



## 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 June 8, 2022 7:30 am

#### Call to Order

Chairman Joe LoVerde called the meeting to order at 7:30 am.

#### Roll Call

Assistant Finance Director Laurie Nannini called the roll for Committee Members:

**Committee Members Present:** Chairman Joe LoVerde, Alan Weel, Bob Callero, and Jack Drexler at 7:45am

**Committee Members Absent:** None

#### Old Business

None

#### Approval of Minutes

The minutes from the April 6, 2022 Finance Committee meeting were presented for approval. A motion was made by Bob Callero, seconded by Al Weel, to approve the minutes. All concurred.

The minutes from the April 13, 2022 Finance Committee meeting were presented for approval. A motion was made by Al Weel, seconded by Bob Callero, to approve the minutes. All concurred.

#### Accounts Payable Approval

The Accounts Payable registers for 2022- 4/01, 4/08, 4/15, 4/22, 4/29, 5/06, 5/13, 5/17, and 5/20 were presented for approval. A motion was made by Bob Callero, seconded by Jack Drexler, to approve the Accounts Payable registers. On roll call, all concurred.

#### New Business

##### Opening Comments

Chairman LoVerde opened the meeting by restating the mission of the Finance Committee and its responsibility to the Village and its residents. He stated that during this inflationary period and hard economic times, the Finance Committee has prioritized protecting residents from additional tax rate increases. He said that household budgets are being stretched to the limit due to rising gas prices and other monthly expenditures, and that we do not know how long this situation will go on. He said the Committee will be proactive and review expenditures on an ongoing basis for possible reductions and operations to determine if budget adjustments are needed. He also stated the four subsidized services, including the Free Bus, Fitness Center, Senior Center and Family Services, will be closely monitored to see if reductions in operations can be made to lower the subsidy required for these services. He stressed that it is imperative that staff find ways to lower

operating costs and said that we have to do everything we can to work together to get through this hard economic climate.

## **Inflation Impact on Departmental Operations**

Public Works Director Fred Braun spoke on inflation and supply chain impacts in the Public Works Department. He said the Fleet Department is being impacted the most at this time. There is a nationwide rubber shortage, resulting in a 20% increase in cost for tires. Additionally, staff may need to buy tires earlier than necessary based on product availability, especially for emergency vehicles. Mr. Braun talked about the 40% increase in gasoline prices and how it is affecting the budget, including the increase for the use of fuel and the increase in shipping rates for products. He said they have had to change their purchasing patterns for fuel due to companies no longer allowing partial tank purchases, as before. The changes in the price of fuel have increased some purchases to an excess of \$25,000, the amount that requires Village Board approval prior to purchasing.

Mr. Braun continued by stating that the price of steel is up 200% since 2020. The increase, as well as the supply chain issues, is affecting the purchases of vehicles for the Village. He said the new Fire Engine that was recently approved by the Village Board is 18 month behind schedule and there is a 3 year delay for the Ambulance recently approved. Staff is examining at other options to procure vehicles until these shortages are over. Chairman LoVerde asked how staff can operate within budget while looking at all these increases. Mr. Braun said the department is being proactive and making informative decisions. He said they will save on labor by doing in-house up fittings and will stretch the upkeep and routine maintenance on vehicles, whenever possible.

Chairman LoVerde asked about the current staffing positions being advertised. He asked if the postings are necessary being we are in an inflationary period. He asked if there are other options to reduce any of these positions or if it is possible to hold off on hiring. Joe La Margo explained the need for the job postings and said each position is evaluated prior to posting. He said the current postings are mostly replacing recent retirees or are for positions where services or workload has increased. He said that staff is being as lean as possible with spending and stated that the Village has applied for several federal grants, to offset some of these costs.

Al Weel said we need to take the extra steps to tighten things up. He said he would like to see the true net effect of replacing the retirees with someone with a lower salary to see the actual impact on the budget going forward. He said this is a critical topic and we need to be creative. He said we need to find ways to offset costs and focus on where we can cut because we know there are certain things coming that we cannot control. The other Committee Members agreed.

Bob Callero said this current Finance Committee is very engaged and has a history working with the Village for many years and through some very hard times. He stressed the need for the Finance Department to have additional "foot soldiers," and fewer consultants, so that it is effective enough to complete the tasks required of it. He wants to ensure the temporary audit assistance consultant will be doing operational work.

Chairman LoVerde asked about the accountant position currently open, and said that we should raise the pay rate if it is not drawing applications. He clarified his rationale by declaring it unacceptable that the Village's financial filings are delayed too often recently, and that the Finance Department especially must be diligent about such things. He further explained that it is

the role of the Finance Committee to ensure the Finance Department is given the resources to accomplish its goals effectively. Director Oliven suggested that in recent conversations with the Human Resources Department he has considered the need to adjust the pay band for that position. Mr. La Margo said staff appreciates the Finance Committee's expertise, ideas, thoughts, and advice. He said staff is open to the Committees suggestions and recommendations and will work hard at meeting and exceeding their expectations.

## **Monthly Finance Committee Updates**

Finance Director Kent Oliven began discussion with the Fund Balance Policy. He said staff wants to help minimize necessary future property tax increases and will seek a more effective fund balance policy, which might be a vehicle to fund pensions. Staff will perform that fund balance policy analysis and recommendation in advance of the next property tax levy discussions this coming fall and will provide all information and options to the Finance Committee at the September meeting.

Mr. Oliven stated that Management and Budget Analyst Conor Schultz has been designing simple, easy to read revenue and expense reports for the monthly update topics. Mr. Schultz presented the Committee with those revenue and expense reports for the requested Fitness Center and Senior Center. He asked for feedback on the content and formatting so that it could be a model for all departments in the future. After reviewing the reports, the Committee requested adding a prior year budget and prior year-to-date column for comparison. Mr. Weel requested adding an actual versus budget comparison and conditional formatting, to color code a line item once it hits 100% or higher and add a note explaining the overage. Mr. Schultz stated that the programming would not allow comments, but that we could find another way. Staff agreed to these additions and formatting changes for the reports.

Mr. Schultz explained the requested reports, beginning with the Fitness Center and Senior Center revenue and expenses. He continued with the Niles Free Bus Ridership table showing numbers and expenses for the past several years. Chairman LoVerde asked about the agreement with the Pace bus system in regards to ridership. Staff agreed to gather and provide this information.

Next Mr. Schultz summarized the water/sewer billing delinquencies owed to the Village. Chairman LoVerde said the Committee would like to see all money owed to the Village and for how long. He would like to see the results of the Police Amnesty Program, stating that at one point, there was a million dollars owed to the Village. Mr. Schultz said he will gather the information and add the Amnesty program and Police delinquencies to the monthly reports. Staff will also provide Ambulance billing delinquencies and Debt Recovery statements. Village Manager La Margo said staff will extract and consolidate all the information and present it to the Committee.

## **Debt Service Schedule**

Mr. Oliven reviewed the Debt Service reports and repayment schedules. He said we have three installment leases for purchased vehicles that are almost paid off. Next he reviewed the IEPA loan report stating it has a low interest rate and it allows us to take out what we actually spent, receiving the debt service schedule when the program ends. Mr. Oliven said we have two bonds, the Series 2014a for water and the Series 2018 for the Streetlights and Police Garage. Mr. Oliven stated that the debt service schedule changes only when new debt is issued or is paid off and asked if it could, therefore, be

removed from the monthly Finance Committee reports and the consensus was agreement.

### **Small Business Loan Program**

Mr. Oliven praised the Small Business Loan Program, adding that all participants are paying on a monthly basis, per the agreement. Economic Development Director John Melaniphy also explained the structure of the program to the Committee. He stated that it is not a grant program and that the money must be paid back by the businesses. He added that the Village holds the companies' liquor licenses and business licenses to be sure they pay it back.

Chairman LoVerde asked if a restaurant can request another loan for \$25,000. Mr. Melaniphy said it could be possible if the original load was paid off, adding that no one has applied for a second loan. He said this type of loan program can be used again if we want to broaden the program to other businesses.

Chairman LoVerde also asked if there are still funds being held in an account for this program. Mr. Schultz stated there is \$250,000 remaining in the account, adding that one participant has paid off the loan in full and three other applications were either not completed or denied. Mr. Schultz provided the report showing the year to date repayment schedule. The Committee agreed that this report does not need to be provided monthly but only if there is a change to the number of businesses.

### **Status of Audit**

Finance Director Kent Oliven stated he has not received the FY21 audit yet. He said he did receive a Representation letter from the auditor on 6/7/22 that he signed and returned. He also said he received a message from Selden Fox Executive Vice President Ed Tracy requesting answers to additional questions. Mr. Oliven said he will likely receive the audit within the next few days. In addition to the ACFR (Annual Comprehensive Financial Report—the formal name for the audit), the finance department also needs the TIF reports for filing with Illinois Comptroller if a single audit is needed. Assistant Finance Director Nannini said the new auditors work with the prior auditor to confirm final balances and ensure there are no discrepancies with the audit.

Mr. Oliven said that our new audit firm Sikich have been on site for three days for preliminary work. He said staff are currently planning the fall schedule and a date to begin the audit. Staff will upload some of the requested data to their data portal ahead of time.

### **Finance Department Temporary Assistance Discussion and Recommendation**

Finance Director Kent Oliven said the Village has not received any qualified applicants for the accounting position that was posted two months ago. Village Manager Joe La Margo said a temporary consultant will be working with the auditors and that he brings good experience to the table. This person is capable of doing high-level management work, but is primarily needed to assist with operational level audit work at this time. Mr. Oliven said the temporary employee hired for this role in each of the past three years is not available this year. He the Village has also reached out to two other auditing firms for assistance, and likely due in part to broader labor market conditions, there are few qualified candidates available.

Mr. Callero said this applicant may be too qualified and may have a rate that is too high for the work that is needed, according to his resume. He recommended holding off for another month while staff checked with a couple of other agencies on the rate. Mr. Oliven said we need someone in as soon

as possible and cannot wait another month. He said the audit has already started and he wants to be sure it is completed on time.

A motion was made by Al Weel, seconded by Jack Drexler, to recommend the Finance Department Temporary Assistant contract to the Village Board, on the basis that the information that Bob Callero requested is forthcoming.

On roll call the vote were as follows:

Yays	Al Weel Jack Drexler Joe LoVerde
Abstained	Bob Callero

**Other Business**

Chairman LoVerde asked staff to provide a report of all grants applied for and received for FY21 within the Village.

Chairman LoVerde ask staff if the Morton Grove Niles Water Commission has raised the water rates this year. Village Manager Joe La Margo said he is part of the Commission and will find out and report back.

**Public Comments**

None

**Executive Session**

None

**Adjournment**

A motion to adjourn was made at 9:30am by Bob Callero, seconded by Al Weel. All concurred.