


To: President and Members of the Munster Town Council

From: David F. Shafer, IAMC, MMC, CMO 
Clerk-Treasurer

Copy to: Patricia L. Abbott, IAMC, MMC, Controller
Dustin Anderson, Town Manager

Date: September 16, 2019

Re: Ordinance 1776, 2020 Budget

Tonight, you will conduct the public hearing and have first reading on the ordinance for the 2020 budget. Because the Town faces the full impact of the circuit breakers beginning in 2020, Staff has taken a different approach from previous years in formulating the budget.

The actual circuit breaker impact is unknown until next year. The Department of Local Government Finance ("DLGF") is required to provide certain revenue estimates as well as circuit breaker estimates. Financial advisor Baker Tilly provided a revised estimate of \$1.8 million. Because Baker Tilly has a more conservative number, this is the amount used for budgeting purposes. In order to close the estimated circuit breaker deficit, the following measures will be taken.

1. Wages and salaries will be frozen at 2019 levels for all employees with no merit increases.
2. Surplus bond proceeds will be used to offset debt service payments which has the effect of reducing the tax levy needed for those funds and allowing the levy to be used in other controlled funds.
3. Reduced bond issues in 2018 and 2019 will result in lower debt service payments, effectively lowering the tax levy needed in those funds and allowing its use in other controlled funds.
4. Home-rule funds will be used to supplement controlled funds. This includes the Municipal Surtax and Wheel Tax Funds for expenditures otherwise taken from the MVH Fund. The LIT-Public Safety Fund will be used for police expenditures that would otherwise come from the General Fund. Other home-rule funds may be used in the same way based on the final certified budget.
5. Home-rule funds are seeking appropriations higher than in previous years using a portion of reserves built up over time. At the same time, reserves are being retained in these funds for future years. This allows the greatest flexibility for the Town. No home-rule fund is seeking appropriations at or beyond the reserves available.
6. Department Heads were given budget worksheets for supplies and services with a range. The maximum is the lesser of the 2018 actual spent or the 2019 budget and the minimum is 20% less than the maximum.

Because the final, certified budget can never be higher than what was advertised, the budget estimates we advertised for 2020 are purposely overstated. The amounts in the ordinance are within the advertised amounts. Because municipalities are required to include the estimated impact of circuit breakers in the budget, the advertised levy amounts are quite large and give the false appearance of drastic increases. This is a function of the Gateway program. As the DLGF processes the budget, the adopted amounts will be reduced. There will not be levy increases beyond statutory limits. It serves our citizens no useful purpose to underestimate a budget and risk curtailment of essential services. The Town Council is ultimately responsible for finding that balance between providing adequate service and not exceeding statutory spending limits.

Ordinance 1776 has been drafted to match the submittal that will be made through Gateway after budget adoption.

RECOMMENDED ACTION:

Conduct a public hearing on the proposed 2020 budget. Later, by motion and voice vote, hear the proposed Ordinance 1776 on first reading and set October 7, 2019, for second reading and adoption.