

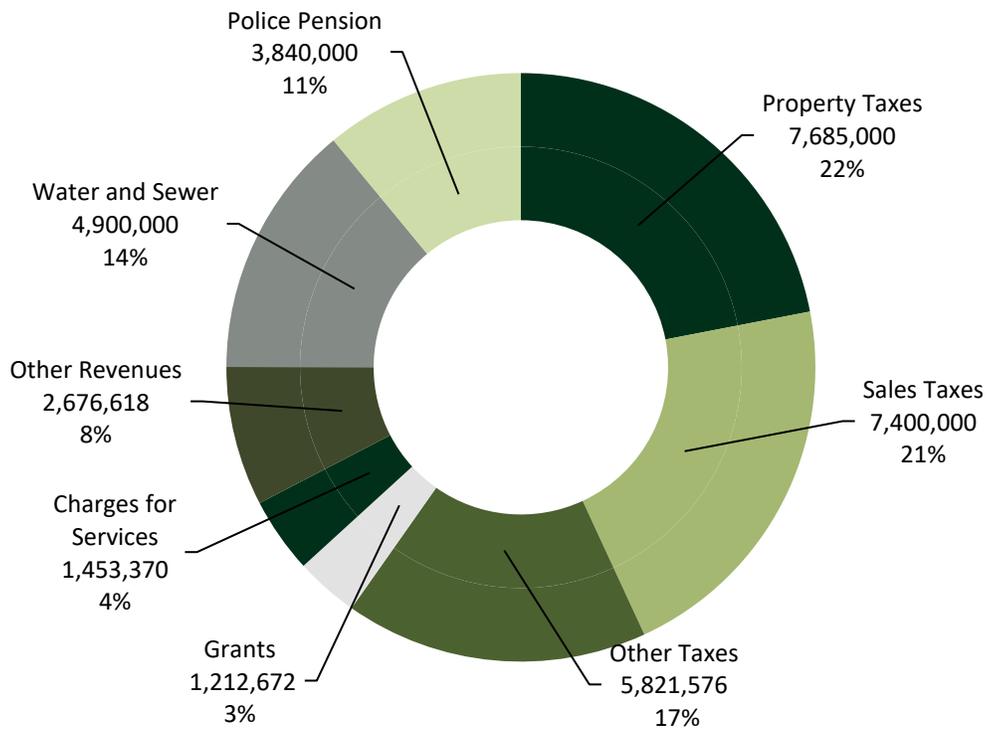


## MAJOR REVENUE OVERVIEW

### FISCAL YEAR 2022 REVENUES

The Fiscal Year 2022 total revenues across all funds is **\$34,989,236**. This is an increase of \$539,178, or 1.5% from the Fiscal Year 2021 Budget.

**Fiscal Year 2022 Revenues  
Across all Funds - \$34,989,236**



The following pages explain the major revenues in the General Fund and Water and Sewer Fund.

## GENERAL FUND MAJOR REVENUES

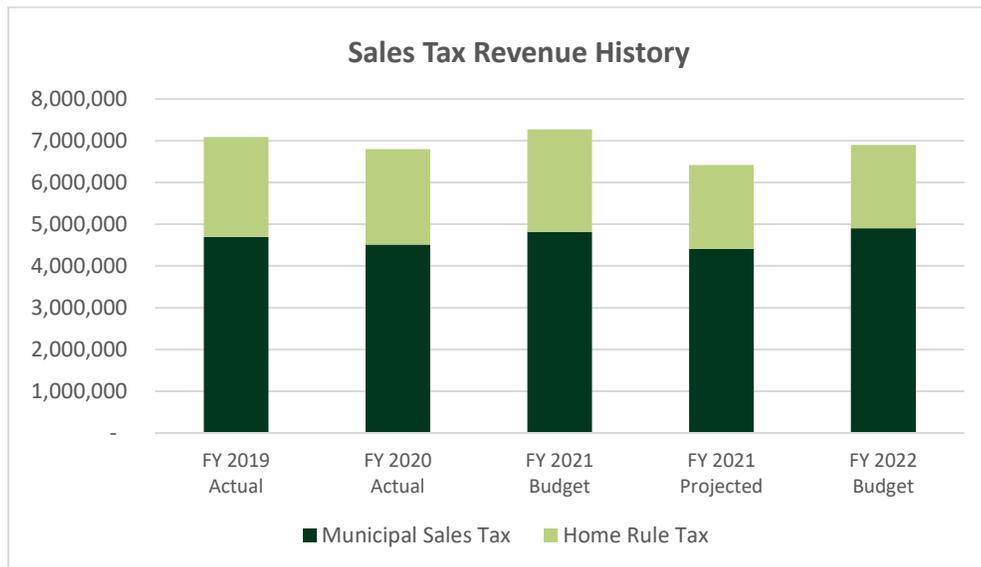
The Fiscal Year 2022 total General Fund revenue increased from \$22,473,758 to \$22,516,410, an increase of \$42,652 or 0.1 % from last year’s budget. This increase is mainly due to an increase in grants and sales tax revenues.

### Sales Tax Revenue

Sales Tax revenue, which is comprised of 1% Municipal Tax and a 1% Home Rule Sales Tax, represents the largest source of General Fund Revenue. Below are historical sales revenues since Fiscal Year 2019.

A portion of both the sales and home rule sales taxes have been earmarked for debt service payments. The Village’s largest source of sales tax revenue continues to be derived from the auto dealerships located in the Village boundaries. Sales tax from these dealerships is expected to show a modest growth from last year’s estimates. The Fiscal 2022 estimate of sales tax receipts takes into account that growth over the next year will continue on a slow pace as the economy recovers from the COVID -19 pandemic.

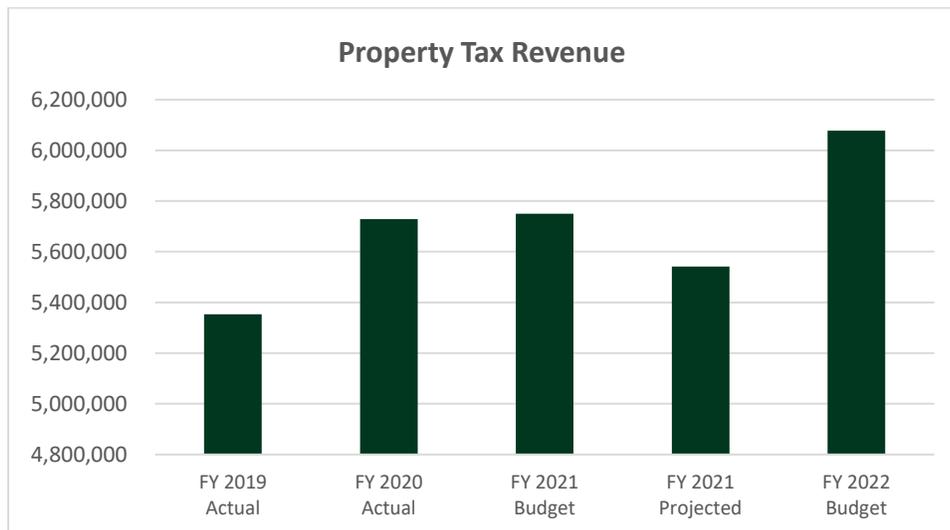
1% regular share of retail sales	\$ 4,900,000
1% home rule sales tax	\$ <u>2,500,000</u>
Total budgeted	\$ 7,400,000
Amount allocated to Storm Water Management Fund	\$ <u>(500,000)</u>
<b>Net Sales taxes available to the General Fund</b>	<b>\$ 6,900,000</b>



## Property Tax Revenue

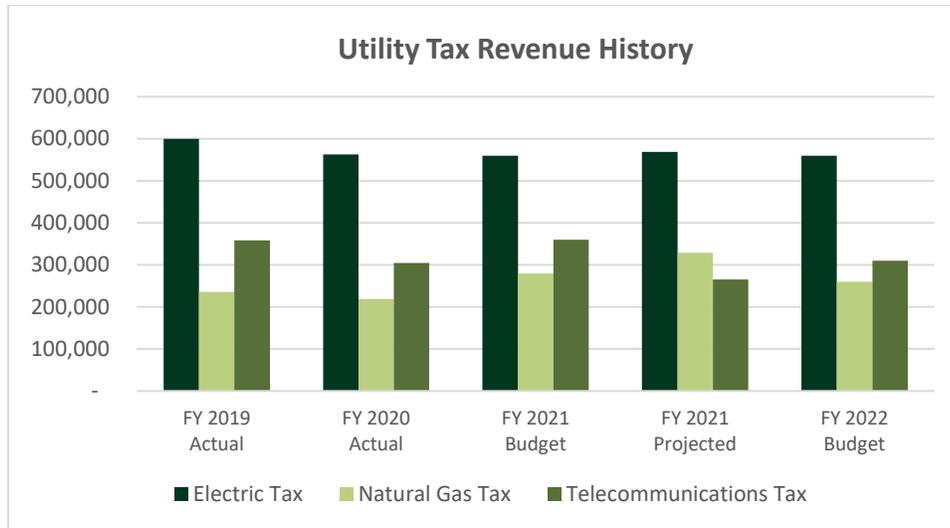
Property Taxes are the second largest revenue source in the General Fund. Lincolnwood is a home rule municipality, and as such, has no limit on the amount it could levy for property taxes. The Village's collection rate on its property tax levy has averaged 98.6% over the last five years. The Village Board has adhered to a policy whereby the increase in the property tax levy be tied to the cost of living increase for "taxed capped" communities. The Village's levy represents approximately 9.5% of a property owner's total property tax bill. The levy that corresponds to the Fiscal Year 2022 budget was levied prior to December 31, 2020 and contained a 2.3% increase.

Below are historical property tax revenue since Fiscal Year 2019.



## Utility Tax Revenue

The Fiscal Year 2022 Budget includes \$1,130,000 in estimated revenue for utility tax. The Village has three utility taxes, natural gas, electricity and telecommunications. Natural gas is assessed at a rate of 5% of gross charges and electricity tax is assessed at a variable rate depending on the number kWh used. As each of these taxes is based on usage, revenues will fluctuate with weather conditions and consumer demand. Telecommunication tax is assessed at a rate of 6% of gross charge. The breakdown of Utility Tax revenue received since Fiscal Year 2019 is reflected below.



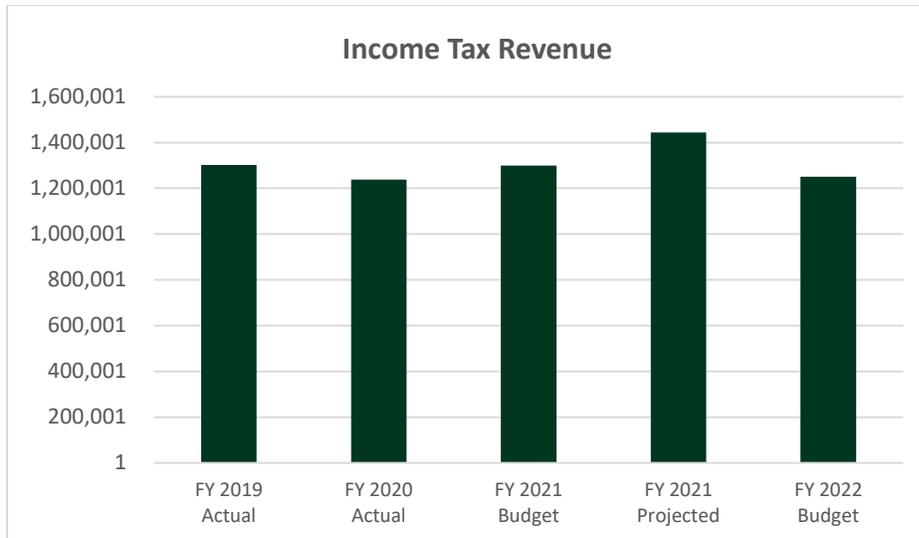
As shown above, utility tax revenues have been declining since Fiscal Year 2019, likely a result of energy efficiencies and changes in consumer behavior. Of the three utility taxes the Village collects, telecommunication represents the largest decline in receipts. Changes in technology has consumers abandoning traditional landlines in favor of mobile devices and mobile data plan are not subject to the tax under current Federal law. The Village anticipates that this trend will continue as the demand for mobile capabilities grows more and more over time.

### Income Tax Revenue

Income 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. For budgetary purposes, the Village projects income tax revenues utilizing assumptions provided by the Illinois Municipal League (IML). IML projects estimated income tax collections based on economic projections that historically have been consistent with actual receipts.

It is projected that the Village will receive \$1,250,000 in income tax in Fiscal Year 2022, based on a population of 12,590. This revenue has remained stable, however, we continue to monitor this closely in accordance with the State's proposal to modify its income tax model.

Below are historical income tax revenue since Fiscal Year 2019.



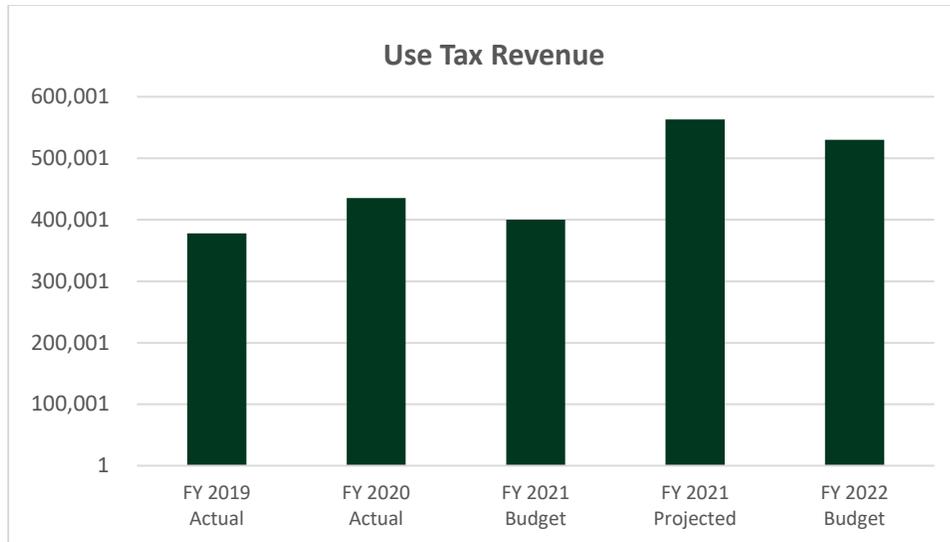
### Use Tax Revenue

Use Tax applies to tangible personal property purchased at retail from a retailer outside of the State of Illinois. This revenue continues to perform well as consumer behavior changed and shifted to more out-of-state, online retailers than usual.

In January 2021, the *Leveling the Playing Field for Illinois Retailer Act* took effect, which requires retailers headquartered outside of Illinois to pay State and local sales tax in lieu of use tax. The continued impact to Lincolnwood will be difficult to predict without the consumer purchasing history (since sales tax is currently distributed per capita); however, we will likely see a decline in use tax and an increase in sales taxes in mid-to late Calendar Year 2021.

For budgetary purposes, the Village projects use tax revenues utilizing assumptions provided by the Illinois Municipal League (IML). The current estimated per capital rates issued by IML equal \$42.50 for Fiscal Year 2022. At this time, 2020 Census results have not been finalized by the State and therefore, the Village continues to estimate it's per capital revenue on a population of 12,590. Fiscal Year 2022 Budget projects \$530,000 in Use Tax revenue.

Below are historical use tax revenue since Fiscal Year 2019.



### Food and Beverage Sales Tax

The Village enacted a Food and Beverage Sales Tax in Fiscal Year 2009. This tax assesses a 1% on all businesses which prepare food and alcohol on their premise. For Fiscal Year 2022, the Village Board approved an increase to this tax from 1% to 2%. This increase is projected to generate \$400,000 in revenue.

### Packaged Liquor Tax

For Fiscal Year 2022, the Village Board approved instituting a new packaged liquor tax. This tax will be imposed on all purchases of unopened liquor beverages sold at retail and will generate approximately \$250,000 in new revenue.

## **PARK AND RECREATION PROGRAM FEES**

The Park and Recreation Department plans and implements the general recreation programs and recreational facilities managed by the Department. The Village charges fees for various programs for individuals of all ages in the areas of sports, trips, after school, camps, teens, adults, seniors, swimming, concerts and special events. Camp fee revenues are budgeted with no increase from prior year costs.

Revenues for Fiscal Year 2022 are budgeted to reflect the reopening of the pool and camp programs as they were closed in Fiscal Year 2021 due to the COVID-19 pandemic. Revenues are projected well below normal amounts as the reopening of these programs is based upon restrictions imposed by the State of Illinois due to the pandemic. Below is a breakdown by category of these charges:

Camps	\$ 80,000
Pool and concessions	\$ 488,650
Community Center Rental	\$ 44,250
Senior Program	\$ 6,700
Other	\$ <u>257,170</u>
<b>Total budgeted</b>	<b>\$ 876,770</b>

## **WATER AND SEWER FUND REVENUES**

The Village produces water for 4200 customers, which includes both residents and businesses. As an enterprise fund, the Water and Sewer Fund is designed to be largely self-sustaining through user charges that are assessed through a fixed rate structure and a volumetric charged based on usage. This revenue is susceptible to changes in weather conditions and can impact the amount of water sales by as much as 10% of annual sales.

The Fiscal Year 2022 Budget estimated revenue is \$4,900,000. Included is \$4,899,000 for Water and sewer charges and \$1,000 for interest.

Below are historical water and sewer fund revenues since Fiscal Year 2019.

### Water and Sewer Fund Revenue History

