

# MINUTES

(DRAFT)

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BOARD / COMMISSION: Finance Commission

DATE: November 9, 2012

MEETING: Regular

CALLED TO ORDER: 7:00 AM

QUORUM: Yes

ADJOURNED: 9:05 AM

MEMBER ATTENDANCE:

PRESENT: Chairman Skirvin, Commissioners McCloskey, Moody, Nuehring, Student Commissioner Jourdan

ABSENT: Faber, Geiselhart and Parker

ALSO PRESENT:

Trustee Henninger, Village Manager Franz; Finance Director Wachtel; Assistant Finance Director Coyle; Recording Secretary Blake

## I. CALL TO ORDER:

This Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:00 AM by Chairman Skirvin in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn, Illinois. Roll call was taken, and it was determined that a quorum was present.

Chairman Skirvin welcomed new Student Commissioner Dana Jourdan.

## II. PUBLIC COMMENT

None

## III. APPROVAL OF MINUTES

Chairman Skirvin had some comments and revisions. Approval of the October 12, 2012 minutes was deferred to the next meeting.

## IV. FINANCIAL UPDATE

Director Wachtel said that the October report was not yet available. Both the October report and the quarterly report will be available at the next meeting.

## **V. AUDIT REPORT / YEAR END REPORT**

Chairman Skirvin presented this report. The beginning of the report shows trends, with detailed numbers at the end. The graphs show that general government expenditures have taken up more and more of the revenues, and that trend is expected to continue. The General Fund was heading toward a deficit in 2009 before the Village implemented the home rule sales tax, which gave a boost to the fund. However, annual surpluses are again trending lower. Chairman Skirvin emphasized that this trend must be addressed. The report shows that the cost of employee benefits is taking up a growing percentage of the General Fund. Total taxable assessed values have declined township-wide since 2010. Total revenues for all governmental funds combined were down 2% in 2012. The increase in revenues in the previous two years was due to the home rule sales tax. Chairman Skirvin noted that, even with these trends, the Village of Glen Ellyn is in better financial condition than most municipalities.

Ambulance service revenues and expenditures were discussed. The hope is that the ambulance program will break even, or be no worse off than before the program changed. The fees must be competitive with other municipalities. There was also discussion concerning possible trends and projections on revenue growth, including the renovated golf course, upgraded car dealership and renovated hotel. It was suggested that as the economy improves most of the revenues will improve as well. Both cash compensation and benefits to employees continue to increase. There are fewer municipal employees, but the per-employee costs are rising. The debt summary, including unfunded pensions, was discussed. There was discussion about the assumptions for the five year forecast, and the need for a clear understanding of why numbers are trending in a given direction and where those figures originated.

Commissioners further discussed the report and the future. Property taxes will remain low as long as the tax cap is kept on. Manager Franz said that, as Glen Ellyn is virtually land-locked, reinvesting and redeveloping is required to increase the sales taxes. A large share of operating costs is personnel; a better understanding is needed concerning what can be done to constrain personnel costs going forward. This Commission's role is to provide the Board of Trustees with information to assist them with making decisions. The short term generally will always look better than the long term. Decisions need to be made that will be appropriate and affordable in the long run.

## **VI. FIVE YEAR FORECAST**

Director Wachtel reviewed the key assumptions and dashboard charts, and is looking for feedback from Commissioners on the tables. Some concern was expressed that sales tax and

property tax increase assumptions are too aggressive. Director Wachtel reviewed the assumptions for employee cost increases. Assumptions for revenues and expenditures are based on historical trends, known information, or other factors. The capital improvement plan is from a draft plan that the Capital Improvements Commission is considering in the next few months. There was discussion concerning the sources for the numbers and assumptions used in the forecast.

Commissioners took note of page 4 of the Forecast, which shows a significant shortfall over the next five years if current trends continue and no corrective action is taken. Pages 5 and 8 (revenue and expenditure historical growth rates and future growth assumptions) were also mentioned as important in explaining how the Forecast arrived at the projections and rates figures presented. Manager Franz also suggested that it needs to be explained that the Village has managed its way through the past 2 or so years, and that it is important to have a conclusion page for the report.

The plan is for Director Wachtel to present the Forecast to the Board of Trustees at its November 19 meeting.

#### **VII. PROPERTY TAX LEVY**

Director Wachtel reviewed his November 6, 2012 memo to the Commissioners proposing that the 2012 total property levy for the Village and Library increase by 3.3%. Commissioners asked for clarification on the sources for the numbers in the memo. Trustee Henninger noted that there will be three new Trustees coming on, and it will be important for them to be briefed as they take office so they have a good understanding of these numbers.

#### **VIII. PROJECT UPDATES**

Director Wachtel said that the Pension Board has met and recommended for year one a 7¼% investment return assumption and 5½% salary increase assumption, then reducing each number by a quarter percentage point in the next two years. This recommendation will be presented to the Village Board and debated at the next meeting.

Chairman Skirvin noted that he would like to have improved follow up and feedback on recommendations made to the Village Board. Often the Commissioners do not know what was ultimately decided. Such a process would facilitate a better understanding of the Commission's role.

**IX. ADJOURNMENT**

Commissioner Nuehring moved to adjourn the meeting, and Commissioner Moody seconded the motion. The meeting was adjourned at 9:05 AM.

Submitted by Karen Blake, Recording Secretary

Reviewed by Finance Director Wachtel