



Village of Long Grove

FY 23/24 Budget Overview

2023 HOA President's Presentation

Introduction

TO: Presidents Long Grove Homeowner Associations

FROM: Gregory Jackson, MPA, ABD
Village Manager

CC: President Bill Jacob
Village of Long Grove

DATE: May 8, 2023

RE: FY 23/24 Village Budget Snapshot

I am pleased to present an overview of the recently adopted FY 23/24 Budget for the Village of Long Grove. The Village President, Village Board, and our exceptional staff are working diligently to ensure the Village is firmly positioned to continue advancing our mission of providing high quality municipal services in an efficient and fiscally responsible manner.

The complete budget document includes a wealth of information pertaining to the Village's priorities and the costs for advancing those priorities planned for the fiscal year and long-term. The Village continues its commitment to long-term planning by including a five-year capital improvement program (CIP) with funding, which guides the Village's infrastructure and facility planning.

The FY 23/24 budget reflects the Village's current estimates to both sustain operations and address our immediate challenges. The Village continues to monitor revenue trends and community needs. Future amendment to the budget for revenues and expenditures may be required as expectations continue to evolve, and circumstances require priorities to shift.

The absence of a municipal property tax – the main funding source for 96% of Illinois municipalities – requires the Village to remain vigilant in keeping a strong reserve for unanticipated and or uncontrollable events.

The Village continues to identify opportunities to diversify its revenue stream and aggressively manage expenses to minimize the Village's financial impact of operations to taxpayers. Staffing is budgeted at 5 full-time equivalents (FTE), which is equal to FY 22/23. An annual 3.5 % cost of living increase has been budgeted and a performance measures program will be presented to the Village Board early in FY 23/24 affording the opportunity for potential mid-year lump sum increases. These increases coupled with a greater focus and investment into training and development will position to better impact employee retention and strengthen skill sets.

I am proud to oversee the day-to-day municipal operations of Long Grove. A small staff, operating under a limited government model, continues every day to effectively deliver public

goods and services. We have an effective mission-focused operation. We provide an array of public services for 8,366 residents throughout the Village's 12.48 square miles by way of direct engagement or handling, intergovernmental agreements and collaboration opportunities as well as public-private ventures for enhancing operations and enabling fiscally responsible services.

For FY 23/24 the Capital Improvement Plan has an estimated \$2.27 million in expenditure. In the category of Facilities and Land plank repairs to the Robert Parker Coffin Bridge have been planned and Phase 1 of the approved village hall expansion as well. The annual road maintenance program continues to move forward and ahead of schedule. Roads being addressed in part or whole during FY 23/24 include Creekside Drive, Arrowhead Road, Tribal Court, Long Grove Road, Robert Parker Coffin Road, Archer Road, Three Lakes Drive, and Three Lakes Court. The development of a Village-wide pathway plan will take place this fiscal year continuing our efforts to eventually achieve Village-wide connectivity. In addition, technological upgrades for network security and equipment will be purchased to allow remote access for staff and elected officials.

I, as well as our staff, welcome any questions or insights. Please feel free to contact us.

Sincerely,

A handwritten signature in black ink that reads "Gregory Jackson". The signature is written in a cursive, flowing style.

Gregory Jackson, MPA, ABD
Village Manager

General Fund

The General Fund (#01) is the chief operating fund used to account for most of the current day-to-day operations of the Village. The fund pays for police services, public works programs such as street maintenance (non-HOA streets) and forestry, building and code enforcement, planning, zoning, engineering, community and economic development, legal services, finance, and general administration.

Revenues

Diversified Revenue

The Village endeavors to maintain a broad-based, well -diversified portfolio of revenues with an appropriate balance of user fees and taxes other than property. Revenues are established with an emphasis on equity, neutrality, and effective administration. It is the Village's goal to ensure that elastic, or economically sensitive, revenues account for no more than 50% of the General Fund's budgeted revenues.

Property Tax

The Village of Long Grove takes immense pride in having the ability to deliver a full slate of municipal services without levying a property tax. Long Grove is one of only 42 (out 1296) municipal governments not listed on a resident or business property tax bill as a taxing body.

Other Taxes

Most taxes collected by the Village (sales tax, locally distributed income tax, etc.) are deposited in the General Fund for operations of the Village not associated with dedicated revenue sources. A limited number of taxes dedicated to a specific use are budgeted in special revenue funds to adhere to expenditure restrictions.

User Charges and Fees

The Village has established and regularly evaluates all user charges and fees to ensure they remain at a rate that directly correlates to the cost of providing such services. The Village will define those fees in which full cost recovery is desired versus direct cost recovery. Direct cost includes only those expenses that relate directly to the implementation of a project, such as the cost of labor and materials. Full cost considers all costs associated with a particular venture, such as environmental or social expenses.

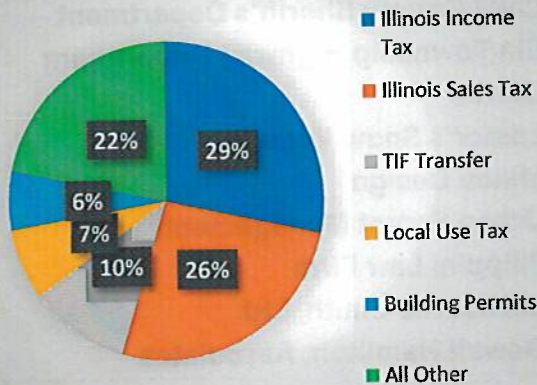
Budgeted Revenues

FY 22/23 Amended	\$3,415,435
FY 22/23 Projected	\$4,123,440
FY 23/24 Budgeted	\$4,571,882

General Fund Revenue Comparison



General Fund Top Revenue Sources



Illinois Income Tax

\$1,300,000 = 28.4%

Illinois Sales Tax

\$1,200,000 = 26.2%

Tax Increment Financing Transfer

\$475,597 = 10.4%

Local Use Tax

\$330,000 = 7.2%

Building Permits

\$275,000 = 6.0%

Total Top Five Revenue Sources

\$3,580,597 = 78.2%

Expenditures

General Governmental in the General Fund includes Village Administration, Public Safety, Public Works, Streets, Conservation & Development, and Capital Improvements. Administration falls under the direction of the Village Manager who is the chief administrative officer appointed by the Village President with the advice and consent of the Village Board. Administration is responsible for the general management of the following operations:

- *Implementing the vision and policies of the Village President and Board of Trustees*
- *Administrative support to the elected body*
- *Coordination of special project*
- *Communications*
- *Risk management*
- *Insurance*
- *Budget preparation*
- *Community and Economic Development*
- *Contractor and intergovernmental services oversight*
- *Financial analysis and treasury functions*
- *Grant administration*

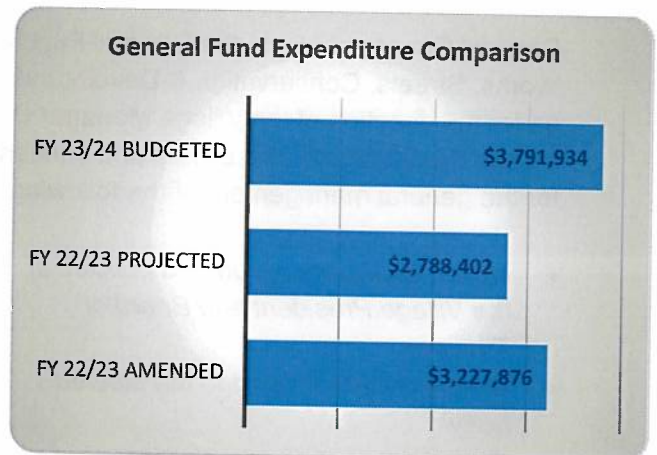
- *Intergovernmental relations*
- *Human Resource management*
- *Accounts payable and receivable*

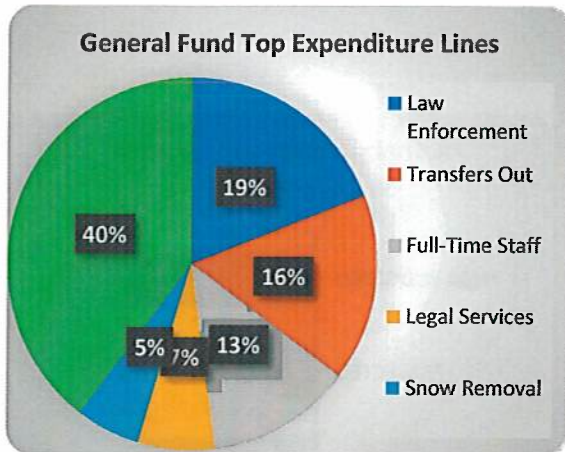
- *Enterprise fund utility billings*
- *Policy research and implementation*
- *Building, zoning, and code enforcement*

Municipal Service(s)	Provider
Accounts Payable/Receivable	Seidler & Associates, Ltd.
Building, Code Enforcement, and Zoning	Village of Mundelein
Engineering	Gewalt Hamilton, Associates
Facilities Maintenance	Ela Township Highway Department
Information Technology (Managed IT Services)	Heritage Technology Solutions
Planning	Village of Mundelein
Police/Law Enforcement	Lake County Sheriff's Department
Public Works (General)	Ela Township Highway Department
Public Works (Mosquito Abatement)	Clarke
Public Works (Snow Removal)	Lester's Snow Removal
Public Works (Landscaping)	Milieu Design
Public Works (Forestry/Arborist)	Urban Forest Management
Village Attorney	Filippini Law Firm
Village Prosecutor	LaLuzerne Smith, Ltd
Water Distribution Operations	Gewalt Hamilton, Associates

Budgeted Expenditures

FY 22/23 Amended \$3,227,876
 FY 22/23 Projected \$2,788,402
 FY 23/24 Budgeted \$3,791,934





Law Enforcement	\$ 721,684 = 19.0%
Transfers Out	\$ 613,788 = 16.2%
Full-Time Staff	\$ 483,326 = 12.7%
Legal Services	\$ 253,119 = 6.7%
Snow Removal	\$ 215,000 = 5.7%
Total Top Five Expenditure Lines	\$2,273,917 = 59.9%

Operating Reserves

Operating reserves are dedicated municipal monies available to cover budgetary shortfalls or unexpected expenditures. Local units of government provide for operating reserves by carrying an unrestricted fund balance in their general fund. This is the portion of the fund balance, or cumulative budgetary surplus, which is completely unencumbered and can be used as a reserve to counterbalance unexpected expenditures and budgetary shortfalls. The appropriate level of operating reserve funding varies depending on local circumstances. Some communities, due to limitations on revenue sources or local economic factors, may find it prudent to hold more. For instance, if economic activity in a community is tied almost exclusively to a specific industry or major business, a greater hedge of reserves may be warranted compared to communities with more diverse economic activity. A healthy operating reserve is a key indicator of overall financial health for municipalities.

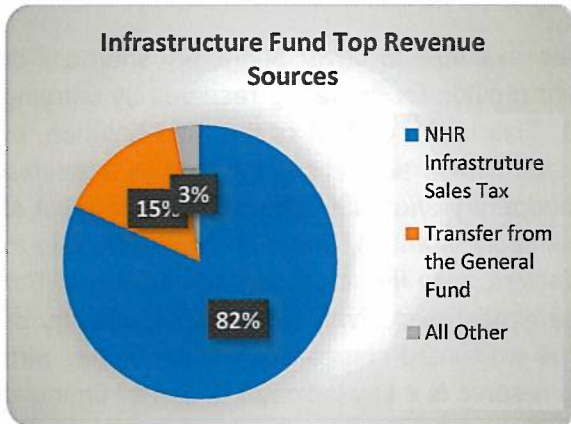
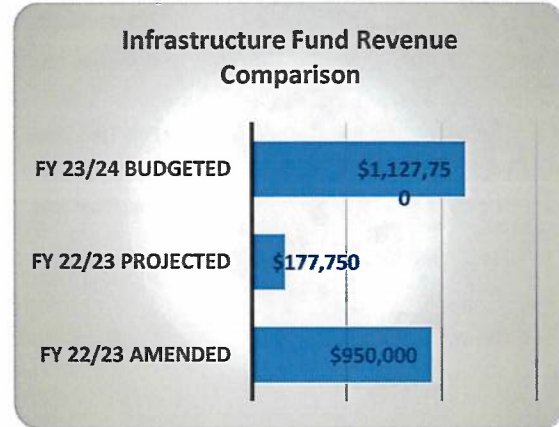
During FY 23/24 the Village of Long Grove maintained an average monthly reserve at 150% or in slight excess. This success is attributed to the excellent fiscal stewardship of the Village President and Board of Trustees.

Infrastructure Fund

The Village of Long Grove uses revenues received from a variety of sources to fund capital infrastructure projects. It was determined by the Village President and Trustees (2012-O-12) that the creation of an Infrastructure Fund to receive revenues and expend funds solely for infrastructure projects would be a control that would best serve the interests of the Village and its' residents.

Revenues

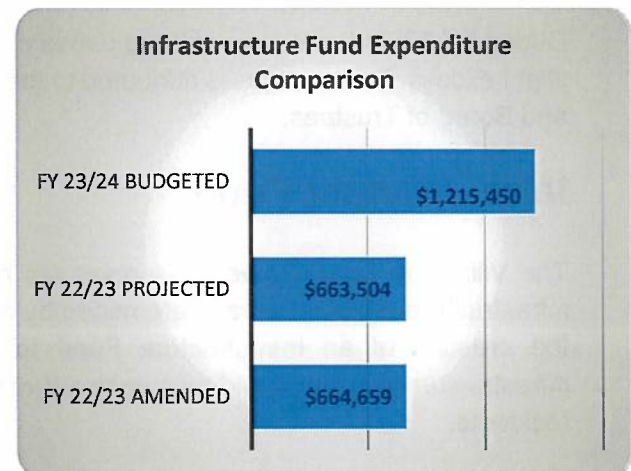
FY 22/23 Amended	\$942,000
FY 22/23 Projected	\$986,357
FY 23/24 Budgeted	\$1,162,750



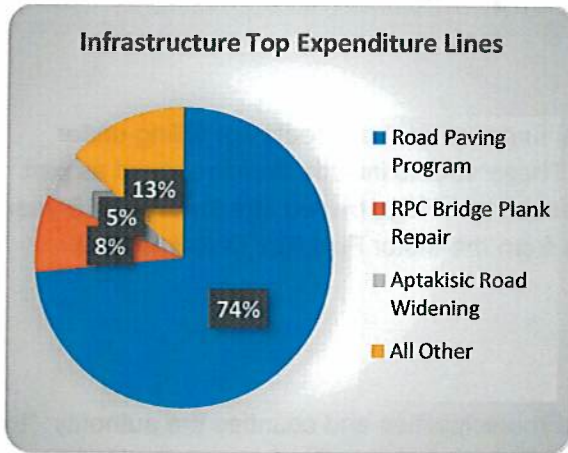
Non-Home Rule Infrastructure Sales Tax
 \$ 950,000 = 81.7%
 Transfer from the General Fund
 \$ 177,750 = 15.3%¹
 Total Top Two Revenue Sources
 \$ 1,127,750 = 97.0%

Expenditures

FY 22/23 Amended	\$ 664,659
FY 22/23 Projected	\$ 633,504
FY 23/24 Budgeted	\$1,215,450



¹ Noting that this transfer was accounted for as expenditure in the General Fund from Revenues in the General Fund

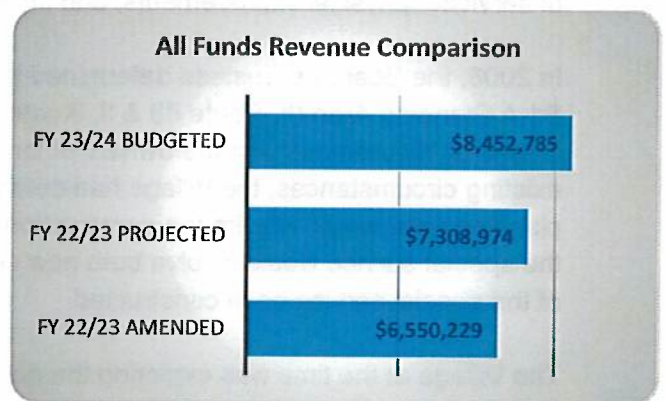


Road Paving Program
 \$ 891,900 = 73.4%
 RPC Bridge Plank Repair
 \$ 100,000 = 8.2%
 Aptakistic Road Widening
 \$ 62,700 = 5.2%
 Total Top Three Expenditures
 \$1,054,600 = 86.8%

All Funds

Revenues

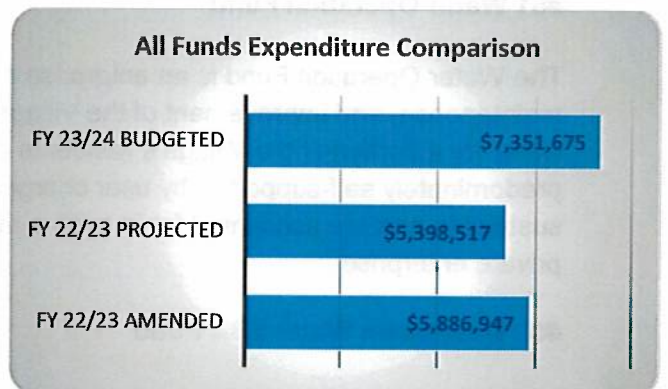
FY 22/23 Amended \$6,550,229
 FY 22/23 Projected \$7,308,974
 FY 23/24 Budgeted \$8,452,785



General Fund is 54.1% of revenues for all funds.

Expenditures

FY 22/23 Amended \$5,886,947
 FY 22/23 Projected \$5,398,517
 FY 23/24 Budgeted \$7,351,675



General Fund is 51.6% of expenditures for all funds.

Enterprise, Fiduciary, and Other Key Funds

#17 Motor Fuel Tax Fund

The Motor Fuel Tax Fund provides funds for capital improvement of streets not falling under homeowner association control and maintenance. These streets include those repaved as part of the maintenance/resurfacing program that addresses all Village owned streets over a 15-year plan. The Fund is supported by monthly allotments from the Motor Fuel Tax Disbursement Fund.

#50 Water SSA Fund

The 1970 Illinois Constitutional Convention granted municipalities and counties the authority: "to levy or impose additional taxes upon areas within their boundaries in the manner provided by law for the provision of special services to those areas and for the payment of debt incurred in order to provide those special services." SSAs are used to support and implement a wide array of services, physical improvements, and other activities.

In 2008, the Board of Trustees determined that to pursue non-residential development in the B1-A Planning Area (IL Route 83 & IL Route 53) a potable water system would be required. Based on discussions with the owners of land within the planning area and its own reviews of existing circumstances, the Village had determined that the non-residential development of the planning area would require the construction of, and service from, a deep-well water system and the special service would involve both new construction of the special service and maintenance of the special service once constructed.

The Village at the time was exploring the development of a TIF District Project. If the TIF District Project did not produce the necessary revenue flow to pay for the special service, the Village desired to have alternative means available to provide the special service. The SSA was established with the adoption of ordinance 2008-O-15 and currently carries debt that matures in not more than 20 years (2028).

#51 Water Operation Fund

The Water Operation Fund is an enterprise fund, used to account for the operation, maintenance, and improvement of the Village's water delivery system which provides potable water for a portion of the Village's residents and businesses. These activities are entirely or predominately self-supported by user charges. The operations of this fund should be self-sustaining and are accounted for in such a manner as to show profit and loss like comparable private enterprise.

#52 Downtown Water SSA Fund

The 1970 Illinois Constitutional Convention granted municipalities and counties the authority: "to levy or impose additional taxes upon areas within their boundaries in the manner provided by

law for the provision of special services to those areas and for the payment of debt incurred in order to provide those special services.” SSAs are used to support and implement a wide array of services, physical improvements, and other activities.

In 2018, a portion of the Downtown Rt. 83 Redevelopment Project Area TIF District was served by the Village’s public water system, The Board of Trustees determined that the redevelopment and revitalization of the Village’s Historic Downtown District would be stimulated, and the public health, safety, and welfare of the area advanced by extending distribution mains to allow for connection. The extension of water systems is customarily partly funded in part through connection charges paid by users at the time of connection by users. Connections will also require extending of water service lines and external (and potentially internal) plumbing changes to make full use of the water system.

To ensure that properties within the Downtown Service Area could connect and utilize the water system the Village Board determined to help property owners finance connection charges for such special services in part via a special service area. The SSA was established with the adoption ordinance 2018-O-23 and currently carries debt that matures in not more than 30 years (2048).

#60 Open Spaces Fund

The Village of Long Grove has received and will continue to receive certain funds pursuant to Ordinance 77-O-8 and subsequent amendments to the Village Code. Establishing ordinance 77-O-8 provides in part, that the monies received by the Village pursuant to that Ordinance are for the purpose of acquiring, maintaining, and preserving open space within the Village of Long Grove and sound accounting practices indicate that a separate account for these funds would be best practice.

#61 Downtown TIF Fund

Used to account for tax increment financing (TIF) property tax revenues and expenditures in accordance with redevelopment plans approved for this TIF District. This district has three levels of indebtedness including public market bonds maturing in 2031 and Series A & B bonds held by other Village funds.

#62 Business District Fund²

The Business District Development and Redevelopment Law authorizes a municipality to impose a tax designed to fund the development or redevelopment of certain designated areas within a municipality. The municipality may impose this tax if it has a development or redevelopment plan for an area of the municipality that:

² Definition taken from <https://www2.illinois.gov/rev/questionsandanswers/Pages/380.aspx>

- is contiguous (i.e., the properties within the area border each other),
- includes only parcels of real property that will directly and substantially benefit from the proposed plan,
- and is blighted, as defined in the Illinois Municipal Code

#65 ARPA Fund

The American Rescue Plan Act of 2021 (ARPA) appropriated \$19.53 billion to States for distribution to tens of thousands of non-entitlement units of local government (NEUs). Cities, villages, and towns with populations of less than 50,000 were eligible for an ARPA NEU Allocation. The Village of Long Grove received \$537,834 in FY 21/22. The revenues were held in the Infrastructure Fund (#30). An equal revenue amount is expected for FY 22/23 which will be segregated in the newly created ARPA Fund (#65) with FY 21/22 revenues being transferred from Fund #30. Funds are designated for use on building and infrastructure rehabilitation and repair. All funds must be expended by the end of CY 2024.

#73 SSA Heron's Landing Water Fund

The 1970 Illinois Constitutional Convention granted municipalities and counties the authority: "to levy or impose additional taxes upon areas within their boundaries in the manner provided by law for the provision of special services to those areas and for the payment of debt incurred in order to provide those special services." SSAs are used to support and implement a wide array of services, physical improvements, and other activities.

The Village of Long Grove Herons Landing Water Special Service Area was established to provide special services to directly serve the subdivision to provide a safe and adequate potable water supply to the properties within the special service area. Specifically, the Herons Landing Water SSA is established so that the Village could issue bonds and levy taxes to pay for the special services, as well as associated costs (including, without limitation, engineering, administrative, legal, publication, financing, and recording costs) through an annual tax levy against the Heron's Landing Subdivision properties in accordance with the special tax roll established by Ordinance 2021-O-09 due to refinancing.