

# Memorandum

To: Department Directors and Finance Contacts  
CC: Gavin Morgan  
From: Lee Howard, Finance Director  
Re: **FY 2021 Budget**  
Date: January 22, 2020

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The final Township budget is expected to be approved April 28, 2020 so that the 2021 Budget will more closely coincide with the Township's 2021 Fiscal Year (April 1, 2020-March 31, 2021). This memo contains information about the FY 20 budget process including budget assumptions and a calendar of important dates for department budget presentations to the Township Board.

Similar to past years, departments will present FY20 outcomes as well as goals and initiatives for FY21 to the Township Board. Presentations should include any significant proposed shifts in resources in addition to any major new initiatives and costs proposed in the department's budget request. **An Executive Summary for the board summarizing the presentation is also requested.** The Board does want to see outcome measures emphasized in the budget document.

Nick and I will create the FY 21 salary and fringe line items budget and send to you for your review and input shortly. Departments are responsible for providing any additional information needed for the personnel budget and for preparing the non-personnel line items budget.

***If there are any major format changes to the budget such as combining of programs, new programs, or proposed new accounts, please let Gavin know ASAP.***

## **BUDGET ASSUMPTIONS**

I will factor these assumptions into both the property tax revenues and personnel expenditures budgets (salary and fringe). Assumptions are provided here for staff evaluation purposes and general knowledge.

### **Property Tax Levy Increase**

The Township Board, at its 12/09/19 meeting approved a 5.1% property tax levy increase applicable to the FY 21 budget. This aggregate amount includes a 1.9% increase per the Consumer Price Index (CPI) for December 2018 to December 2019, as well as 0.5% to account for new growth in Oak Park and another 2.7% to capture new value from the expired TIF Districts. Funds from the expired TIF Districts will replace annual distributions the Township had received while the TIF Districts were in effect. Finance will provide tax revenue estimates.

### **Department-specific Revenue Changes**

Please begin to review your departmental revenues for the FY 2020 budget. If there are any significant changes, please contact me. **Revenue projections for the 2021 budget will be due by February 10, 2020.**

### **Estimates through March 31, 2020**

Please complete the column for Estimated Actuals through March 31, 2020 for both revenues and expenditures. Please give a brief explanation as to how you arrived at those numbers and what method you used.

You should have actual numbers through the end of December 2019, which concluded the ninth month of fiscal year 2020. We will continue to update these monthly. As a reminder, 10% (1 of the 10 days in the pay period are in March) of the payroll paid on April 3, 2020 will be allocated to FY 2020, as well.

**Wage Increases**

For budgetary purposes please use an average wage increase for FY 21 of 3.0%. The overall average for each department should not exceed a dollar amount based on 3.0% above actual current salary costs. For example, if a department’s total personnel salary costs this year were \$100,000, then the most that a department’s salary cost increase would be for next year is \$103,000.

*Please contact Gavin if there are any personnel changes planned for the rest of this FY 20 (e.g., increases or decreases in positions or proposed wage increases beyond those already approved).*

**Health Insurance**

Actual rate increases will not be known until late March or early April. Please estimate that health Insurance premiums will increase by 6.00%.

**IMRF Pension**

The IMRF employer rate increased from 6.52% to 7.55% effective 1/1/20, which is a 16% increase.

**Non-personnel**

Total non-personnel budget increase should be at 1% or less (from the FY 20 budget amount).

Please contact Gavin if there are new initiatives planned that are projected to result in major non-personnel increases above 1% or if there are any major line items or programs that will be eliminated for FY 21.

Please do not budget for any line item for less than \$500, except for Audit, Liability and Workers Compensation Insurance. Any line item in the budget that would have a dollar amount under \$500 should be assigned to a Miscellaneous Expenditure Line item, which will be XXX6300 in each department/cost center. Youth Services should consider Account XXX7790 for new program development.

**Calendar - Budget Presentations and Board Approval** (subject to change)

<b>Milestone</b>	<b>Date</b>
Budget spreadsheet with personnel and fringe information populated sent to departments (from Finance)	January 22, 2020
Due date for department expenditure budgets (submit to Gavin Morgan)	February 10, 2020
General Government Budget	Board Meeting: February 25, 2020
Youth Services Budget General Assistance	Board Meeting: March 10, 2020
Senior Services Budget	Board Meeting: March 24, 2020
Community Mental Health Board Meeting	February 18, 2020
Community Mental Health Board Budget Capital Outlay Budget	Board Meeting: March 17, 2020
Preliminary Budget Approved	Board Meeting: April 14, 2020
Final Budget Approved	Board Meeting: April 28, 2020

**Please begin to put together the budget narratives for FY 2021 along with your budget numbers. Gavin will work with you regarding updating your performance measures and statistics. Please contact Nick or Lee with your questions.**

DRAFT