending</b>	<b>69,573,607</b>

### Concerns Regarding the Sources of Funding

Even without challenging the overall decision to spend more, I do not agree with the decisions as to the sources of that funding.

- Obviously, the easiest decision is to use the \$1.8 million ARPA money.
- The Fund Balances and Parkland Trust are basically piggy banks – accumulations from prior years that can be drawn down. Even more could have been drawn from these sources.
  - The budget leaves the unassigned fund balance at 21.5% of expenses. Previous discussion indicated an unassigned fund balance target of 17.5% of expenses, which would be sufficient to meet rating agency expectations and overall fiscal prudence concerns. An additional \$2.5 million can be sourced from fund balance if the unassigned is brought down to 17.5%
  - The Parkland Trust is a separate fund, sourced by certain payments made by developers. My understanding is that its use is restricted to parks and recreation type purposes. My understanding is that the balance is about \$925,000, so the planned \$235,000 for the library pond could also have been sourced from Parkland, making the total \$685,000.
  - Overall, we could have used another \$2.7 million from these piggy banks.

- The one-time availability of ARPA and the accumulated piggy banks raises the question, “Why not share the windfall with the taxpayers?” It was possible to fund the desired \$10.1 million increase in spending without any tax increase.
- To answer my own question, I would say that the anticipated borrowing is even less desirable than a tax increase. The anticipated \$4.0 million in borrowing for things like vehicle purchases is way in excess of similar borrowing in recent years. The principal and interest repayment will add to mandatory expenses in future years.

So, even if the Village wants to spend \$69.6 million, why not do something more like the following? The tax increase is only 2.0% and the borrowing is reduced by half.

<b>Paid for by Current Revs</b>	<b>59,496,710</b>
Tax Increase	861,200
Fund Balances (General & Library)	4,670,982
Parkland Trust	685,000
American Rescue Plan Act (ARPA)	1,836,183
Borrowing o/t Pool	2,023,532
<b>Total Spending</b>	<b>69,573,607</b>

### Concerns Regarding Pool Complex and Village Center

The tentative budget anticipates borrowing \$15.2 million for the Pool Complex in 2022/23 and another \$7.0 million for Village Center improvements in 2023/24. While these plans are preliminary, I am sure I am not the only one who is troubled that these two items, alone, will approximately double the general fund debt and resulting debt service cost.

I could support the Pool Complex borrowing if it can be confirmed that the debt service and the pool operating expenses will all be paid out of pool memberships or otherwise by pool users. Based on my understanding we do not have that assurance.

I agree with suggestions that the pool warrants more thinking outside the box. One suggestion I have heard is to build a year-round (indoor and outdoor) pool facility that could also be used and partially funded by the school district.

Regarding the Village Center, I question this bonding when even the current budget does not address multiple overdue infrastructure improvements, such as at Village Hall, the Crossway Fire Station and Freightway.

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