

MINUTES

BOARD / COMMISSION: Finance Commission DATE: February 15, 2013

MEETING: Regular CALLED TO ORDER: 7:10 AM

QUORUM: Yes ADJOURNED: 9:05 AM

MEMBER ATTENDANCE: PRESENT: Chairman Skirvin, Commissioners Ford, Geiselhart, Moody, Nuehring and Student Commissioner Jourdan

ABSENT: Commissioners Faber and McCloskey

ALSO PRESENT: Village President Pfefferman, Trustee Henninger, Village Manager Franz; Finance Director Wachtel; Assistant Finance Director Coyle; Recording Secretary Blake; President Designee Alex Demos, Trustee Designate Dean Clark, Trustee Designate Tim O'Shea and Village Clerk Designate Catherine Galvin.

I. CALL TO ORDER:

This Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:05 AM by Chairman Skirvin in the Clayton Room North 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 Commissioner Eric Ford and welcomed the guests.

II. PUBLIC COMMENT

None

III. APPROVAL OF MINUTES

Chairman Skirvin asked for comments on the January 11, 2013 minutes. There were none. Commissioner Moody moved to approve the January 11, 2013 meeting minutes. Commissioner Geiselhart seconded the motion and it was approved unanimously.

IV. FINANCIAL UPDATE

Assistant Finance Director Coyle gave an overview of the General Fund. She reviewed how to read the reports for the benefit of the guests. She explained that governmental funds are supported by taxes, and enterprise funds are supported by user fees. Chairman Skirvin noted that this Commission focuses on governmental funds. Ms. Coyle used the example of Capital Improvements Fund dollars being used for some infrastructure portions of the Village Links project in response to a question of being able to move dollars between funds. Dollars going into an Enterprise Fund should cover all the work provided for in that Fund, including staff costs.

Assistant Finance Director Coyle reviewed the General Fund Budget Summary for the nine months ended January 31, 2013. It is the main operating fund. Revenues are \$600,000 over the prior year, due mainly to higher income tax receipts. January receipts are the highest in the last five years. Building permits are up \$92,000 due more to increases in construction value rather than the number of permits. Other lagging line item revenues were noted.

Expenses are down \$41,000 due to lower legal costs. Public Works costs are down due to a dry winter to date and staff vacancies. Expenses are 5% below budget to date. Chairman Skirvin noted that staff keeps costs generally below budget, and it is the revenues that are the challenge.

It was noted that projections are now based on more precise data than in the past. The ambulance fees were discussed in particular. It was pointed out that the Golf Fund is only operating funds and does not include debt service. Director Wachtel asked that attendees let him know if anyone has thoughts on how to improve this presentation.

V. FINANCE COMMISSION REPORTS

SCORECARD

Chairman Skirvin noted that the Finance Commission is somewhat new. To determine how the Village is doing, 10 communities were identified and data was collected from them to provide a benchmarking study. The unique things about the Village, such as the volunteer fire department and golf course, are carved out and the rest are compared to the other communities. The study is now four years old, and staff is scheduled to update the study in the near future. Chairman Skirvin then walked through the slide presentation. He noted that the study primarily focused on revenues and expenditures in relation to the median home value for comparison purposes. Property taxes in Glen Ellyn are average with Village and Library taxes

lower than peers. Taxes from non-residential properties and sales taxes were low compared to peers. Four years ago, the unfunded pension was low compared to peers. Chairman Skirvin concluded that the Village is in a strong financial position relative to its peer municipalities.

FINANCIAL TRENDS REPORT

Chairman Skirvin reviewed the six year financial trends report based on audited financial statements. The fund balances were reviewed. The Capital Improvements Fund changed to a pay as you go funding strategy so the Village would not find itself having to borrow funds to maintain the Village infrastructure. The Home Rule Sales Tax was implemented in FY2010. As a new revenue, it needs to be backed out to see the trends. On a normalized basis, revenues have decreased over the past six years. If it were not for the Home Rule Sales Tax, revenues would be declining.

On the expenditure side, expenditures, mainly personnel, continue to grow. While salaries have remain flat, benefit costs are increasing. The unfunded pension position is increasing and is a significant challenge for the Village, as it is for other municipalities. The limited options with regard to pensions were discussed.

Manager Franz noted that the Village issues all the debt service for the Village Links. However, it does not show because it is in an enterprise fund and is assumed that it will be paid back from user fees. It is in the Recreation Fund, not part of the General Fund.

Other things the Finance Commission has done in its first three years include advising on the historical park and forgiveness of debt, the five year plan and the special programs fund project and advising on the Village Links project. Economic development incentives have been reviewed, noting that economic development is an investment before increased revenues are realized, using Fresh Market as an example. The Commission has encouraged partnering with other municipalities. The Commission also provides advice and counsel to the Village Board when asked specific questions. Trustee Henninger noted that his role as Board liaison to the Commission is to answer questions about the Board or provide the Board's position to the Commission on a given subject, along with updating the Commission on Board activities and decisions.

There was discussion concerning cash reserves. Each Fund has its own cash reserve policy.

FIVE YEAR FORECAST

Director Wachtel discussed the Five Year Forecast, which projects out to 2018. The trend shows deficits over the next five years. It is not caused by debt or capital, but by operations. This view allows the Commission and Board to see where the Village is going and to make timely course corrections. With regard to expenses, payroll and benefits have historically grown by 2%. However, staff downsizing a few years ago and other cost containment strategies has contributed to lower overall cost increases. Personnel costs are expected to increase 5% per year going forward due to insurance and pension cost increases of close to 10% per year. Based on historic information, government fund balances will continue to be in deficit. So far, the Village has managed to continually push the trend down the road for two years by continual adjustments. Trustee Henninger noted that positive surprises have outweighed the negative surprises. Manager Franz said that the general fund balance will not be allowed to disappear.

ADJOURNMENT

The meeting broke up at 9:05 AM. There was no longer a quorum present to adjourn the meeting.

Submitted by Karen Blake, Recording Secretary

Reviewed by Finance Director Wachtel