

March 18, 2024

CALL TO ORDER

Trustee Schwenk called the meeting to order at 6:07 PM.

Finance Committee: Trustees Schwenk, Juarez, and Ross were present.

Board Attendance:

PRESENT: Trustees Schwenk, Juarez, Lambert, Ross, Wilson, Meier, and Mayor Lentz

ABSENT: None.

Village Attendance:

Public Works & Engineering Director Boeche, Village Administrator Guenther, Finance Director Miller, Fire Chief Lark, Police Chief Seeley, Community Development Director Orenchuk, and Assistant Village Administrator Monroe

MINUTES APPROVAL

None.

PUBLIC COMMENTARY

None.

FY2025 BUDGET DISCUSSION

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Trustee Schwenk turned the meeting over to Administrator Guenther.

Mr. Guenther started by saying the projected revenues for 2024 were \$32,435,000 but are now projected to be \$34,948,449, which is a good thing to see. The flip to that is expenditures were higher than anticipated. Police and Fire are higher due to new contracts and dispatch was an overtime drain with having to hire an outside contractor also. However we changed legal firms allowing us to save a great deal. And while the projected revenues seem to match the total expenditures, this is due to the fact that there are approximately 6 weeks left in the fiscal year and we expect the departments to use all their dollars.

Two versions of the budget have been presented here--one includes a .25% sales tax increase that will be discussed later in the meeting.

BUDGET RECAP – FY20243

	FY2024 BUDGET
FY2024 PROJECTED	
REVENUES	\$32,435,000
\$34,948,449	
EXPENDITURES	
Boards and Commissions	\$564,815
\$565,615	
Administration (Admin, HR, IT, Marketing)	\$2,681,523
\$2,916,525	
Building Department	\$1,072,723
\$1,223,995	
Community Development	\$727,572
\$771,510	
Finance	\$977,336
\$1,557,601	
Fire Department	\$6,113,162
\$6,676,728	
Legal	\$706,650
\$335,704	
Police Department	\$11,920,384
\$12,923,603	
Public Works	\$4,527,235
\$4,893,953	
Non-operational (Capital & Transfers)	\$3,143,600
\$3,083,215	
TOTAL EXPENDITURES	\$32,435,000
\$34,948,449	

GENERAL FUND

	FY20	FY21	FY22	FY23	FY24
Property Tax	\$9,106,048	\$9,246,167	\$ 9,757,342	\$ 9,732,342	\$
10,403,854					
Sales Tax	\$8,334,219	\$10,725,144	\$1,786,631	\$13,539,003	
\$13,092,600					

We now have sales tax exceeding our property taxes. This has happened post-Covid due to the cannabis taxes and the Board reimagining the downtown in terms of opening up the outdoor dining and development.

REVENUES – FY24 PROJECTIONS

Income Tax – Down 1%
 Sales Tax – Down 1%
 Cannabis – Down 26%
 Interest – Up 1900%

We expected the tax from cannabis to drop due to other dispensaries opening. The interest number shown was due to both Linda and Lee taking advantage of higher interest rates and making sizable investments. That amount (1900%) will translate to approximately \$700,000 offsetting the cannabis amount loss.

FY2024 Expenditures by Department--
 Police continues to be the largest as expected.

BUDGET OUTLOOK 2024-2025

The increases seen below: Finance now consumes our insurance whereas before it was in Administration. Insurance costs have risen both in premiums and deductibles. Fire has additional personnel costs as does Police which includes adding a social worker to our budget--last year this salary was covered by a federal grant that will not be renewed. Public Works' increase now included vehicle maintenance, gasoline and facility maintenance that previously was divided up among the other departments.

BUDGET	FY2024 BUDGET	FY 2024 PROJECTED	FY2025 BUDGET	FY2025 (Increase Home Rule .25%)
REVENUES	\$32,435,000	\$34,948,449	\$35,850,000	\$37,050,000
EXPENDITURES				
Boards and Comms	\$564,815	\$565,815	\$515,634	\$515,634
Administration (Admin, HR, IT, Mrktg)	\$2,681,523	\$2,916,525	\$3,070,805	\$3,070,805
Building Dept	\$1,072,723	\$1,223,995	\$1,256,081	\$1,256,081
Community Dev.	\$727,572	\$771,510	\$802,323	\$802,323
Finance	\$977,336	\$1,557,601	\$2,029,692	\$2,029,692
Fire Dept	\$6,113,162	\$6,676,728	\$7,122,554	\$7,122,554
Legal	\$706,650	\$335,704	\$497,000	\$497,000
Police Dept	\$11,920,384	\$12,923,603	\$13,346,413	\$13,346,413
Public Works	\$4,527,235	\$4,893,953	\$5,472,648	\$5,472,648
Capital (Non-operational)	\$1,323,600	\$1,263,215	\$1,011,850	\$1,011,850
Transfers (Non-operational)	\$1,820,000	\$1,820,000	\$785,000	\$785,000
TOTAL EXPENDITURES	\$32,435,000	\$34,948,449	\$35,850,000	\$35,850,000

REVENUES – FY25 BUDGET

Income Tax--up 6% \$400,000
 Sales Tax—up 8% \$350,000
 Building Permit Fees—up 18% \$350,000
 Ambulance Services Fees--up 18% \$215,000
 Hotel/Motel Tax—up 200% \$200,000
 Video Gaming—up 75% \$150,000

Building / Police Fines—up 60% \$150,000
Cable TV Franchise Fees—up 50% \$125,000
Telecommunications Tax—up 6% \$100,000
Interest on Investments--up10% \$100,000
HR Sales Tax--up1% \$50,000
Use Tax—down 30% (\$300,000)
Cannabis--down 15% (\$350,000)

INFLATION/INCREASES

Personnel

IRMA Liability/WC Insurance Deductibles - \$575K or 256%

IRMA Liability/WC Insurance Premium - \$430K or 122%

(Deductible Change from 100K to 50K)

Unemployment Claims - \$112K

Commodities

Chemicals – 400% Increase

Contracted Labor - Varies

CAPITAL PROJECTS--WHAT IS IN?

This year's budget is up approximately \$6.5M from last year. This will include a large road project. Over the last 3 years the Village has received roughly \$2M from the state as part of the "rebuild Illinois" project. These dollars have been stockpiled and now have to be used by a certain date. It has to be bid out in a different process than we typically do. We have been teamed up with Libertyville and Vernon Hills to get better costs with road projects over the last few years but this process cannot be used for this stockpiled money, which must be used by the end of 2024. Thanks to the extra money we will be able to add in streets to be redone.

We will also have to update the way we read water meters, it is a cellular technology. We are using a lot of water that is not being captured by our current technology which has aged out--our meters are not reading usage properly anymore.

Roads - \$6,850,000

Building Permitting Software - \$250,000

Financial Software - \$184,000

Fire Building Generator Replacement - \$225,000

LED Streetlights – \$65,000

Fire OSHA Fit Testing Machine - \$16,000

CAPITAL PROJECTS--WHAT IS OUT?

PW Building Roof Replacement - \$500,000

Fire Engine Extrication Equipment - \$43,495

Furniture - Police, Fire & Village Hall - \$126,000

Police Chiller - \$225,000

Vehicles - \$1,077,000

CONSOLIDATION OF ACCOUNTS

We are always trying to find ways of combining processes.

A separate discussion of a possible .25% increase to the Village's sales tax was done. The .25% increase would be due to the State's proposed removal of the permanent 1% "grocery tax". If this is of interest to the Board, we have until April 1, 2024 to implement this increase (it would take place July 1, the same date of the proposed "grocery tax" removal. Due to Home Rule, municipalities cannot tax groceries (unless this is changed by the state).

Also a possible increase to the water rates was discussed. There is a need to update the water meters in the Village because they are aging out and accuracy is being lost causing "lost" water. When this missing water amounts to 10% the State questions it, this has not happened until recently when the "lost" water percentage rose to 11%. Cellular technology is available to be applied to the water meters--other municipalities have been using this, we are behind. It was pointed out that this increase would not include the meter cost updating. The 11% cost includes the JAWA increase and current capital expenses. This does not cover the meter improvements--this would be spread out over 3-4 years. However as more communities come online (get Lake Michigan water) it can lower other's rates, including ours. It has happened before (years of flat rates due to this happening).

ADJOURNMENT

Motion to Adjourn the Finance Meeting.

The Finance Meeting adjourned at 7:25 PM.

Village Clerk