



Libertyville
spirit of independence

**FISCAL
YEAR
2022-2023**



**VILLAGE OF LIBERTYVILLE, IL
POPULAR ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED APRIL 30, 2023

Report Overview

Citizens of the Village of Libertyville, Illinois

The Village of Libertyville is pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year ended April 30, 2023. This report is designed to provide citizens and other interested parties with a user-friendly overview of the Village's financial results and increase transparency of the audited financial statements in the Village's 2023 Annual Comprehensive Financial Report (ACFR). The 2023 ACFR was audited by Lauterbach & Amen and has received an unmodified or "clean" audit opinion.

The PAFR is not required to present the same level of detail as the ACFR, rather, this report highlights the overall financial condition and trends of the Village. For a more in-depth look at the Village's current financial position, please see the Annual Comprehensive Financial Report on our website. If you have any questions regarding the information presented on the following pages, please contact the Finance Department at (847) 362-2430.



Award for Outstanding Achievement

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The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Village of Libertyville for its Popular Annual Financial Report for Fiscal Year 2021-2022.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious award recognizing conformance with the highest standards for preparation of state and local government popular reports.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

Village of Libertyville
Illinois

For its Annual Financial Report
For the Fiscal Year Ended

April 30, 2022

Christopher P. Merrill
Executive Director/CEO

About the Organization

LIBERTYVILLE ELECTED OFFICIALS

As of April 30, 2023

The Village is governed by a Mayor and Board of six trustees. Policy making and legislative authority are vested in the Village Board. The Village Board is responsible for passing ordinances, adopting the budget, appointing committees and appointing the Village Administrator, Village Attorney and certain department heads. The Village Administrator is responsible for carrying out the policy and ordinances of the Mayor and Village Board of Trustees and for overseeing the day-to-day operations of the Village. The Mayor and Village Board are elected at large on a non-partisan basis to four year staggered terms.



Donna Johnson
Mayor



Scott Adams



Peter Garrity



Matthew Hickey



Matthew Krummick



Dan Love



James Connell

Not Pictured: Village Clerk Margaret Clark who was elected April 2023

ADMINISTRATIVE STAFF

Village Administrator	Kelly A. Amidei
Deputy Village Administrator	Ashley R. Engelmann
Director of Finance/Treasurer	Denise R. Joseph <i>(Replaced Nicholas Mostardo)</i>
Director of Public Works	Paul K. Kendzior
Director of Community Development	John P. Spoden
Chief of Police	Edmondo Roncone
Fire Chief	Michael Pakosta
Director of Recreation	Matthew C. LaPorte <i>(Replaced Margaret Resnick)</i>

**The Director of Finance and Director of Recreation were appointed May 2023*

About Libertyville



Village of Libertyville Community Snapshot

Incorporated:	1882
Population:	20,579
County:	Lake
Area:	9.16 square miles
Form of Government:	Council/ Administrator
Number of Households:	7,298
Total Taxable Assessed Value (2022 Levy):	\$1,370,086,820
Per Capita Personal Income:	\$72,487
Fiscal Year:	May 1 to April 30
Bond Rating from Moody's Investor Service:	Aa2
# of Full-Time Equivalent Employees:	155

Incorporated in 1882, the Village of Libertyville is a non-home rule community as defined by the Illinois Constitution. The Village is located in Lake County and lies approximately thirty-five miles north of the City of Chicago and seven miles west of Lake Michigan. Libertyville covers an area of approximately nine square miles with unincorporated areas to the north and northwest.

The Village has strong transportation links to the Chicago metropolitan area and the interstate highway system. The Village is within one-half mile of Interstate 94 (Tri-State Tollway), the highway which connects the Chicago metropolitan area to Milwaukee.

The Village provides a full range of services, including building and zoning, code enforcement, maintenance of streets, bridges and sewers, police, fire protection and paramedic services, parks and recreation, water distribution and water transmission and treatment.



Libertyville is a scenic place to live and visit. It has a well balanced mix of business and residential areas, beautiful natural settings, and an evolving community.

Financial Highlights

A balance sheet provides a snapshot of what the Village currently owns (assets) and owes (liabilities), as well as sources (deferred inflows) and uses (deferred outflows) that will be recognized in a future year. Net position represents the Village's investment in the assets it uses to provide services to its citizens.

Increases or decreases in net position may serve as a useful indicator of whether the Village's financial position is improving or declining. The Village's total net position for government and business-type activities increased 1.4% from \$151.8 million to \$153.8 million. A significant driving factor behind this increase is an increase in certain current and other assets versus the prior year.

By far the largest portion of the Village's net position, \$150.4 million, reflects its investment in capital assets (for example, land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding.

Statement of Net Position as of April 30, 2023

Account	Governmental Activities		Business-Type Activities		Total Primary Government	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Capital assets	\$ 143,042,738	143,964,808	51,942,872	57,547,096	194,985,610	201,511,904
Current and other assets	63,060,674	53,814,735	13,526,978	9,015,183	76,587,652	62,829,918
Total assets	206,103,412	197,779,543	65,469,850	66,562,279	271,573,262	264,341,822
Deferred outflows of resources	18,455,662	5,750,724	2,819,999	2,145,507	21,275,661	7,896,231
Total assets/deferred outflows	224,559,074	203,530,267	68,289,849	68,707,786	292,848,923	272,238,053
Long-term liabilities	88,435,565	62,808,298	25,378,618	24,449,470	113,814,183	87,257,768
Other liabilities	5,979,742	5,703,394	5,628,351	2,942,706	11,608,093	8,646,100
Total liabilities	94,415,307	68,511,692	31,006,969	27,392,176	125,422,276	95,903,868
Deferred inflows of resources	13,404,367	22,215,517	174,713	2,346,666	13,579,080	24,562,183
Total liabilities/deferred inflows	107,819,674	90,727,209	31,181,682	29,738,842	139,001,356	120,466,051
Net position:						
Net investment in capital assets	120,883,837	128,666,792	29,478,335	33,569,102	150,362,172	162,235,894
Restricted	3,982,558	2,981,650	-	-	3,982,558	2,981,650
Unrestricted	(8,126,905)	(18,845,384)	7,629,832	5,399,842	(497,073)	(13,445,542)
Total net position	116,739,490	112,803,058	37,108,167	38,968,944	153,847,657	151,772,002

Net position of the Village's governmental activities increased 3.5%, totaling \$116.7 million compared to \$112.8 million. Much of this increase is attributable to the sale of the Libertyville Sports Complex and the transfer of the remaining assets and liabilities to governmental activities. Net position of business-type activities decreased by 4.8%, totaling \$37.1 million compared to \$39.0 million. This change is the result of the sale of the Sports Complex and increases in expenses that were greater than the increases in revenues in the current year.

Governmental Activities

The Village Board along with the Village Administrator and Director of Finance are focused on efforts to maintain the long-term financial health through diversified revenue sources while strategically investing in community initiatives. These decisions range from increasing efficiencies to using valuable intergovernmental partnerships to maintain municipal service value to residents.

REVENUES

The Governmental Activities reflect the Village’s basic services, including police, fire, public works and general/ debt administration. Property taxes, local utility tax and shared state income and sales taxes, finance the majority of these activities. The business-type activities reflect fee-based operations (Water, Sewer, Stormwater and the Libertyville Sports Complex funds), where the charge for service typically covers all or most of the cost of operation, including depreciation.

For fiscal year ended April 30, 2023, revenues from governmental activities totaled \$49,279,238. Sales tax continues to be the Village’s largest revenue source totaling \$15,084,474, representing 30.6% of total Governmental Activity revenue. Property taxes total only \$14,103,599 of the \$49.0M of the Governmental revenue.

Sales tax is the Village’s largest revenue source and is derived from the sale of tangible personal property at businesses located in the Village of Libertyville. The Village receives a 1% sales tax rate on all qualifying sales that take place. In addition, the Village imposes a 1.5% local non-home rule sales tax.

Property tax is the second largest revenue source for the Village. This is levied annually by ordinance adopted by the Village Board of Trustees each December.

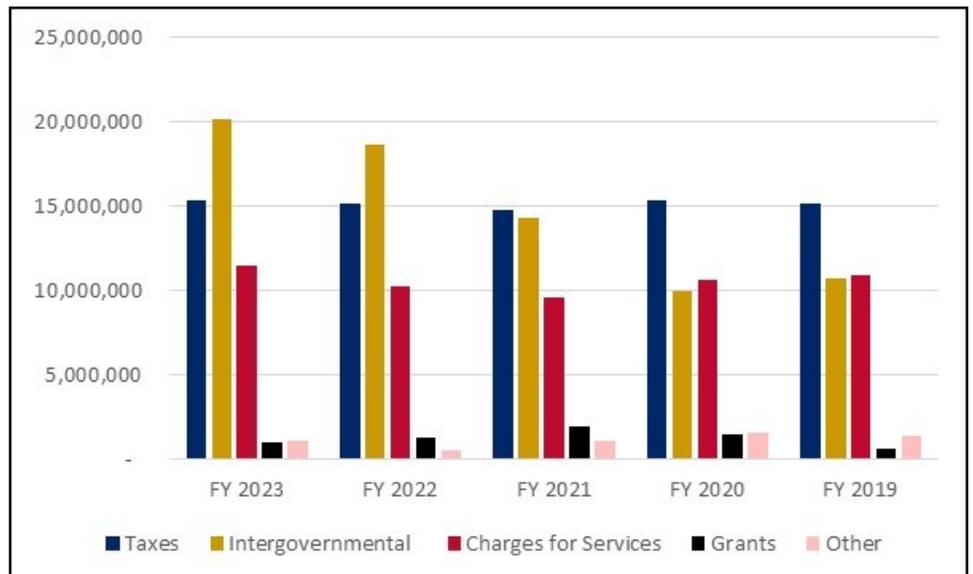
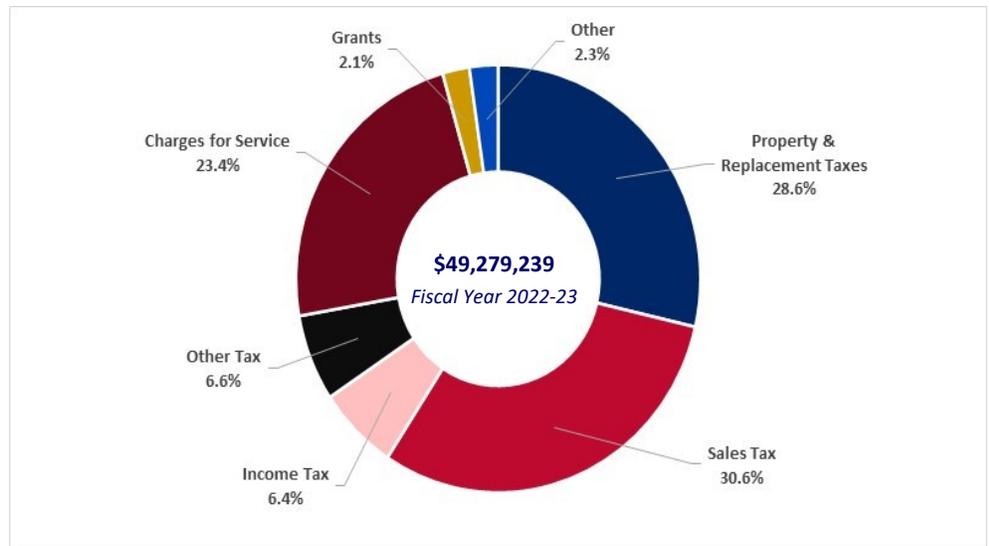
Income tax is levied by the State of Illinois on every individual, corporation, trust and estate earning or receiving income. The tax is calculated by multiplying net income by a tiered rate structure.

Other taxes includes utility and hotel/motel taxes.

Charges for services includes fees for ambulance service, rental and program fees, and general service fees.

Grants & Contributions includes grants received from the State of Illinois and federal government.

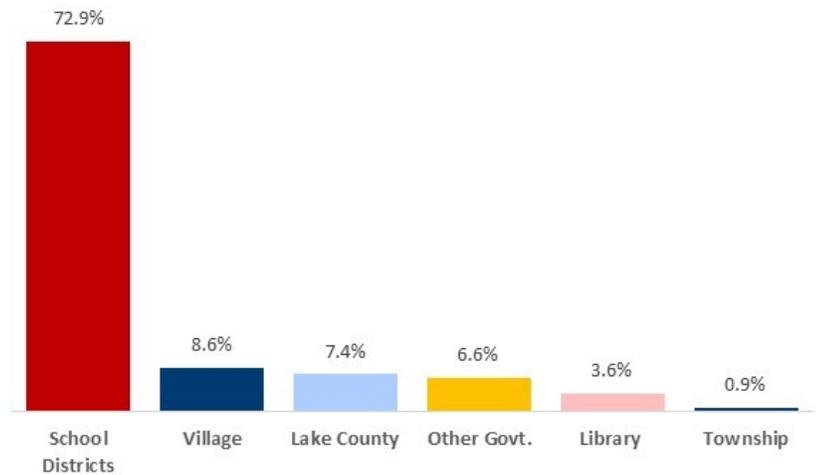
Other includes revenues not accounted for in the other categories, such as licenses and permits, fine and forfeitures, investment income, and miscellaneous revenue.



VILLAGE SHARE OF PROPERTY TAX BILL

Your property tax dollars are split between multiple taxing bodies to provide services you use every day, including schools, libraries, fire protection and more.

As indicated in the graphic on the right, the Village of Libertyville receives approximately 9% of the property tax collected. These taxes are used to support the day-to-day operations of the Village as well as our public safety pension funds and previously committed debt service payments. Village water, sewer, and storm sewer are self-supported through their own user fees.



As a non-home rule community, the Village of Libertyville is under the Property Tax Extension Limitation Law (PTELL), which caps increase in property tax extensions. Increases in tax extensions are limited to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the year preceding the levy year.

A common misconception about property taxes is that all of the money goes to the Village. Property tax bills paid by residents and businesses are divided amongst several taxing districts, including the County, Township, Library, Schools and other taxing districts. The Village relies on a combination of sales tax, property taxes, and other fees collected to provide essential core services to its residents.

The amount due that appears on your tax bill is based on the following equation:

$$\text{EAV} / 100 \times \text{Tax Rate} = \text{Taxes Owed}$$

Your EAV, or equalized assessed value, is equal to one-third of the value of your home, as determined by the Township assessor, minus any exemptions you receive.

Therefore, if you own a property valued at \$500,000, your EAV would be \$166,667. A homestead exemption of \$6,000 would further reduce this amount to \$160,667. The tax rate is expressed as an amount per \$100 of EAV. Assuming a combined tax rate from all taxing bodies of 7.9977, your taxes owed would be \$12,849.64 and are calculated as follows:

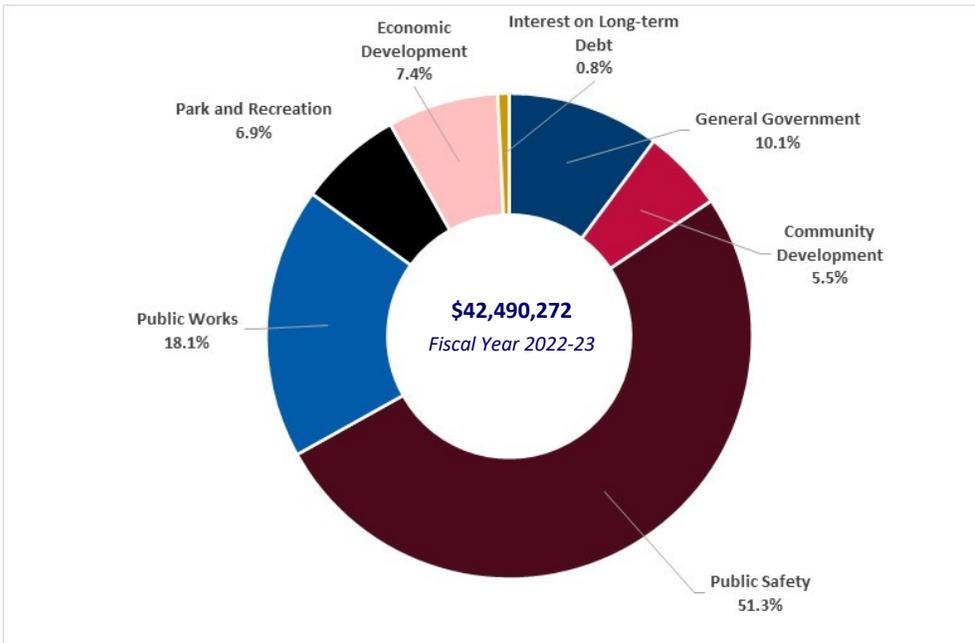
$$\text{\$160,667} / 100 \times 7.9977 = \text{\$12,849.64}$$

Of this total amount, only \$1,156 (9%) is distributed to the Village of Libertyville. The rest is split among other taxing bodies. Property taxes account for 28.6% of total Governmental revenues in the Village.

Governmental Activities

EXPENSES

For the fiscal year that ended April 30, 2023, expenses for governmental activities totaled \$42,490,272 compared to \$36,973,157 last fiscal year. This is mainly due to the inflationary pressures and supply chain issues we have seen in 2022 and continuing into 2023, in addition to the planned drawdown of excess General Fund fund balance to address several Village Board priorities. The charts below reflect the breakdown of expenses.



General Government:

Includes several sub departments, such as, legislative, administration & finance department, legal and public buildings.

Community Development/ Economic Development:

Includes planning and building services.

Park and Recreation:

Includes parks, recreation and swimming pool.

Public Safety:

Includes fire, police and emergency management services.

Public Works:

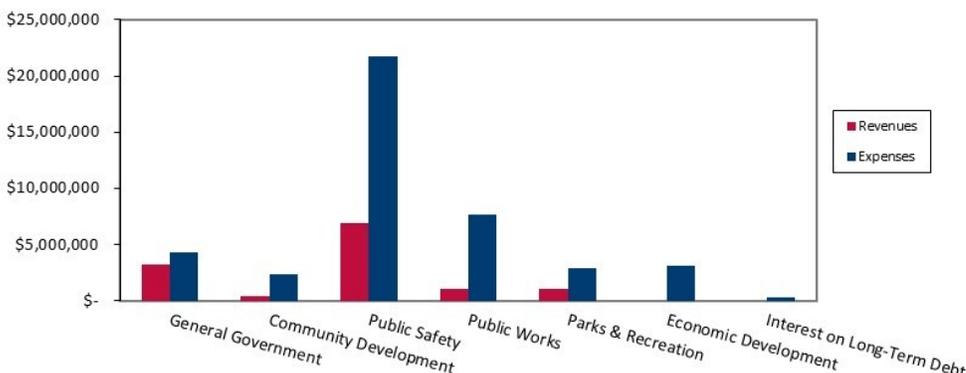
Includes engineering, snow removal and control, refuse and recycling. This also includes the two special service areas.

Long-Term Debt:

Includes interest payments for outstanding debt obligations.

Expenses and Program Revenues

The expenses and program revenues table below identifies those governmental functions where program expenses exceed revenues. Most governmental activities do not generate sufficient program revenues to fund operations. These activities are normally financed through general property and sales tax revenues.



Business-Type Activities

REVENUES/EXPENSES

Certain services provided by the Village are classified as “business-type” services and are reported as “enterprise funds”, which are intended to be financially self-supporting as independent entities. The Village’s water and sewer, Libertyville Sports Complex and stormwater sewer are reported in this fashion.

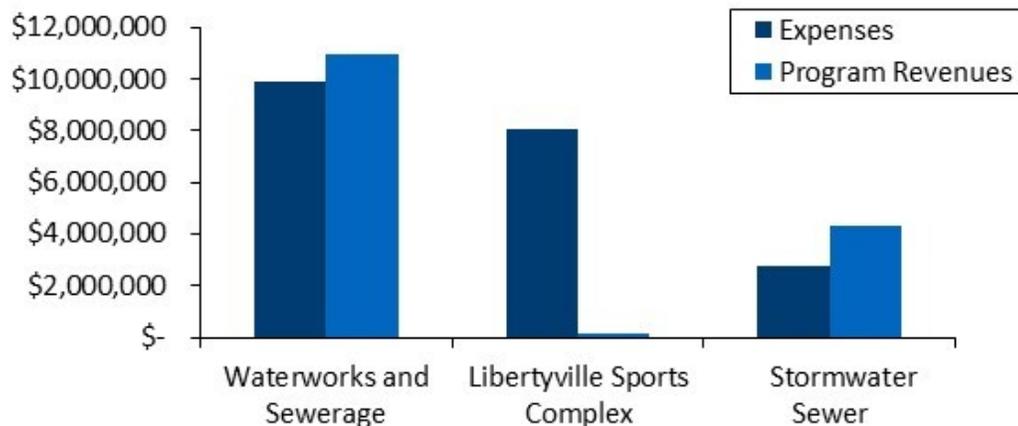


In fiscal year 2023 the Village’s business-type activities increased 21.6%, while expenses increased 107.1% as compared to fiscal year 2022. Key factors behind these results include:

- Water and Sewer Fund charges for services (revenue) decreased \$493,516 over last year due to a decrease in water usage. This revenue source is highly subject to volatility, as it relates to weather and corresponding irrigation patterns.
- The Libertyville Sports Complex Fund was closed in 2023 due to a portion of the property being sold.
- Stormwater Sewer Fund charges for services increased \$2,980,301 over the prior year reflecting the Fund’s first full year of operations as a business-type fund. The stormwater sewer charges received were sufficient to cover all operating and non-operation expenses of the fund.

The graph below compares program expenses to revenues for water and sewer operations, the Libertyville Sports Complex, and the stormwater sewer operations.

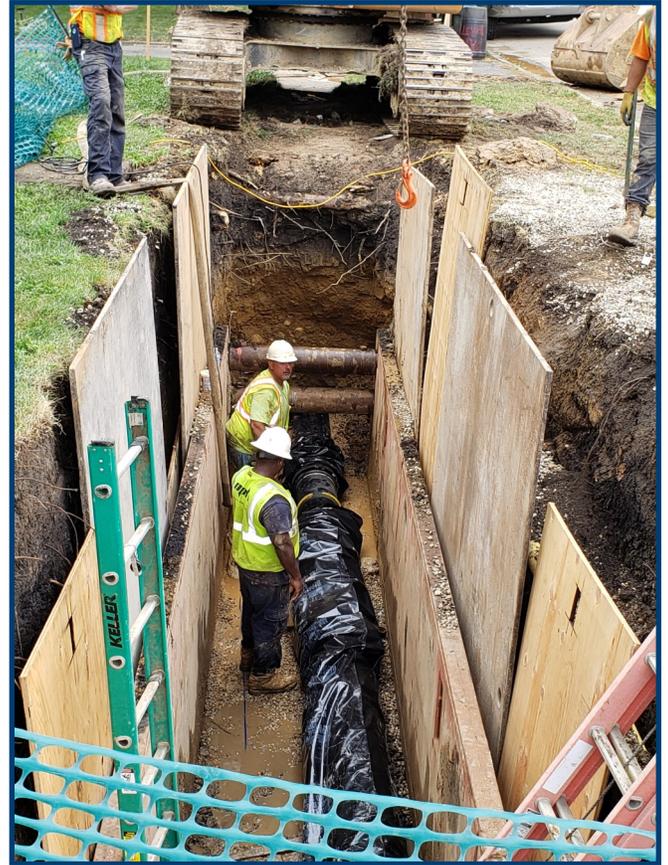
Expenses and Program Revenues - Business-Type Activities



Capital & Infrastructure Investments

MAJOR PROJECTS IN FISCAL YEAR 2023 INCLUDED:

- Construction of Rockland Road stormwater improvements and the first phase of construction for the Highlands subdivision stormwater improvements.
- Improvements and repairs to existing distribution infrastructure, such as watermain replacements, lining and manhole repairs.
- Replacement of a flare system at the Wastewater Treatment Plant.
- Construction on a new sanitary sewer lift station near Libertyville High School, which served to ensure reliable ongoing service for customers in that area of the community.



The Village of Libertyville continues to invest in capital assets. Assets purchased primarily with tax resources are classified as governmental and capital assets associated with fee-based operations have a business-type classification. The Village's total investment in capital assets decreased by approximately \$6.6 million primarily due to the sale of the Golf Learning Center portion of the Libertyville Sports Complex site and the Indoor Sports Complex site.

Additional information on the Village of Libertyville's 10-year Capital Improvement Plan can be found on the Village's website under Financial Information.

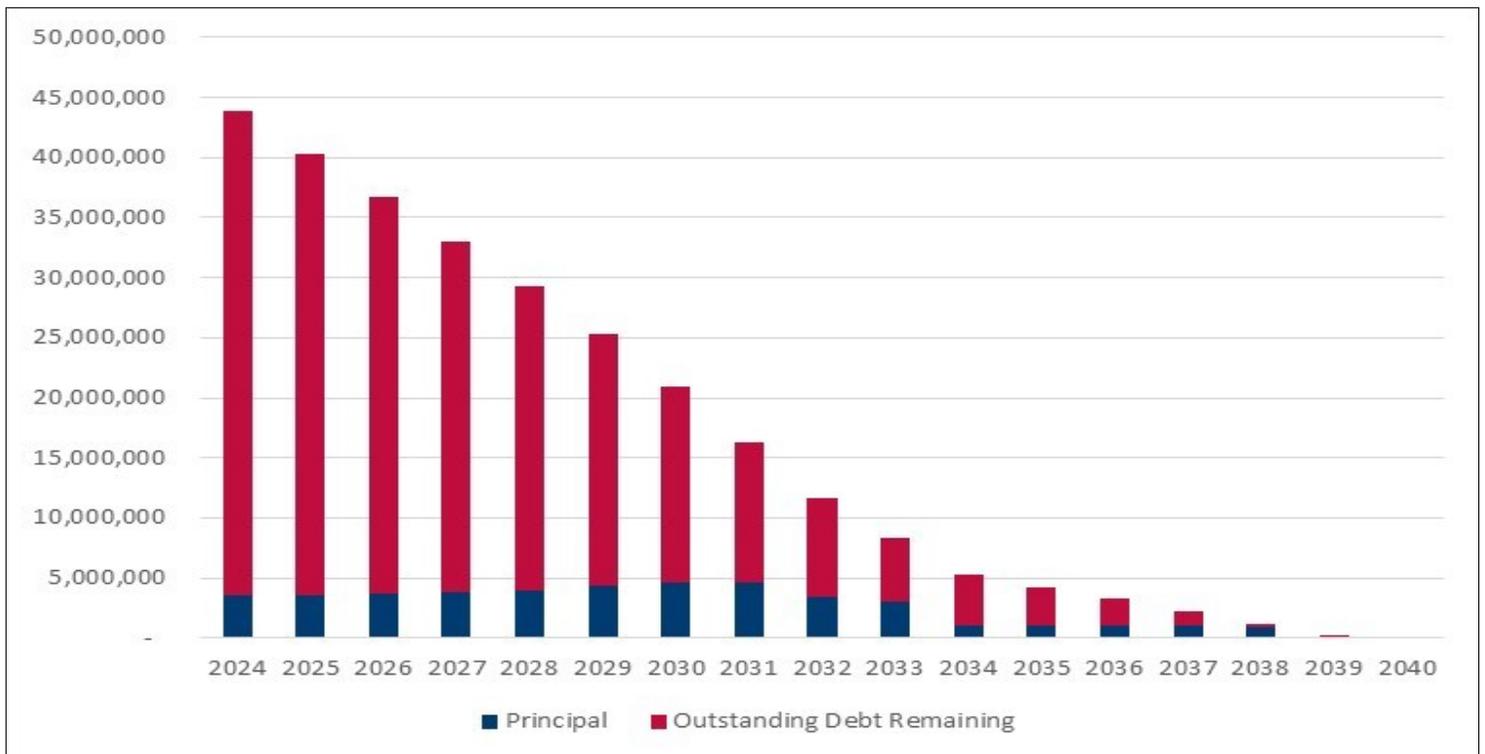
Capital Assets by Category	Governmental Activities	Business-Type Activities	Total
Land	\$94,613,531	\$2,272,080	\$96,885,611
Buildings and Improvements	\$4,312,414	\$8,122,647	\$12,435,061
Machinery & Equipment	\$6,184,271	\$1,870,007	\$8,054,278
Water Infrastructure	-	\$18,047,644	\$18,047,644
Sewer Infrastructure	-	\$3,904,238	\$3,904,238
Storm Sewer Infrastructure	-	\$17,726,256	\$17,726,256
Other Infrastructure	\$37,932,522	-	\$37,932,522
Total	\$143,042,738	\$51,942,872	\$194,985,610

Village Debt

The Village’s outstanding debt can be compared to owing a balance on several mortgages. Each year, the Village makes debt payments on outstanding debts. Each bond has a different maturity (pay-off) schedule. As of April 30, 2023, the Village of Libertyville maintained an Aa2 rating from Moody’s Investors Service for general obligation debt.

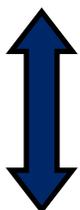
State statute limits the amount of general obligation debt a non-home rule community may issue to 8.625% of total assessed value. The current debt limitation for the Village of Libertyville is \$118,169,988, which significantly exceeds the Village’s outstanding general obligation debt of \$43,944,481. The following chart illustrates that even though the outstanding debt balance is paid down each year, the annual payment remains relatively the same. Please note the chart does not include the annual interest.

Outstanding Debt as Compared to Annual Principal Payment



Moody’s Long-Term Debt Rating Scale

Lowest Risk



Highest Risk

- Aaa
- Aa1, **Aa2**, Aa3
- A1, A2, A3
- Baa1, Baa2, Baa3
- Ba1, Ba2, Ba3
- Caa1, Caa2, Caa3
- Ca
- C

Moody’s Investors Service has assigned an Aa2 rating to the Village’s outstanding municipal bond issues. Aa2 ratings are judged to be of high quality and are subject to very low credit risk.

The Village of Libertyville has a strong capacity to repay bonds issued for capital improvement projects. A high creditworthiness allows the Village to borrow money at lower interest rates.

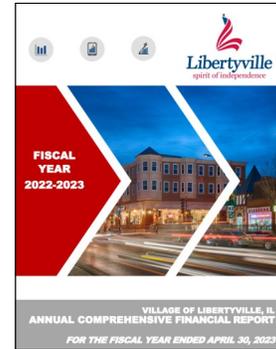
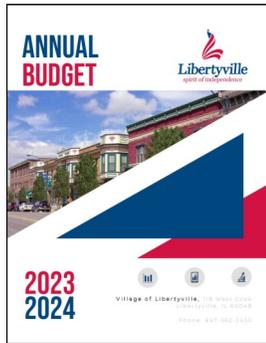
Key Terms

The following are definitions of terms used in this report and other financial reports of the Village:

- **Current and other assets:** These are the assets that can reasonably be expected to convert to cash, sell or consume within one year.
- **Capital assets:** These are the Village's long-term investments in land, buildings, equipment, improvements, infrastructure and construction in progress. The Village uses capital assets to provide services to the residents. Consequently, these assets are not available for operational or other similar costs.
- **Capital Improvement Plan (CIP):** This is a tool that allows municipalities to direct funds and implement policy initiatives towards long-term replacement of capital assets.
- **Debt Service Fund:** The debt service fund is used to account for the monies set aside for the payment of interest and principal to holders of the Village's General Obligation Bonds.
- **Deferred inflows:** These are the assets that can be expected to convert to cash, sell or consume within one year.
- **General Fund:** The general fund accounts for all revenues and expenditures of the Village, which are not accounted for in any other fund. This is an operating fund from which most of the current operations of the Village are financed.
- **Non-current liabilities:** This category mainly represents debt obligations of the Village, including general obligation bonds payable, compensated absences payable and net pension obligation payable.
- **Other liabilities/deferred inflows:** This category primarily includes debt that can be paid off in one year or less (current liabilities). This includes accounts payable and accrued interest payable.
- **Net invested in capital assets, net of related debt:** This category represents the Village's investment in capital assets less any related outstanding debt used to acquire those assets. However, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- **Restricted net position:** These are the resources that are subject to external restrictions on how they may be used. The Village of Libertyville has resources set aside for roadway maintenance, debt service and public safety. This category includes fund balances and net position reported in the Annual Comprehensive Financial Report (ACFR) as not spendable, restricted or assigned.
- **Total net position:** This figure represents total assets less total liabilities and is also reported as net position.
- **Unrestricted net position:** These are resources accessible to the Village in order to provide services to the residents of Libertyville if there are no additional revenues or resources available.

More Information

Interested in Learning More?



If you are interested in learning more about the Village, remember that you can view documents such as the Village's budgets and annual reports online at www.libertyville.com.

Comments and Questions

Share your ideas about this report or what types of information you would like to see in the future. Contact Finance Director Denise Joseph at djoseph@libertyville.com with thoughts or questions.

Connect with US at...

Village Website

- Sign up to receive important information about the Village;
- Make payments towards vehicle stickers, municipal citations and water and sewer utility bills;
- Register for recreation programs;
- Read official documents such as budgets and audits; and
- View meeting agendas and minutes of the Village Board, Committee of the Whole, and various Village commissions.

Social Media



VILLAGE OF LIBERTYVILLE, IL POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30, 2023