



FINANCE DEPARTMENT

MAYOR

George D. Alpogianis

VILLAGE MANAGER

Joseph S. La Margo

VILLAGE CLERK

Marlene J. Victorine

TRUSTEES

John C. Jekot

Joe LoVerde

Danette O'Donovan Matyas

Craig Niedermaier

Dean Strzelecki

Finance Committee Meeting Minutes Village Hall Council Chambers March 16, 2022 8:00 am

Call to Order

Chairman Joe LoVerde called the meeting to order at 8:05 am.

Roll Call

Management and Budget Analyst Conor Schultz called the roll for Committee Members:

Committee Members Present: Chairman Joe LoVerde, Alan Weel, George Van Geem, Jack Drexler, and Robert Callero

Committee Members Absent: None

Old Business

None

Approval of Minutes

None

Accounts Payable Approval

None

New Business

Fiscal Year 2023 Draft

Operating Budget Review

Management and Budget Analyst Conor Schultz presented the FY23 Operating Budget. He said this is the first time the Village has separated the Operating Budget and Capital Improvement Plan (CIP). He said the total proposed FY23 Operating Budget is \$87,857,104, which represents an estimated budget reduction of \$5,824,417, compared to last year. He added that it does not include projects identified within the CIP. He said there is a General Fund budgeted surplus of \$243,822 due to the projected sales tax increase based on economic performance and actual collections. Mr. Schultz continued by saying the budget includes amounts from the American Rescue Plan Act (ARPA) and General Obligation bond sought by the Village. He added that this budget also include an increase to the Police and Fire pension contributions and reflects all planned adjustments to compensation, including salary, benefits, and insurance.

Mr. Schultz continued by reviewing the General Fund revenues. Chairman LoVerde asked a question related to the Municipal Garbage Fund revenue as far as when the Village will begin to bill residents directly for garage collection. He wanted to be sure the Village is not billing and levying for garbage at the same time. Village Manager Joe La Margo stated that the Village should begin direct billing in May 2023 and will not be levying at that time.

Mr. Schultz presented the General Fund operating expenses. The Department Directors were present for the discussion and to answer any questions. Mr. Schultz thanked them for their time and efforts spent working on the budget. Mr. La Margo said a lot of time was spent making sure the expenses were put in the correct funds. Mr. Schultz added that next year there should be no large transfers and we should be able to make more parallel, year-to-year comparisons of each fund going forward.

Mr. Schultz continued with highlights from each fund. Several questions were asked. Chairman LoVerde asked about the Milwaukee Harlem TIF property acquisition. He asked if the increment is only \$500,000 and we are budgeting \$2.27 million, where do we find the funds for those acquisitions. Mr. Oliven said that if there is no fund balance, even if the budget is approved, it will not go through. He added that if an acquisition came up, it would still need Board approval. Mr. La Margo made a recommendation to spend a meeting in the future discussing TIFs alone.

Discussion continued with the Water Fund. Chairman LoVerde asked if the Village has a written agreement with Morton Grove Niles Water Commission (MGNWC) for repayment and if interest is accrued. Assistant Village Manager Kathy Thake said there is an agreement and payback begins when the project is complete. She stated that there is still a small portion of the project that is not complete but added that MGNWC is budgeted to pay back 1 million to the Village in FY23.

Chairman LoVerde also asked about the Water Fund revenue and transfers from the fund. He wanted to be sure no profit was being made and transferred to other funds, being taxes were just raised taxes to pay for water. Finance Director Oliven said that the Water Fund breaks even and all funds are used specifically for services related to the delivery of water. He said any transfers out of the fund, such as to the Automotive Fund, would be a reimbursement for the purchase of a vehicle used in the water department.

Mr. Schultz reported that the quarter percent sales tax remainder after taking out the stormwater expenses was returned to the Water Fund as laid out in the ordinance. Mr. Van Geem asked about interest earned on the Water Fund. He said the Village should be more aggressive with the management of the investable funds. Member Jack Drexler asked where the Village is at in the process of monthly water billing. Mr. Oliven said the Finance Department is moving in that direction and monthly billing could begin in May 2023.

Mr. Schultz continued by stating that FY21 fund balance for the Automotive Fund is still being finalized. The fund balance, and the disbursement of excess funds, will be discussed at the next Finance Committee meeting, when the final draft of the Budget is presented.

Mr. Schultz reviewed the Public Safety Pension Funds. He stated property tax revenue for the fund is \$5,650,959. He said there is \$1,530,000 in additional specific revenues, beyond property taxes, that is budgeted separately and will be transferred into each of these pension funds from the General Fund. Mr. Van Geem commented on the placement and transparency of moving the personnel funds to the General fund. He suggested adding a footnote disclosure to note the change in the way our financials are being presented. Mr. Oliven said that it is well documented within the audit and actuary report. He added that next year, and moving toward, there will be more explanation in the budget as we go for the GFOA award.

Mr. Schultz continued with a summary of the Operating Expenses for each Department, highlighting significant change and operational efficiencies. Department Directors offered additional information and answered questions from the Committee.

To conclude discussion, Mr. Van Geem asked Village Manager Joe La Margo how he would describe this FY23 Budget to residents. Mr. La Margo stated that the Village is running a very lean organization by reducing operating budget line items by over 1 million dollars. He added that the Capital Budget increased significantly and staff has identified and are addressing projects that have been deferred for many years. He also mentioned additions to our Family Services Department, including the new Engage program. Mr. La Margo added that all departments are continually looking for sponsorships and grants to apply for throughout the year.

Chair LoVerde requested a list of maintenance items in the CIP that are now in the operating budget. He also requested a list showing where additional revenue, from the tax that was levied for the pension, is being applied.

Jack Drexler asked for list of the subsidized services within the Village. Chairman LoVerde added that our citizens need to be aware that the Village is funding all these service, and the costs involved. Mr. La Margo said he is putting together a Village wide annual report that will include this information.

Van Geem requested several items be added to future agendas including a staffing chart history showing personnel, health care, insurance, IMRF and pension costs. Also, discussion on the requirements for the GFOA Budget Book award.

The Committee Members thanked staff for all the work that was put into preparing the budget. Mr. La Margo added that the next step for budget is the Budget Workshop on March 28, 2022.

Other Business

None

Public Comments

None

Executive Session

None

Adjournment

A motion to adjourn was made at 10:35am by George Van Geem, seconded by Jack Drexler. All concurred.