

VILLAGE OF ATTICA FIVE YEAR FINANCIAL PLAN

With these difficult economic times, comes a need to look further than one year into the future for a long-range financial plan. Typically a one year forecast is completed by July prior to the start of our fiscal year January to December of any given year. As of May 2011, a five-year plan was developed for the Village to use as a tool in preparing future appropriations. It begins with 2012 and runs through 2016.

Revenue and expense forecasting is a guesstimate of how much and what types of income we will receive in various funds. It allows projection of voted levies to cover expected expenses for our Parks & Receptions Fund and the Police Fund. The plan can incorporate a time-line of equipment replacements, improvements to Village property, or trends in inflation to give us a better understanding of our overall financial picture, to try to reign in areas if trouble is foreseen. We are in troubled times now and will not be improving in the near future. Our community is not the only one with declining budgets.

With the State enacted budget cuts of our local government funding, Personal Property Taxes, Excess Kilowatt & Public Utility revenue for 2011-2013, we needed to make some changes in how we operate as a local governmental entity for our residents. These cuts may considerably hinder the services that we can offer now, and in the years to come. Tough and unpopular decisions will have to be made. Council has made cuts in 2010 and 2011 to offset these cuts and the decline in overall revenue because of economic downturns. I will summarize those cuts in another article later on.

When projecting expenses, it becomes more difficult as inflation is on the rise, utility rates have increased on an average of 15% yearly, and health care reform is causing insurance premiums to rise to 33% this year as compared to 17% in 2010. Wages and fringes have not been increased in the five year plan as we are struggling to meet operational expenses in all funds. We have laid an employee off because of shortages.

When we set our appropriations for 2011, all funds are to operate on the revenue they generate for the year, and not dip into the December 31, 2010 carry-over balances. These balances are to be used only as a last resort. The Police department fund will be using all of their carry-over funds to meet their budget, along with cuts made to every line item within its fund for 2011. Over the next five years, some of these carry-over \$ will be depleted. Even with drastic cuts, General Fund will be out of money by 2014. It would have been in the red by 2012 if the transfers to Police and Parks & Rec. funds continued as they have in the past. Council is trying to make ends meet by first making cuts and showing you that we can live within our means. Projections indicated that at some point, cuts won't be enough, that revenues must increase in certain funds.