



Village of Lincolnwood Finance Committee

Meeting

Wednesday, September 27, 2023

6:00 PM

in the

**Gerald C. Turry Village Board Room
Lincolnwood Village Hall
6900 Lincoln Avenue**

Amended Agenda September 25, 2023

- 1. Call to Order/Quorum Declaration**
- 2. Minutes Approval**
 - a. Minutes of the October 12, 2022 Meeting (To Be Distributed)
 - b. Minutes of February 6, 2023 meeting
- 3. Stub Year 2023 Financial Update**
- 4. Property Tax Levy**
- 5. Intergovernmental Risk Management Agency Excess Surplus**
- 6. Revenue Sources Dedicated to Projects or Operations**
- 7. Other Business**
- 8. Public Forum**
- 9. Adjournment**

Date Posted: September 22, 2023



Finance Committee Meeting Minutes
October 12, 2022
Village Hall Council Chambers
6900 North Lincoln Avenue
Lincolnwood, Illinois 60712

Committee Members Present

Craig Klatzco, Chair
Atour Sargon
Mohammed Saleem

Committee Member Absent

Staff Present

Anne Marie Gaura, Village Manager
Denise Joseph, Finance Director
Charles Meyer, Assistant Village Manager
Nadim Badran, Public Works Director
Karen Hawk, Parks and Recreation Director
Scott Mangum, Community Development Director
Jay Parrott, Police Chief
Barry Liss, Fire Chief
Jake Litz, Management Analyst
Maria Martinez, Assistant to the Finance Director

I. Call to Order/Quorum Declaration

- a. Trustee Klatzco called the Finance Committee to order at 6:01 P.M, Wednesday, October 12, 2022, in the Council Chambers of the Municipal Complex, 6900 North Lincoln Ave, Village of Lincolnwood County of Cook and State of Illinois A quorum was present.

II. Minutes

A motion was made by Trustee Sargon to approve the March 17, 2022 as amended to correct names and titles and August 23, 2022 Finance Committee Meeting Minutes as presented. The motion was seconded by Trustee Saleem. The Minutes were approved via a roll call vote.

Ayes: Trustees Klatzco, Salem and Sargon
Nays: None

The Minutes were approved.

III. Intergovernmental Risk Management Agency Excess Surplus

Finance Director Denise Joseph overviewed the Intergovernmental Risk Management Agency (IRMA) excess surplus and asked for guidance from the Village Board regarding the use of excess fund balance with IRMA. Ms. Joseph explained that as of April 30, 2022, the Village had accumulated \$1,816,502 in reserves with IRMA and shared staff's recommendation to utilize the excess funds for safety related projects.

Discussion ensued.

It was the consensus of the Finance Committee to utilize the IRMA excess fund balance for the purposes of an Emergency Operations Center (\$80,000), Pool Front Desk Enclosure (\$7,000), Community Development Door (\$15,000), and Picnic Tables (\$25,000) and in the future the Village may consider up to \$300,000 in future years for the IRMA excess fund balance.

IV. Other Business

Trustee Klatzco asked if about the request on an upcoming Village Board Agenda for the purchase of a used Fire Engine and pre-purchasing of a new Fire Engine. Chief Liss explained the rationale for pre-purchasing of vehicles and the current need to replace the existing Fire Engine on a more immediate basis. Assistant Village Manager added that the Village builds out a replacement schedule for all vehicles, including the Fire Engine which was already slated to be replaced on the future schedule, but that sometimes due to operational needs or issues that occur with equipment there are instances where replacement needs to be expedited. The discussion included the review of options for the potential use of the American Rescue Plan Act (ARPA) funds and creative financing options for the vehicles. Public Works Director Nadim Badran shared that the Public Works vehicles are well maintained and in the replacement schedule but the direction has routinely been to extend the life of vehicles and there are several vehicles that are beyond their useful life but the Village continues to maintain the vehicles as best as possible.

Discussion ensued.

The Finance Committee asked about the current status of GRI as it was noted that construction appeared to be ongoing for the site and wanted to see when revenues would be realized for that site. Community Development Director Scott Mangum provided a status update regarding the permits issued by GRI and communications with staff to help expedite the process to come online in Lincolnwood.

Discussion ensued.

V. Public Forum

None

VI. Adjournment

At 7:22 P.M. Trustee Klatzco makes a motion, Second by Trustee Sargon to adjourn the Finance committee.

Ayes: Trustees Klatzco, Salem and Sargon
Nays: None

Minutes Recorded by:

Jake Litz
Management Analyst



Finance Committee Meeting Minutes
February 6, 2023
Village Hall Council Chambers
6900 North Lincoln Avenue
Lincolnwood, Illinois 60712

Committee Members Present

Craig Klatzco, Chair
Atour Sargon
Mohammed Saleem

Committee Member Absent

Staff Present

Anne Marie Gaura, Village Manager
Denise Joseph, Finance Director
Charles Meyer, Assistant Village Manager
Nadim Badran, Public Works Director
Karen Hawk, Parks and Recreation Director
Scott Mangum, Community Development Director
Jay Parrott, Police Chief
Barry Liss, Fire Chief
Jake Litz, Management Analyst
Matthew Pasquini, Management Analyst

I. Call to Order/Quorum Declaration

- a. Trustee Klatzco called the Finance Committee to order at 6:34 P.M, Monday, February 6, 2023, in the Council Chambers of the Municipal Complex, 6900 North Lincoln Ave, Village of Lincolnwood County of Cook and State of Illinois A quorum was present.

II. Minutes

Finance Director Denise Joseph stated the October 2022 Finance Committee Meeting minutes will be distributed at a future meeting.

III. Memorandum from Staff

Director Joseph overviewed the agenda for the meeting.

IV. Review of Revenue Sources Dedicated to Projects or Village Operations

Director Joseph presented each revenue source for the Village and stated the use for each one and which fund it gets allocated to. She overviewed the revenues that the Village is not

yet receiving but is projected to within the next two fiscal years. Trustee Sargon requested an updated chart that reflected a dollar amount for each of the stated categories. Village Manager Gaura stated that a financial forecast project was to be undertaken in the near future. Trustee Klatzco requested that the chart include pre- and post-covid figures.

V. Review and Discussion of the Stub Year 2023 Draft Budget

Director Joseph presented an overview of the budget process. She discussed the general fund balance of \$10 million. She stated that several factors led staff to budget conservatively for SY23.

Director Joseph stated that tonight's discussion would only focus on the General Fund. She overviewed several key highlights such as Emergency Operations Center upgrades, Pool Front Desk enclosure, and picnic tables from IRMA excess surplus funding. She discussed proposed personnel additions and cost of living adjustments. Staff also recommended a contingency fund in the amount of \$1.5 million for finance operations in December and January should there be a delay in receiving property tax payments. Several strategic plan initiatives related to the SY23 budget were highlighted by Director Joseph. Various elected official initiatives were highlighted. Trustee Sargon spoke in opposition of funding the Multi-Cultural Task Force.

Director Joseph overviewed the SY23 General Fund revenues, expenditures, and surplus/deficit. A breakdown of operating, capital, and pension obligation expenses was presented.

Assistant Village Manager Charles Meyer overviewed the Village President and Board, Village Clerk, and Village Manager's Office budgets for SY23. Trustee Sargon reiterated that she would like to have a larger discussion regarding the Multi-Cultural Task Force item.

Denise Joseph overviewed the Finance Department budget for SY23. Assistant Manager Meyer overviewed the Legal Division budget for SY23. Community Development Director Scott Mangum presented the Community Development SY23 budget. Director Mangum highlighted the newly proposed position for the department. A discussion on the financial breakdown and benefit of adding this proposed position occurred. Directors Joseph and Mangum stated this breakdown would be available at a future meeting.

Assistant Manager Meyer presented the SY23 Information Technology budget. Several CIP Projects were discussed such as PD Server Maintenance, Replacement of 20 Computers, and Improvements to the AV System.

Public Works Director Nadim Badran overviewed the Engineering budget. The retainer costs and private development reviews were discussed. Discussion occurred on recouping legal fees for projects that are not ultimately developed.

Police Chief Jay Parrot presented the Police Department SY23 budget. He highlighted the addition of one additional proposed officer. Fire Chief Barry Liss overviewed the Fire

Department SY23 budget. A discussion regarding the ongoing replacement of equipment occurred.

Director Badran overviewed the Public Works Administration, Vehicle Maintenance, Building Maintenance, Street Maintenance, and Park Maintenance budgets for SY23. Several CIP items were highlighted and discussed. Discussion concerning the Landscape Architect retainer occurred.

Director Karen Hawk presented the Parks and Recreation Administration, Special Events, Permits, Day Camp Division, Aquatic Division, Community Center Division, and Special Education Division SY23 Budgets. A potential future discussion of passing through credit card fees to the consumer. Director Joseph stated that could be brought back to the Committee of the Whole as a policy discussion.

A discussion concerning the Park and Recreation program software occurred. Director Hawk stated a presentation of the new software would occur at a future Committee of the Whole Meeting. Director Hawk overviewed each revenue source for the Aquatic Center, Summer Camp, Community Center, and Special Events.

VI. Other Business

Director Joseph overviewed the upcoming budget meetings.

VII. Public Forum

None

VIII. Adjournment

At 9:04 P.M. Trustee Sargon makes a motion, Second by Trustee Saleem to adjourn the Finance committee.

Ayes: Trustee Klatzco, Salem and Sargon

Nays: None

Minutes Recorded by:

Jake Litz
Management Analyst



MEMORANDUM

TO: Finance Committee
Anne Marie Gaura, Village Manager

FROM: John Risko, Director of Finance/Treasurer

DATE: September 27, 2023

SUBJECT: Calendar Year 2024 Policy Issues and Informational Items

Discussion

As part of the Calendar Year (CY) 2024 Budget process, staff seeks guidance from the Finance Committee on two revenue policy issues that impact the Village's budget. There are also two informational items providing data on the General Fund and detailed breakdown on certain identified revenue sources. Staff has compiled these discussion points for the September 27, 2023 Finance Committee meeting and they are listed in the order that they appear on the agenda.

Stub Year 2023 Financial Update

Included in your packet is a summary of the General Fund for Stub Year 2023 as of August 31, 2023, which represents 50% of the year. This report represents unaudited numbers. Revenue that outperformed actual receipts for this four-month period in FY 2023 includes: Food and Beverage Tax; Self-Storage Surcharges; Utility Taxes; Permit Fees; and Wireless Alarm Fees. Expenditures are performing as expected.

Changes in revenues 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. 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 on the following page highlights revenues and expenses in the Village's main operating fund, which is the General Fund.

Revenues

When comparing FY 2023 to SY 2023 what needs to be kept in mind is that four months for FY 2023 is 33% of the fiscal year whereas four months in SY 2023 is 50% of the fiscal year. At this point, revenues in the General Fund in SY 2023 are at 30.1%. The most significant reason the revenues are lower than expected relates to property taxes.

Property Taxes - *Less than prior year-to-date by \$226,000*

Property Taxes are budgeted at \$4,343,558 for SY 2023 and the Village have not received any thus far. For the second year in a row, Cook County has announced that the second installment of Cook County property tax bills will not be issued until November and due at the end of November, causing a three-month delay in property tax distributions. 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 \$164,000*

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 \$2,000*

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 - *Less than prior year-to-date by \$62,950*

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.

Personal Property Replacement Tax (PPRT) - *Less than prior year-to-date by \$7,300*

The State's Fiscal Year 2023 (July 1, 2022 – June 30, 2023) PPRT allocations were \$498,080. Lincolnwood's estimated allocation for Fiscal Year 2024 (July 1, 2023 - June 30, 2024) is \$354,821, which is \$143,259 less than last year.

Some other key revenue takeaways include the following. Licenses revenue is lower because of the practice of posting these receipts pre-May 1 to a deferred revenue account. This is also the case with Parks and Recreation Program revenue received before May1 (i.e., pool passes and summer camps). This will all be reclassified during the audit. In addition, Interest on investments will continue to increase as interest rates continue to tick upward over 5%.

Expenditures

As far as expenditures in SY 2023, they are coming in under budget at 35.9% for the first half of the shortened fiscal year.

Payroll is trending at budget and expects to come in under budget at the end of the year as the cost of the seasonal employees is over. The overtime increase in the Public Works Department is related to prepping the pool for the summer months and dealing with pump issues after working hours. This also includes the overtime for Lincolnwood Fest in Police and Public Works.

Payroll Fringe Benefits are down due to staff departures at the department head level as well as in individual departments. As an example, the Finance Department will be coming in under budget in this line item due to several staff transitions.

Direction Requested: This is informational only.

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 2023 tax levy at the December 5, 2023, 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 2023 extensions (property taxes payable in 2024) for Tax Districts subject to PTELL is 5.0%.

Per the Village's financial policy, the property tax levy is the lesser of CPI or 4.9%. The CPI is measured from December 2021 to December 2022. The CPI on December 31, 2022, was 6.5%. In this case the lesser is 4.9% per policy. Therefore, in keeping with the Village's financial policy, staff's recommendation is to levy a 4.9% increase in the property tax levy.

Direction Requested: Recommendation of the Finance Committee to levy a 4.9% increase for the property tax levy.

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.

As of December 27, 2022, the Village's Excess Surplus Credit was \$ \$2,086,120 of which \$351,262 was used to pay the Village's 2023 premium. 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.

During SY 2023, a total of \$127,000 was budgeted from these excess funds to complete the following projects:

Lincolnwood Emergency Operation Center (EOC) - \$80,000

This project was budgeted in SY 2023 but was not able to be completed during the shortened fiscal year due to timing. Specifically, this project has been pushed into FY 2024 due to the number of quotes needed and the time needed to get all the quotes to complete the project. The explanation on the purpose of the EOC is listed below.

The EOC is the centralized location of emergency and non-emergency response and recovery support operations during incidents. While tactical on-scene operations are conducted the EOC supports and helps coordinate operations and any other adjacent incident operations.

Activation of the EOC would be used for an emergency or disaster as well as could be used for Lincolnwood Fest, Turkey Trot and snow operations. The use of the EOC can also be utilized for training of internal staff and external partners when needed. This allows familiarity with its use and operation, in addition to the assistance in using the technology available.

Key Village emergency personnel and senior management are trained in Incident Command and their roles and responsibilities. The EOC serves a critical role in every phase of emergency and on-emergency management, from being the hub for all coordination during an incident to facilitating and directing recover/clean-up.

During the initial assessment of the EOC, staff has identified several necessary components that would provide an effective EOC within the exiting training room in the Fire Department. Those include items such as two-way radio communication with emergency response teams, security cameras, back up electrical generator, etc. The estimate of the EOC upgrade has been revised to \$100,000 for the CY 2024 Budget.

Pool Front Desk Enclosure - \$7,000

The front desk area of the pool houses two Parks and Recreation staff who swipe in pool pass holders and collect entrance fees. The desk area had no barrier protecting staff from the public. A barrier helps to prevent anyone from reaching over the counter to take cash out of the drawer when open. It also provides protection to staff should anyone become violent.

A protective barrier goes around the top portion of the counter with openings for staff to collect money and scan membership. A different door was installed at the front desk in addition to some type of cooling fan or air conditioner. This project was completed in house and was on budget.

Community Development Door - \$15,000

The Community Development Department currently has only one entry/exit door, which is from the publicly accessible Village Hall Lobby. If there were a threat to employees from the Lobby area the only current means of exit would be through narrow casement windows, some of which are not operable due to deterioration. The Building Official has reviewed the placement of the door and does not foresee any building code issues. This project is expected to be completed by the end of SY 2023.

Picnic Tables - \$25,000

Staff recommended the replacement of 25 failing wooden picnic tables which have been deteriorating over the years. The tables were breaking and unsafe. This was completed and the final cost was \$21,685. Continued replacement of deteriorating picnic tables is strongly recommended. This past year, over 50 picnic tables with safety hazards were disposed of from Proesel Park.

In addition, all the small parks have either damaged or are missing tables, which is an additional 20 or so tables. A total of \$50,000 is recommended for picnic table replacement for Proesel and the other Village parks.

In the CY 2024 budget, \$150,000 is recommended to be allocated from excess IRMA funds and spent on the following:

- The EOC project would be moved into CY 2024 and supported with a total of \$100,000.
- The replacement of picnic tables would be continued in Proesel Park and extended to the other Village parks with \$50,000 to be allocated in CY 2024.

Direction Requested: Recommendation of the Finance Committee to utilize the IRMA Excess Surplus for the EOC project and the purchase of picnic tables as outlined.

Intergovernmental Revenue Sources Dedicated to Projects or Operations

At the request of the Finance Committee at its the October 12, 2022 Meeting, a one-page summary of the Village's revenue sources was developed. The document identifies what projects the revenue is dedicated towards. At a recent meeting, the Village Board also requested adding the actual revenues received. As such, the document was revised to include the Fiscal Year 2023 unaudited amounts.

Direction Requested: This is informational only.

Conclusion

The discussion of these two revenue policy issues and also providing general financial information represents the first phase of the budget adoption process for the CY 2024 Budget. Following discussion and direction from the Finance Committee, staff will incorporate feedback into a recommended budget for the Village Board's further consideration at the November 8 Budget Workshop. The next step of the Budget process also includes the Capital Improvement Plan (CIP) Workshop on October 16.

It is anticipated that a formal presentation of the recommended budget will be provided at the November 28, 2023 Committee of the Whole Meeting. A final recommended budget will be presented for consideration and approval at the December 5, 2023 Village Board Meeting.

Attachments

1. Stub Year 2023 Financial Update
2. Intergovernmental Revenue Sources Dedicated to Projects or Operations



Village of Lincolnwood

Stub Year 2023 Financial Update

General Fund

	FY 2023 (unaudited)			SY 2023		
	Prior Year	Budget	% of Annual Budget Achieved	Current Year	Budget	% of Annual Budget Achieved
	Year-to-Date ⁽¹⁾			Year-to-Date ⁽¹⁾		
Revenues						
Taxes	4,300,766	20,136,654	21.4%	4,114,691	14,604,175	28.2%
Permits	156,941	638,500	24.6%	246,193	496,257	49.6%
Licenses	436,447	513,775	84.9%	303,007	506,787	59.8%
Fees	282,663	954,100	29.6%	431,569	636,870	67.8%
Fines	75,380	109,200	69.0%	63,697	95,350	66.8%
Grants	17,112	212,512	8.1%	25,716	475,000	5.4%
Interest on Investments	12,171	20,000	60.9%	36,504	20,000	182.5%
Other Revenue	80,365	394,512	20.4%	146,577	281,784	52.0%
Parks Program Revenue	327,160	1,695,770	19.3%	397,901	1,770,760	22.5%
Transfers In	-	260,000	0.0%	-	260,000	0.0%
Total General Fund Revenues	\$ 5,689,005	\$ 24,935,023	22.8%	\$ 5,765,855	\$ 19,146,983	30.1%

	FY 2023 (unaudited)			SY 2023		
	Prior Year	Budget	% of Annual Budget Achieved	Current Year	Budget	% of Annual Budget Achieved
	Year-to-Date ⁽¹⁾			Year-to-Date ⁽¹⁾		
Expenditures						
Payroll - Salaries & Wages	2,446,993	9,016,802	27.1%	3,547,038	6,787,356	52.3%
Payroll - Fringe Benefits	856,452	4,949,446	17.3%	734,914	4,202,319	17.5%
Payroll - Overtime	98,042	392,100	25.0%	205,189	296,405	69.2%
Operating Expenditures	1,797,315	9,902,176	18.2%	2,949,250	7,563,879	39.0%
Parks Program Expense	135,333	657,911	20.6%	379,956	1,202,124	31.6%
Capital Expenditures	136,380	1,136,902	12.0%	149,962	2,129,094	7.0%
Transfers Out	-	-	N/A	-	-	N/A
Total General Fund Expend.	\$ 5,470,515	\$ 26,055,337	21.0%	\$ 7,966,309	\$ 22,181,177	35.9%

REVENUE SOURCES DEDICATED TO PROJECTS OR OPERATIONS

Description	Tax Imposed	Use of Funds	Purpose	FY 2023 (unaudited)
Local Gas Tax - \$0.05 per gallon	\$0.05 per gallon	Two-fifths deposited to the Transportation Improvement Fund	Designated for roadway repair, maintenance and transportation improvement projects in the Village	\$ 254,860
		One-fifth deposited to the Village's General Fund	Designated for General Fund operations	\$ 127,430
		Two-fifths deposited to the Police Pension Fund	Designated for use toward an additional contribution from the Village to the Police Pension Fund	\$ 254,860
Sales Tax	1%	A portion of the General Obligation Bonds - Principal & Interest (2020 & 2021A). Remaining is allocated to the General Fund for operations	Capital improvement program is funded on a pay-as-you-go basis	\$ 6,854,456
Home Rule Sales Tax	1.25% of sales	1.4% of the revenue received in home rule sales tax is used to fund bond payments in the Stormwater Improvement Fund. Remainder is allocated to the General Fund for operations	Stormwater Improvement Fund Projects (<i>Currently, street storage</i>)	\$ 3,180,136
Food and Beverage Tax	2% of gross sales	Supports the General Fund	Designated for General Fund operations	\$ 1,393,888
Packaged Liquor Tax	2% of gross sales	Supports the General Fund	Designated for General Fund operations	\$ 262,295
Self-Storage Facility User Surcharge	5% of gross rental charge	Supports the General Fund	Designated for General Fund operations	\$ 142,060
Municipal Cannabis Occupation Tax ⁽¹⁾	3% of gross sales	Supports the General Fund	Designated for General Fund operations	\$ 21,197
Automobile Renting Occupation Tax	1% of gross receipts	Supports the General Fund	Designated for General Fund operations	\$ 6,564
Hotel and Motel Tax ⁽¹⁾	9% of the gross room sales	95% of the first 7% is abated back to the Hotel Developer and/or held for the School District per the Intergovernmental and Incentive Agreements. The Village receives the remaining 2%.	Designated for General Fund operations	\$ -

Other Funding Sources	Allocation	Use of Funds	Notes	
IRMA Excess Surplus	\$ 300,000	Utilized for safety related projects	The amount is allocated only if the Village continues to retain at least \$1.5M in the fund to accommodate unexpected claim costs	\$ 1,734,858
State and Federal Grants	Varies	Grant funded projects		\$ 246,757
American Rescue Plan Act (ARPA)	\$ 1,665,497	Public Safety Vehicles		\$ 833,178
Craft Grower ⁽¹⁾	3% of the gross sales	Designated for General Fund operations	Donation	\$ -
Berger Donation	\$1M over 9 years	Dedicated to Parks and Recreation Projects		\$ 100,000

Notes

⁽¹⁾ Revenue not currently receiving