

VILLAGE OF LIBERTYVILLE  
**BOARD OF TRUSTEES**  
Committee of the Whole  
November 8, 2022

President Johnson called to order a Committee of the Whole at 7:00 p.m. in the Village Hall, 118 W. Cook Avenue, Libertyville, IL. Those present were: President Donna Johnson, Trustees Scott Adams, Pete Garrity, Matt Hickey, Dan Love. Trustee Connell arrived at 7:12 p.m. Trustee Matt Krummick was absent. All Village departments were represented.

**Approval of Minutes**

President Johnson called for a motion to approve the Committee of the Whole minutes for October 25, 2022. Trustee Garrity moved to approve the minutes and Trustee Adams seconded the motion. The motion passed by voice vote.

**Financial Planning Workshop**

Village Administrator Amidei introduced the meeting objectives and provided opening remarks. Finance Director Nick Mostardo introduced the 2022 Tax Levy and Five-Year Financial Plan discussion in preparation of the 2023-2024 Village Budget.

**Background and Economic Outlook**

Director Mostardo reported the following:

- General Fund completed FY 2020-2021 better than expected
  - \$3,038,338 actual versus (\$439,831) projected
- At this time, FY 2022-2023 is projected to end slightly better than budget
- Positive economic factors:
  - Monthly sales tax receipts have been higher in every month this fiscal year than the same time period in the prior fiscal year
  - Other elastic revenue sources are performing better than anticipated
- Several risks to consider:
  - Inflation (Fiscal Policy or Supply Chain related?)
  - Ongoing impacts of the COVID-19 pandemic

**FIVE-YEAR FINANCIAL PLAN**

- Annual forecast of operating revenues and expenditures. The current Plan contains projections related to:
  - FY 2022-2023 year-end estimates
  - FY 2023-2024 through FY 2027-2028
- Plan assumptions will be used by staff to formulate the FY 2023-2024 budget
- General Fund operating revenues cover operating expenditures through FY 2024-2025
- Year-end unrestricted fund balance in the General Fund will remain above the anticipated fund balance policy threshold at the end of FY 2027-2028

- The General Fund will need to make, at minimum, a subsidy to cover the Sports Complex debt service each year (*Base Scenario* does not incorporate potential property sales)
- Capital transfers in FY 2022-2023 include:
  - Fleet - \$1,000,000
  - SRA - \$50,000
  - Public Safety Technology - \$50,000
- Transfers in FY 2025-2028 are limited to only Fleet, SRA, and Public Safety Technology
- Most general capital infrastructure projects are funded via transfers from the Non-Home Rule Sales Tax Fund, which is a separate special revenue fund. These transfers will be discussed during the capital planning meeting

### **BASE MODEL ASSUMPTIONS**

- Revenue assumptions (Average annual growth)
  - Property tax – CPI of 5.0%, 3.5% increase in EAV, \$53,274,153 new growth and TIF recovery
  - Sales tax – Ending FY 2022-2023 estimated, drop of 15% approximately in 23-24 to account for a potential recession, 2% per year beginning in FY 2024-2025 thereafter
  - Income tax – 2023-2024 per the IML estimates, 1.5%, assuming no reduction in LGDF
  - Licenses, fees, and other revenues – 0% - 3%
  - Addition of GEMT revenue for ambulance billing
- Expense assumptions (Average annual growth)
  - Salaries –4.0% for 2023-2024 and 3.5% thereafter (3.25% were used in prior years)
  - Benefits – 4.5%
  - Operations and maintenance –6% growth in 2023-2024 and 2%-2.5% thereafter
- Base assumptions do not include sale of LSC property or any new recurring revenue sources

Director Mostardo illustrated that growth in expenses will outpace growth in revenues in 2024-2025. The fund balance will not fall below the policy minimum during these five years which goes through 2027-2028.

### **ALTERNATIVE STRATEGY MODELING**

Director Mostardo noted that he had prepared additional forecasts for consideration based on economic scenarios and to optimize options for the facilities contribution as discussed with the Village Board previously.

### **TAX LEVY**

#### **Introduction**

- The Village's tax levy supports:
  - Approximately 25% of General Fund expenditures

- Special recreation
- Debt service
- Public safety pensions
- Timeline
  - Director Mostardo presented the estimate of levy – November 8, 2022
  - A public hearing will be held on the levy – November 22, 2022
  - Adoption of the levy – December 13, 2022
  - Filing of the levy – No later than December 27, 2022

### **Tax Levy 101**

- Property Tax Extension Limitation Law (PTELL)
  - Limits the rate of growth by CPI
  - Applied to Libertyville since 1991
- Taxes subject to tax cap:
  - Corporate, insurance, audit, retirement
- Taxes not subject to tax cap:
  - SRA, debt service
- Components of a PTELL levy:
  - EAV
  - New growth
  - CPI
  - Limiting Rate

### **Tax Year 2022 (Payable in 2023)**

- PTELL CPI: 5%
- Taxable EAV: \$1,321,346,378 (Up 3.5% from prior year)
- New Growth: \$6,260,610 (Estimate provided by Lake County)
- TIF Recovery: \$47,013,543
- Estimated limiting rate: 0.571190 (\$0.571190/\$100 EAV)
- Recommended changes:
  - Capture 5.0% CPI increase and all new growth
  - PTELL levy: \$7,547,403, increase of 9.411% (\$649,207) over TY 2021
  - Total levy (after abatements): \$9,432,382, increase of 6.442% (\$570,833) over TY 2021
  - Levying \$50,000 in SRA levy for ADA playground improvements (Nicholas-Dowden)
  - Timber Creek SSA: \$21,140 – No change
  - Concord SSA: \$23,040 – No change
- Total Village levy increase: \$27 (2.3%) for resident with a home valued at \$500,000

### **Tax Year 2022 Scenarios and Benchmarks**

Director Mostardo then presented Tax Year 2022 scenarios including:

5% CPI + New Growth	2.3% change to homeowner
2.5% + New Growth	0.4% change to homeowner

New Growth Only

(1.6%) change to homeowner

Director Mostardo noted that Libertyville continues to have one of the lowest tax rates among its neighboring communities.

Trustee Hickey highlighted the 0.5% additional sales tax (\$1.6 million annually) for facility improvements. This will be placed in a separate account and not placed in the General Fund. He agreed with the maximum levy as presented and approved by the Finance Committee.

Trustee Garrity noted that the need to take the additional growth from PTTEL was important and was in favor of the maximum levy. He also noted to the Director of Finance that the five-year plan is very conservative and overperforms almost every year.

Trustee Adams asked about the sales tax without the car dealers and was inquiring about the retailers and what the trend was as related to sales tax. An economist who presented at the Chamber indicated the recession would be shallow.

Trustee Connell supported the staff recommendation and appreciated the conservative approach to the five-year financial plan.

Trustee Love supported the staff recommendation with the maximum tax levy and was concerned that expenses will be higher than appreciated for goods. He would like to have a meeting to discuss other opportunities for new revenue sources so opportunities are not lost.

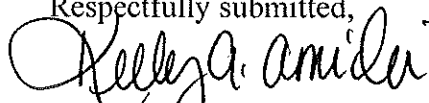
Trustee Hickey added that the online sales tax is globalized but the challenge is on the local level to support the smaller businesses.

There was consensus to proceed with the 5% increase plus all new growth and the staff recommendation for the scenario that included a hybrid approach for the facility contribution.

#### **ADJOURNMENT**

With no further business to come before the Committee of the Whole, Mayor Johnson asked for a motion to adjourn. Trustee Adams moved to adjourn, Trustee Connell seconded, and the motion carried on a unanimous voice vote at 7:59 p.m.

Respectfully submitted,



Kelly A. Amidei  
Deputy Village Clerk