



## 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 April 13, 2022 7:00 am

### Call to Order

Chairman Joe LoVerde called the meeting to order at 7:00 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

#### Review Fund Balance

#### Recommendation per Ordinance

Finance Director Kent Oliven presented three (3) excess Fund Balance options to help reduce the burden on the taxpayers, as requested by Chairman LoVerde at the April 6<sup>th</sup> Finance Committee meeting. Option 1, was the recommendation from that April 6<sup>th</sup> Finance Committee meeting, which included issuing bonds now and transferring the remaining excess fund balance of \$3.4 million to the Public Safety Pensions. Given Chairman LoVerde's April 6<sup>th</sup> request to save taxpayers money right away, this option is no longer recommended by staff.

Option 2 would be to pay for the first year of road projects using the American Rescue Plan Act (ARPA) \$3.9 million and non-excess fund balance (but within the current fund balance policy), issue a reduced amount of bonds next year to fund the rest of the road project, and transfer the remaining excess fund balance to Public Safety Pensions. Option 3 would be to pay for the first year of road projects using ARPA money and non-excess fund balance (but within the current fund balance policy), transfer the remaining excess fund balance to the road project, and issue bond for the remaining road project when or if needed. Mr. Oliven said staff would recommend either Option 2 or Option 3 given the desire to save taxpayer money now. Village Manager Joe La Margo added that by pushing out the bond a year, it gives staff more time to see if there are other ways to reduce the bond obligation for the future or to eliminate the bond all together.

Van Geem asked if anything can still be done to reduce the eighty-eight percent (88%) tax year 2021 (TY21) property tax increase or if it has already been set in place. Joe La Margo said the levy has already been passed but we can discuss reducing the new levy in November. Chairman LoVerde

asked if it was possible to abate the current levy. Mr. Oliven said he has never seen an abatement done this late but he will look into it. Village Manager La Margo said if it is possible to abate, staff will do so.

Chairman LoVerde stated that he met with the Mayor to discuss the current \$32 million dollar fund balance. He stated that the Mayor said he spoke with staff and staff would only use the \$9 million excess fund balance reserve for capital projects. Additionally, there would not be a bond sought to fund the FY23 road projects. Lastly, the Mayor wants to adjust the TY21 tax levy by abating 13% of the increase, so that the increase from TY20 to TY21 effectively becomes a seventy-five percent (75%) increase, rather than an eighty-eight percent (88%) increase.

Village Manager La Margo said the staff also met with the Mayor. He stated that their conversation was to eliminate bond by pushing the all of the excess reserve money toward paying for the road project, except for that amount going to the Street and Bridge Fund (that amount likely would have been a component of the project already). Mr. La Margo said the Mayor asked staff to come up with a few ways to pay for the road projects without issuing a new bond and to look for a way to decrease next year's property tax levy by thirteen percent (13%). He added that the Mayor's suggestion was to dedicate all of the excess FY21 fund balance, except for the \$950,000 transfer to the Street & Bridge Fund, to reducing the size of the bond. Chairman LoVerde said his conversation with the Mayor was to eliminate the bond by using the \$9 million in restricted funds. He said eliminating the bond and pushing it to next year are two different things. Mr. La Margo stated that the plan was to eliminate the bond not to pay down the bond.

Village Manager La Margo said the Mayor's option is to take everything and apply it toward what the bond would be paying for, which is almost 8.8 million dollars, and then reduce the levy by thirteen percent (13%). He stated that this excess money, other than the money dedicated to the Street and Bridge Fund, could be applied toward reducing the size of the ultimate bond. Mr. La Margo added that we would like to eliminate the bond all together but said that we do still have some debt. Mr. Van Geem said it should be a priority to get the negative fund balances cleared up.

Chairman LoVerde asked about using the FY21 excess fund balance to erase debts in various funds, like the municipal waste fund. Director Oliven stressed the importance of resolving both outstanding debt as well as annual spending deficits, and clarified further points about the structure of some of the internal service funds, such as the automotive fund and risk management fund.

Chairman LoVerde asked for clarification again concerning how the FY21 year ended with an amount in excess of the required amount. Kent suggested that it had to do with several things, including not sending enough to the internal service funds, not sending enough to the public safety pension funds, and revenue performance. Chairman LoVerde also asked about potentially seeking to fund the Village's road project without seeking a bond. Director Oliven suggested that one option presented—option three—would move the Village towards using money from the American Rescue Plan Act (ARPA) and the FY21 reserve excess amount to avoid seeking the bond. Manager La Margo reiterated that point.

Chairman LoVerde asked for an income statement to-date for fiscal year 2022. The committee then briefly returned to discussion of the bond. They

informally concurred that the bond should not be sought in FY23. Manager La Margo reiterated that available funds and ARPA grant funds would be used to fund that project. Chairman LoVerde asked to return to the topic of the TY21 levy. Member Callero made several suggestions to the committee, including his concurrence to not seek the bond, and to abate thirteen percent (13%) of the increase from the TY21 levy. He also noted that it should be a priority to seek State and Federal aid at this time, because so much is available. His final point was to reduce pension liability ensure we are properly allocating revenues to the public safety pensions as Village ordinances and resolutions require. He reiterated that the split of the last quarter percent (0.25%) of the home rule sales tax to Stormwater and Public Safety Pensions is still important for the Village's priorities. Chairman LoVerde asked about that quarter-percent (0.25%) home rule sales tax and when it was applied in the FY21 budget to fund the public safety pension without sending any to the Water Fund. He stated that such a thing should not happen and Manager La Margo agreed.

At this point the Committee returned to allocating the excess fund balance amount. Director Oliven recollected that the plan was to vote to support Option 3 as laid out in the supporting documents (distributing the excess amount among funds with debt and using the remainder for the road project to avoid taking out the bond in FY23 and to reduce or eliminate the bond in future years). There was also an open question about whether, in FY22, the quarter-percent (0.25%) home rule sales tax component going to pensions and the post office rent going to pensions should be contributed towards the Village's recommended contributions, or only be applied after the recommended contribution has been met. Lastly, there was an open question about specifying an amount to abate from the TY21 levy.

Chairman LoVerde asked if thirteen percent (13%) was an acceptable amount to abate from the TY21 levy. Member Weel disagreed. He suggested that the Village should accept the TY21 levy as it exists and reassess the levy situation later, during the TY22 levy process, with the benefit of more financial information. Member Van Geem reiterated the comments from member Weel. Chairman LoVerde said he feels that the lack of an FY21 audit while crafting the TY21 levy as well as economic factors mean a potential abatement is appropriate. He stated that his role as an elected official is to advocate for citizens today beyond simply providing services.

Chairman LoVerde asked about the responsibility of understanding the annual budget outcomes, and how staff frames annual outcomes. Director Oliven reiterated that staff recommendations are critical for the board to do their job well and provide good services for citizens.

Manager La Margo requested a pair of motions. The first would be regarding the excess fund balance distribution. The second would be regarding the abatement of the TY21 levy, if possible. A motion was made by Bob Callero, seconded by George Van Geem, to recommend Option 3, which means not issuing a bond in FY23 and transferring the remaining excess fund balance to the road project. On roll call, all concurred.

Chairman LoVerde next asked for a motion regarding an abatement to the TY21 tax levy. Member Drexler stated for the record that he feels responsible for the results of the TY21 levy vote. Director Oliven said that an abatement to the TY21 levy was still possible as long as an amount could be determined by the April board meeting, per correspondence he received from Cook County. A motion was made by Jack Drexler, seconded by Bob Callero, to recommend the thirteen percent (13%) reduction in the levy to create an effective one year seventy-five percent (75%) increase from TY20 (as

opposed to the eighty-eight percent (88%) increase which was the current state of the TY21 levy) to the village board for approval at the April Village Board meeting. On roll call, the vote was as follows:

Ayes 3 Drexler, LoVerde, Callero  
Nays 2 Van Geem, Weel

**@1:16:20**

The Committee discussed next steps for the meeting, and Member Callero requested an update on the income statement. Director Oliven noted the other remaining discussion item was whether, for FY22, the last quarter-percent (0.25%) of the home-rule sales tax and post office rent should be contributed to the public safety pension funds towards the Village's required contributions, or only be applied after the actuarially recommended contribution has been met.

**FY23 Budget Recommendation**

A motion was made by Chairman LoVerde, seconded by Bob Callero, to make a recommendation to the Village Board to approve the Appropriation Ordinance as discussed. On roll call, all concurred.

**Debt Management Policy Review**

Finance Director Kent Oliven began discussion on the Debt Management Policy. Chairman LoVerde requested to add this item to a future agenda for discussion at a future meeting. [1:22:30]

**Income Review**

Based on a request from earlier in the meeting, budget analyst Schultz talked about the revenues recorded for FY22. Major points included the bond being budgeted for FY22 but not sought and the transfers for the year not having occurred yet. He stated that quarter percent (0.25%) sales tax amounts in the General Fund as a percentage of amount budgeted would likely appear low, since some of those funds were being diverted to the Water Fund to comply with Village policy. There were not operational revenues that came in surprisingly low or high for the year.

**Approval of Minutes**

None

**Accounts Payable Approval**

Member Van Geem inquired about a payment made to Jones Lang La Salle as legal representation for the Post Office. Director Melaniphy clarified that the costs were for negotiating a contract between the Village and the Post Office. Accounts Payable registers for 2022- 02/25, 03/04, 03/11, 03/18, 03/25 were presented for approval. A motion was made by George Van Geem, seconded by Al Weel, to approve the Accounts Payable registers. On roll call, all concurred.

**New Business**

**Audit Firm Update**

Chairman LoVerde asked staff for an update on Sikich, the Village's new audit firm. Finance Director Oliven said that staff met with them to discuss the Village's operations and status. They are preparing to begin the audit in July. Chairman LoVerde asked if their proposal included a deadline to have the audit completed by. Mr. Oliven said it does. He stated that this year's audit will be complete by the end of December and starting next year, the audits will be complete by the end of October. He added that these are within the state deadlines.

**George Van Geem Resignation  
From Finance Committee**

Chairman LoVerde stated that George Van Geem submitted his resignation from his position on the Finance Committee. He thanked Mr. Van Geem for his many years of service to the public throughout his career. He said his knowledge and experience will be missed.

**Other Business**

None

**Public Comments**

None

**Executive Session**

None

**Adjournment**

A motion to adjourn was made at 8:35 am by Al Weel, seconded by Bob Callero. All concurred.