



Village of Lincolnwood Finance Committee

Meeting
Tuesday, August 23, 2022
5:00 PM

in the
Village Board Council Chambers
Lincolnwood Village Hall
6900 Lincoln Avenue

Meeting Agenda

1. Call to Order Quorum Declaration
2. Minutes Approval
 - a. *in the October 17, 2022 meeting to be distributed*
3. Fiscal Year 2023 Financial Update
4. Property Tax Levy Discussion
5. Intergovernmental Risk Management Agency Excess Surplus
6. Other Business
7. Public Forum
8. Adjournment

Date Posted: August 19, 2022



MEMORANDUM

TO: Finance Committee
Anne Marie Gaura, Village Manager

FROM: Denise Joseph, Director of Finance/Treasurer

DATE: August 19, 2022

SUBJECT: Finance Committee Meeting

Discussion

Periodically, staff seeks guidance from the Finance Committee on any items that may have a significant impact on the Village's budget. Staff has compiled discussion points for the August 23, 2022 Finance Committee meeting and they are listed in the order that they appear on the agenda.

Fiscal Year 2023 Financial Update

Included in your packet is a summary of the General and Water Funds for Fiscal Year 2023 as of July 31, 2022, which represents 25% of the year. This report represents unaudited numbers Revenue sources outperformed actual receipts from this month in 2021 includes: Municipal Sales Taxes, Food and Beverage Tax, Income Taxes and Personal Property Replacement Taxes. Expenditures are performing as expected.

Changes in revenue and expenditures will continue to be tracked to ensure that the Village Board and staff are able to react appropriately to any decline in funding levels. In the coming months, staff will identify a few budgeted projects that could be delayed or deferred if operating funds are not available due to the delay in the second installment of property taxes.

The summary below highlights revenues and expenses in the Village's main operating funds, most notably the General Fund.

Revenues

Revenues in the General Fund are \$500,992 more than prior year-to-date with 23% of annual budget received.

Property Taxes - Higher than prior year-to-date by \$93,152

As mentioned in previous communications, Cook County has announced that the second installment of Cook County property tax bills will not be issued until December, causing a four-month delay in property tax distributions. However, it has been communicated that the bills will be sent out and due prior to yearend. Staff will continue to monitor this situation and will report as additional information is received.

State and Home Rule Sales Tax - Higher than prior year-to-date by \$431,419

As a reminder, sales taxes are received on a three-month lag from the time a sale occurs. July receipts for sales tax represent April sales. The strength of Lincolnwood’s local economy is reflected in the consistent growth in sales tax receipts. The Village is also benefiting from the change in sales tax revenue allocation made by the State in 2021, which captures additional online sales activity.

Food and Beverage Tax - Higher than prior year-to-date by \$176,066

This tax is levied on the purchase of prepared food for immediate consumption and the sale of liquor either for consumption on premises or packaged. In Fiscal Year 2022, the tax assessed was increased from 1% to 2%. The favorable performance in this revenue source highlights the stability of the local economy, especially restaurants and caterers.

Income Tax - Higher than prior year-to-date by \$200,322

This tax is collected by the Illinois Department of Revenue and a portion is shared with municipalities through the Local Government Distributive Fund (LGDF) based on its proportion of the total state population. Higher than anticipated corporate profits along with increased taxes from higher wages and salaries continue to drive an increase in this revenue source.

Personal Property Replacement Tax (PPRT) - Higher than prior year-to-date by \$92,579

The State’s Fiscal Year 2023 PPRT allocations are estimated at \$4.320 billion. This is an increase of 7.5% from Fiscal Year 2022 PPRT allocations that totaled \$4.018 billion. Lincolnwood’s estimated allocation for Fiscal Year 2023 (July 1, 2022 through June 30, 2023) is \$473,786, which is \$33,095 higher than last year.

Expenditures

Expenditures in the General Fund are approximately \$314,010 more than prior year-to-date mainly due to several vacant positions last year, overtime increase in the Public Works Department related to prepping the pool for the summer months and an increase in overtime in several departments for Lincolnwood Fest.

In the first quarter of the fiscal year, expenditures are performing as expected at 21% with revenues at 23% of annual budget achieved. As of July 31, 2022, the Finance Department staff has no concerns regarding actual expenditures across all funds.

Property Tax Levy

Property Taxes are received in two installments. The first installment is received in March and the second installment in August. Each year, staff prepares an estimate of the proposed annual property tax levy for the Village Board’s consideration and approval. A public hearing will be held for the 2022 tax levy at the December 6, 2022 Village Board meeting.

In accordance with the Village's financial policies, annual change in the United States Consumer Price Index (CPI-U) is used to project the annual allowable increase for the levy. The Illinois Tax Extension Division has indicated that the CPI change for 2022 extensions (property taxes payable in 2023) for Tax Districts subject to PTELL is 5.0%. The CPI is measured from December 2020 to December 2021. The U.S. City Average CPI for December 2020 was 260.474 and 278.802 for December 2021. The CPI change is calculated by subtracting the 2020 CPI from the 2021 CPI. The amount is then divided by the 2020 CPI which results in 7.0% CPI. $(278.802 - 260.474) / 260.474 = 7.0\%$. The Statute indicates the lesser of 5% or the actual percentage increase, in this case 5% is the lesser amount.

At the November 15, 2021 Finance Committee meeting, the committee indicated that the Village's PTELL policy had served the Village well, however a larger conversation was needed prior to the December 2022 Tax Levy year.

Based on the recent information received from the Illinois Tax Extension Division, staff is seeking direction from the Finance Committee on how to proceed:

1. Provide an in-depth analysis on the history of the Village's Property Tax Levy and a recommendation for Finance Committee's review and discussion; or
2. In accordance with the Village's financial policies, continue to levy at the maximum allowed under PTELL.

Intergovernmental Risk Management Agency (IRMA) Excess Surplus

The Village is a member of a risk management pool, the Intergovernmental Risk Management Agency (IRMA). The Village purchases its general liability and workers' compensation insurance coverage through IRMA, and IRMA provides all claim management services.

Each year IRMA evaluates resources on hand for operations and services. In years where a determination is made that there is an excess beyond need, a member can credit their annual contribution or leave the reserve on hand with IRMA.

Since Fiscal Year 2020, the amount on account with IRMA has grown from \$1,352,696 to \$1,816,502 at the end of Fiscal Year 2022 (total in all funds). In recent years IRMA has modified its excess surplus policy to allow communities to use their accumulated excess surplus as the member community sees fit. The amounts in excess surplus at IRMA earn interest based on IRMA's investments, which allow greater latitude than statutory limits placed upon on the Village.

Policy Considerations:

1. The Village may wish to consider a dollar or percentage cap on accumulated resources in aggregate. Such as, establishing a minimum cumulative (all funds) threshold of \$500,000 in the fund.
2. The Village may wish to consider guidelines or policies related to the use of IRMA excess surplus, such as types of projects for which the Village may draw down IRMA excess surplus. ***Staff's recommendation would be to utilize the excess funds for safety related projects, such as investing in the upgrade of the EEOC/Training room.***
3. If the Village were to receive a large, unexpected increase to our annual IRMA contribution, the Village could use available excess surplus to offset the cost of the increase (which has been done historically).

If there is an interest in utilizing these funds, staff will return at a future Finance Committee with a policy and an analysis on how other IRMA member communities are using their excess reserve funds.

Direction Requested

Staff will present these items and solicit Committee's feedback on August 23.

Attachments:

1. Quarterly Financial Reports



VILLAGE OF LINCOLNWOOD

QUARTERLY FINANCIAL REPORT

Fiscal Year 2023

GENERAL FUND

	FY 2022			FY 2023		
	Prior Year	Budget	% of Annual Budget Achieved	Current Year	Budget	% of Annual Budget Achieved
	Year-to-Date ⁽¹⁾			Actual		
REVENUES						
Taxes	3,553,767	17,337,463	20.5%	4,300,766	20,136,654	21.4%
Charges for Service	80,123	416,300	19.2%	135,515	532,000	25.5%
Permits	73,699	1,341,000	5.5%	156,941	638,500	24.6%
Licenses	426,817	522,018	81.8%	436,447	513,775	84.9%
Fees	196,272	576,892	34.0%	282,663	954,100	29.6%
Fines	43,334	185,400	23.4%	75,380	109,200	69.0%
Interest on Investments	1,246	21,000	5.9%	12,171	20,000	60.9%
Other Revenue	34,876	961,622	3.6%	80,365	394,512	20.4%
Parks Program Revenue	636,281	876,770	72.6%	327,160	1,695,770	19.3%
Transfers In	260,000	260,000	100.0%	-	260,000	0.0%
Total General Fund Revenues	\$ 5,306,416	\$ 22,498,465	23.6%	\$ 5,807,408	\$ 25,254,511	23.0%

	FY 2022			FY 2023		
	Prior Year	Budget	% of Annual Budget Achieved	Current Year	Budget	% of Annual Budget Achieved
	Year-to-Date ⁽¹⁾			Actual		
EXPENDITURES						
Payroll - Salaries & Wages	2,192,709	7,889,697	27.8%	2,446,993	9,016,802	27.1%
Payroll - Fringe Benefits	614,380	4,846,244	12.7%	856,452	4,949,446	17.3%
Payroll - Overtime	60,723	468,777	13.0%	98,042	392,100	25.0%
Operating Expenditures	1,941,312	9,381,571	20.7%	1,797,315	9,902,176	18.2%
Parks Program Expense	185,333	467,725	39.6%	135,333	657,911	20.6%
Capital Expenditures	162,048	1,840,904	8.8%	136,380	1,136,902	12.0%
Transfers Out	-	-	N/A	-	-	N/A
Total General Fund Expend.	\$ 5,156,505	\$ 24,894,918	20.7%	\$ 5,470,515	\$ 26,055,337	21.0%

WATER FUND

	FY 2022			FY 2023		
	Prior Year	Budget	% of Annual Budget Achieved	Current Year	Budget	% of Annual Budget Achieved
	Year-to-Date ⁽¹⁾			Actual		
REVENUES						
Charges for Service	1,145,258	4,896,000	23.4%	1,165,513	4,847,084	24.0%
Fees	3,840	4,000	96.0%	1,360	8,000	17.0%
Fines	4,855	-	N/A	16,186	40,200	40.3%
Interest on Investments	136	-	N/A	46	450	10.3%
Other Revenue	10,000	-	N/A	10,000	10,000	100.0%
Transfers In	-	-	N/A	-	-	N/A
Total Water Fund Revenues	\$ 1,164,088	\$ 4,900,000	23.8%	\$ 1,193,106	\$ 4,905,734	24.3%

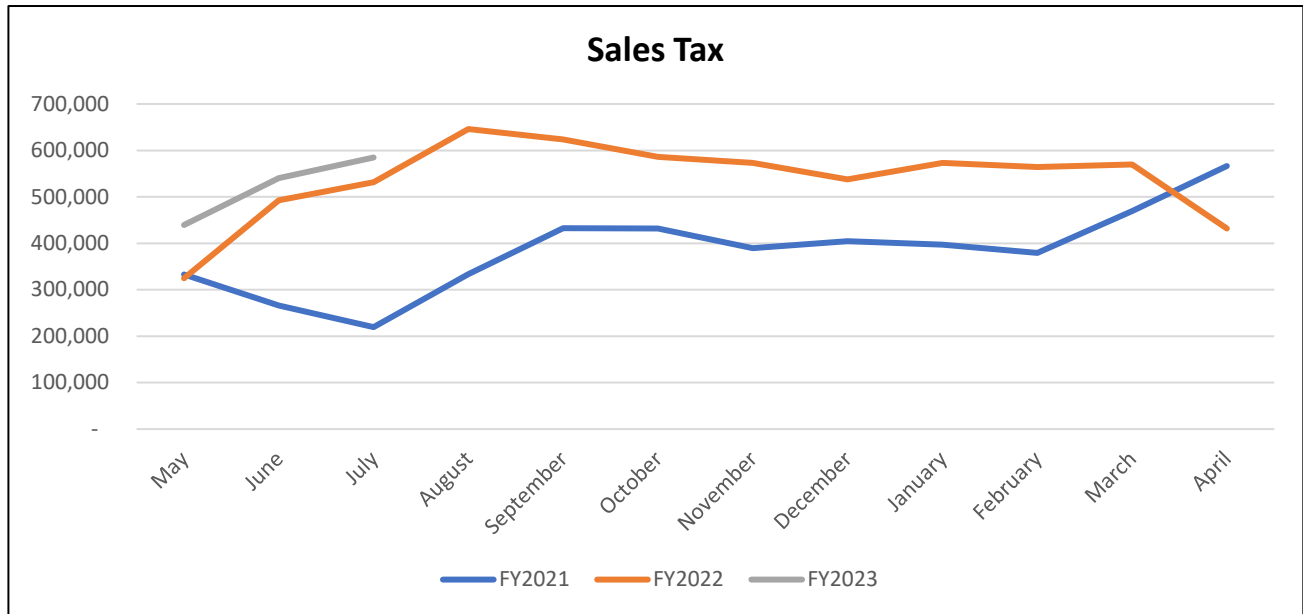
	FY 2022			FY 2023		
	Prior Year	Budget	% of Annual Budget Achieved	Current Year	Budget	% of Annual Budget Achieved
	Year-to-Date ⁽¹⁾			Actual		
EXPENDITURES						
Payroll - Salaries & Wages	128,399	551,715	23.3%	121,335	579,538	20.9%
Payroll - Fringe Benefits	48,487	255,166	19.0%	61,491	245,607	25.0%
Payroll - Overtime	4,203	40,261	10.4%	7,500	35,500	21.1%
Operating Expenditures	180,838	1,952,839	9.3%	240,915	2,096,207	11.5%
Capital Project Expenditures	(30,040)	2,834,000	-1.1%	26,094	143,400	18.2%
Debt Service Payment	190,078	380,156	50.0%	130,527	510,345	25.6%
Transfers Out	-	200,000	0.0%	-	200,000	N/A
Total Water Fund Expend.	\$ 521,966	\$ 6,214,137	8.4%	\$ 587,862	\$ 3,810,598	15.4%



VILLAGE OF LINCOLNWOOD

SALES TAX DISBURSEMENT

Fiscal Year 2023



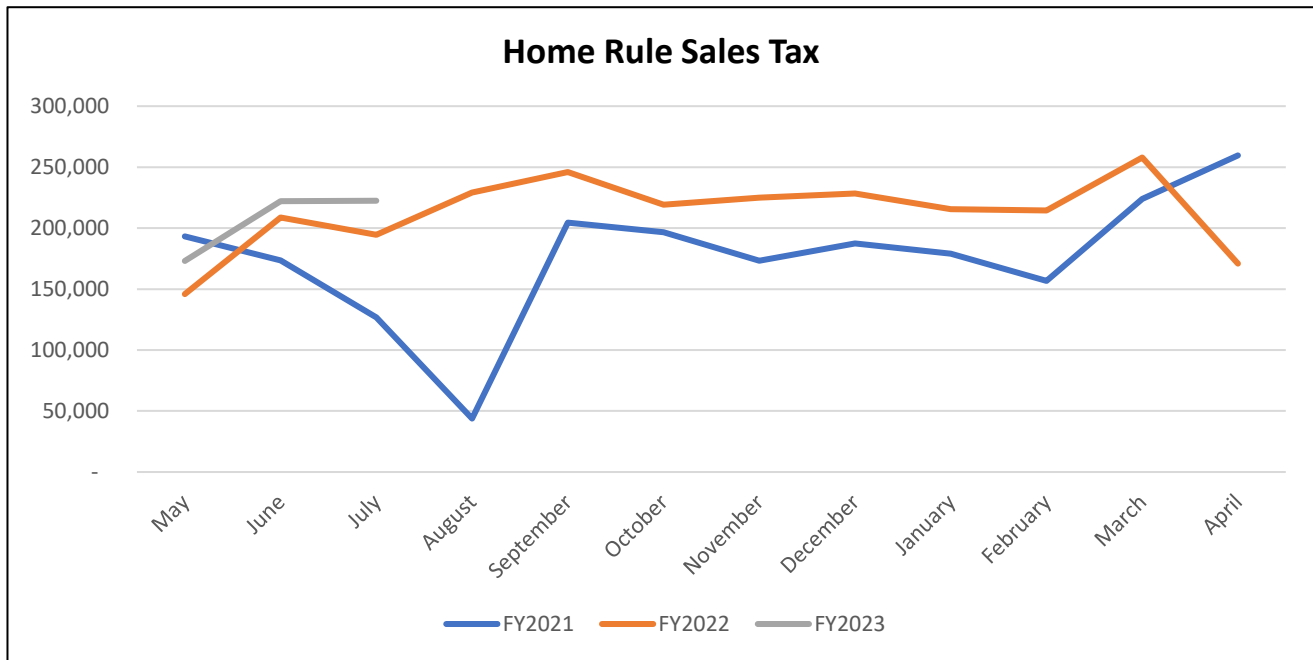
	Historical			Current Year Actual	
	FY2021	FY2022	% Change	FY2023	% Change
May	333,171	324,762	-2.5%	439,439	35.3%
June	266,413	492,874	85.0%	540,063	9.6%
July	219,562	531,519	142.1%	584,760	10.0%
August	333,717	646,025	93.6%		
September	432,775	623,709	44.1%		
October	431,591	586,062	35.8%		
November	389,462	573,260	47.2%		
December	404,284	537,859	33.0%		
January	397,171	573,014	44.3%		
February	379,096	563,956	48.8%		
March	469,477	569,727	21.4%		
April	566,422	432,155	-23.7%		
Total	\$ 4,623,141	\$ 6,454,921	39.6%	\$ 1,564,261	
YTD	\$ 819,146	\$ 1,349,154	64.7%	\$ 1,564,261	15.9%



VILLAGE OF LINCOLNWOOD

HOME RULE SALES TAX

Fiscal Year 2023



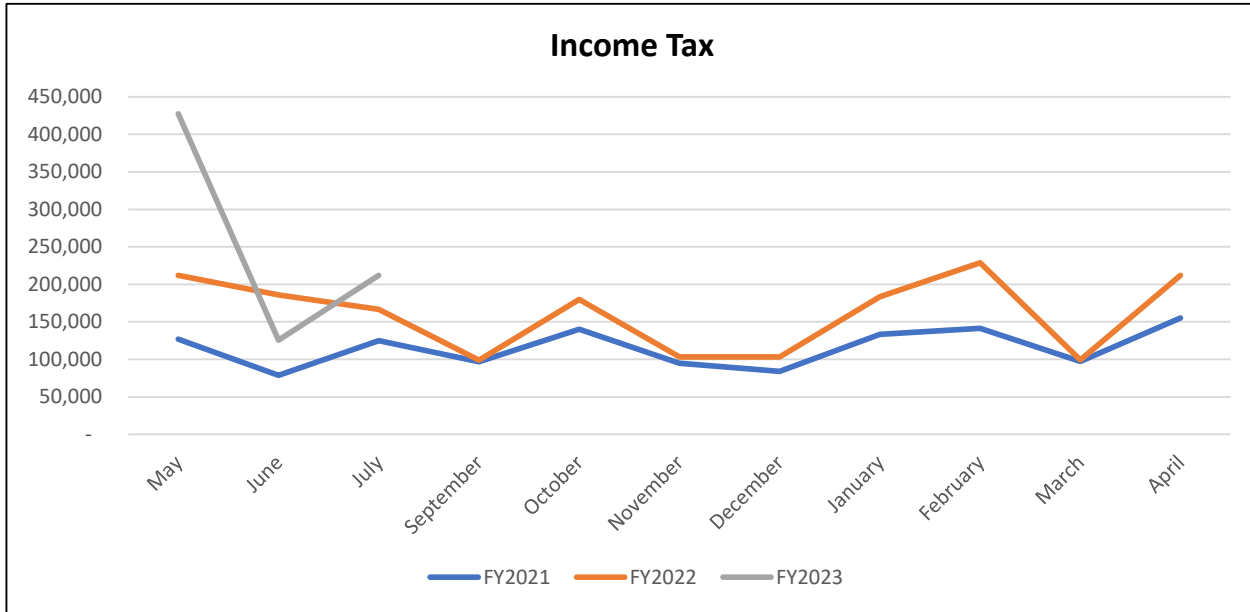
	Historical			Current Year Actual	
	FY2021	FY2022	% Change	FY2023	% Change
May	193,250	145,879	-24.5%	173,066	18.6%
June	173,388	208,805	20.4%	221,954	6.3%
July	126,660	194,586	53.6%	222,439	14.3%
August	43,822	229,099	422.8%		
September	204,551	245,948	20.2%		
October	196,505	219,178	11.5%		
November	173,264	224,913	29.8%		
December	187,468	228,390	21.8%		
January	179,001	215,449	20.4%		
February	156,809	214,495	36.8%		
March	223,882	257,878	15.2%		
April	259,607	170,888	-34.2%		
Total	\$ 2,118,206	\$ 2,555,508	20.6%	\$ 617,459	
YTD	\$ 493,298	\$ 549,270	11.3%	\$ 617,459	12.4%



VILLAGE OF LINCOLNWOOD

INCOME TAX DISBURSEMENT

Fiscal Year 2023



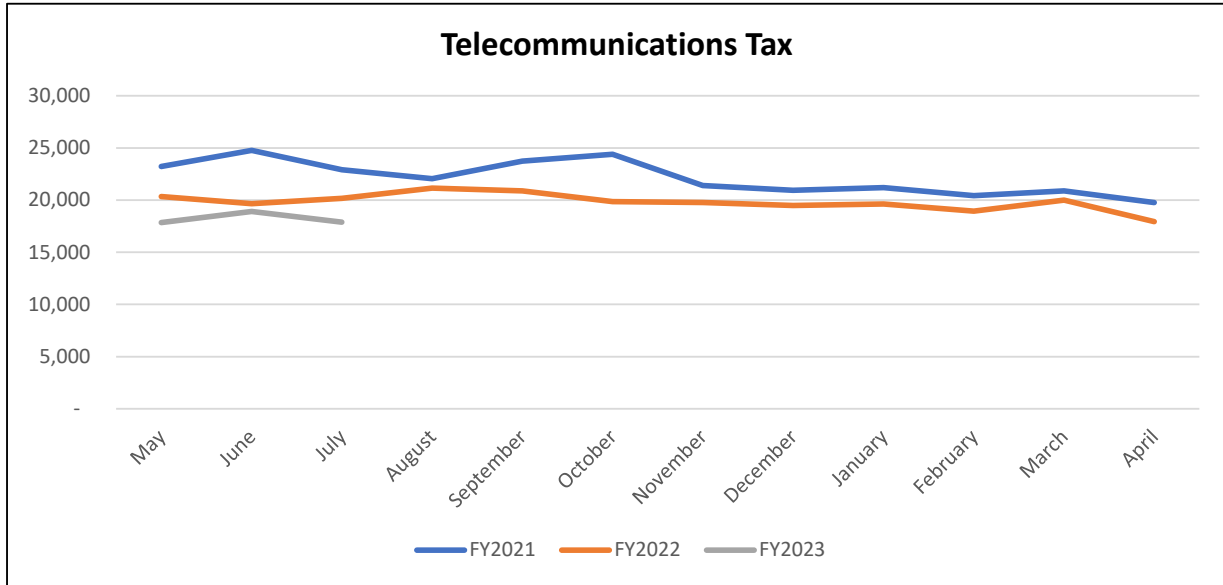
	Historical			Current Year Actual	
	FY2021	FY2022	% Change	FY2023	% Change
May	126,933	211,853	66.9%	427,345	101.7%
June	78,624	185,879	136.4%	125,535	-32.5%
July	124,851	166,751	33.6%	211,925	27.1%
September	96,720	98,882	2.2%		
October	140,059	179,691	28.3%		
November	94,639	103,009	8.8%		
December	83,787	103,028	23.0%		
January	133,490	183,436	37.4%		
February	141,129	228,728	62.1%		
March	97,265	99,140	1.9%		
April	155,089	211,800	36.6%		
Total	\$ 1,272,586	\$ 1,772,198	39.3%	\$ 764,805	
YTD	\$ 330,408	\$ 564,483	70.8%	\$ 764,805	35.5%



VILLAGE OF LINCOLNWOOD

TELECOMMUNICATIONS TAX

Fiscal Year 2023



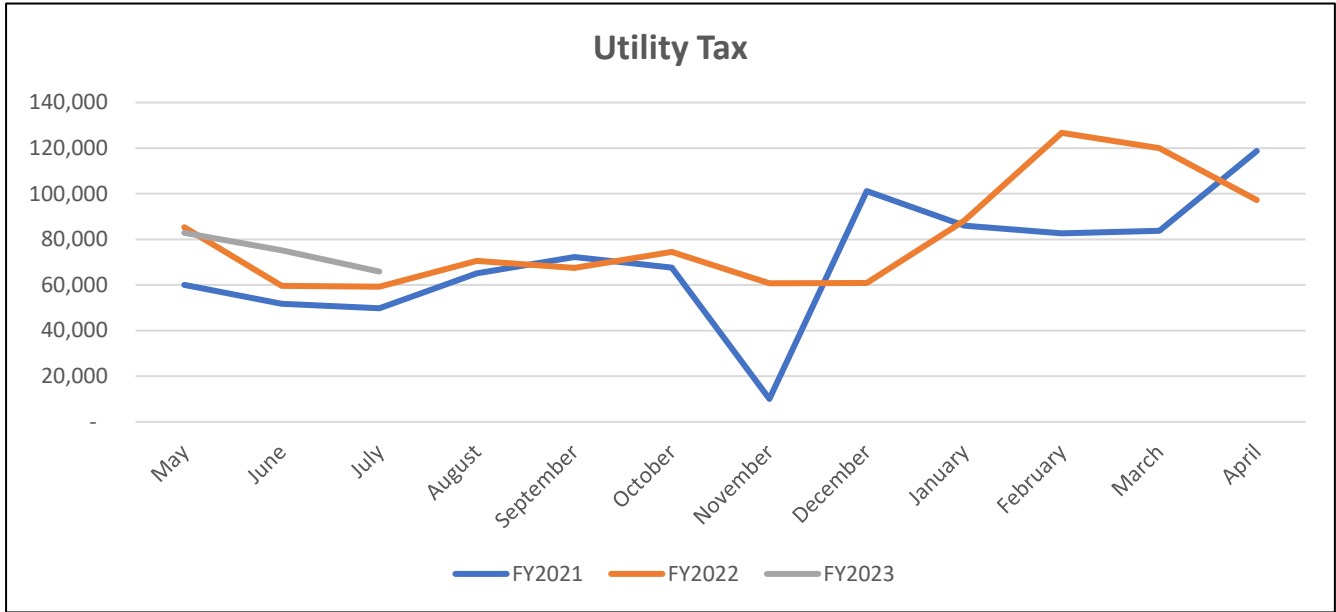
	Historical			Current Year Actual	
	FY2021	FY2022	% Change	FY2023	% Change
May	23,213	20,331	-12.4%	17,847	-12.2%
June	24,765	19,655	-20.6%	18,910	-3.8%
July	22,908	20,159	-12.0%	17,892	-11.2%
August	22,043	21,149	-4.1%		
September	23,742	20,872	-12.1%		
October	24,383	19,850	-18.6%		
November	21,385	19,778	-7.5%		
December	20,927	19,481	-6.9%		
January	21,202	19,639	-7.4%		
February	20,412	18,931	-7.3%		
March	20,890	20,010	-4.2%		
April	19,765	17,938	-9.2%		
Total	\$ 265,636	\$ 237,793	-10.5%	\$ 54,649	
YTD	\$ 70,886	\$ 60,146	-15.2%	\$ 54,649	-9.1%



VILLAGE OF LINCOLNWOOD

UTILITY TAX DISBURSEMENT

Fiscal Year 2023



	Historical			Current Year Actual	
	FY2021	FY2022	% Change	FY2023	% Change
May	60,025	85,361	42.2%	82,869	-2.9%
June	51,768	59,655	15.2%	75,152	26.0%
July	49,840	59,252	18.9%	65,890	11.2%
August	65,036	70,545	8.5%		
September	72,324	67,426	-6.8%		
October	67,631	74,445	10.1%		
November	10,072	60,706	502.7%		
December	101,184	60,842	-39.9%		
January	85,964	88,274	2.7%		
February	82,640	126,696	53.3%		
March	83,739	120,016	43.3%		
April	118,727	97,254	-18.1%		
Total	\$ 848,950	\$ 970,472	14.3%	\$ 223,911	
YTD	\$ 161,633	\$ 204,268	26.4%	\$ 223,911	9.6%