**SPECIAL FINANCE COMMISSION MEETING**
**MINUTES**
**SEPTEMBER 20, 2021**

**CALL TO ORDER:**

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| Jeremy S. VanEk | Chairman | Present |
| Michael Campagna | Commissioner | Present |
| Lea Dan | Commissioner | Present |
| Lisa A. Cleaver | Commissioner | Present |
| Scott R. Greeno | Commissioner | Present |
| Christopher Oakes | Commissioner | Present |
| Jose DeLeon | Commissioner | Excused Absence |
| Brenton J. Peck | Commissioner | Excused Absence |

Also, present: Trustee Christiansen, Trustee Payne, Village Manager Franz, Finance Director Coyle, Assistant Finance Director Patrick Brankin, and Recording Secretary Haslett.

A. **Call To Order**

The special meeting was called to order at 7:00AM.

B. **Public Comment (Non-Agenda Item)**

None.

C. **Approval of Minutes**

1) Minutes - August 11, 2021
2) Minutes - September 2, 2021

**MOVE TO APPROVE MINUTES OF FINANCE COMMISSION MEETINGS AS PRESENTED FROM 8/11/2021 and 9/2/22021.**

**RESULT** **Motion Unanimously Carried**
**MOVER:** **Commissioner Cleaver**
**SECONDER:** **Commissioner Greeno**
**AYES:** **Campagna, Cleaver, Dan, Greeno, J. VanEk, and Oakes**
**ABSENT:** **DeLeon and Peck**

D. **Debt Policy**

1) Finance Director Coyle will brief the Commission on a proposed update to the Village's Debt Management Policy.

Finance Director Coyle referenced the updated debt policy included in the agenda packet. Finance Director Coyle said although the revamped policy is substantially similar to the current policy, there are some key differences. The updated policy now includes a debt limitation of 5% of the equalized assessed valuation (EAV) which represents about $77.5 million. Home-rule

communities do not have a debt limitation, compared to non-home rule communities which are limited by state statue to 8.625% of EAV. Chairman VanEk asked how much is the current outstanding debt. Finance Director Coyle replied about $40 million. Chairman VanEk asked where the Village is positioned with the other GFOA recommended metrics. Finance Director Coyle responded that she will pull these other metrics together. Finance Director Coyle noted the Village is triple AAA rated because the Village is doing really well with all the metrics the rating company reviews. Commissioner Oakes inquired if the new 5% limitation would impact the Village's rating in the future. Finance Director Coyle said it would positively impact the Village's rating because of the lower permissible debt. Chairman VanEk commended Finance Director Coyle's debt policy update.

2) Motion to recommend that the Village Board approve the updated Debt Management Policy.

**MOTION TO RECOMMEND THAT THE VILLAGE BOARD APPROVE THE UPDATED DEBT MANAGEMENT POLICY.**

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| **RESULT** | **Motion Unanimously Carried** |
| **MOVER:** | **Commissioner Oakes** |
| **SECONDER:** | **Commissioner Campagna** |
| **AYES:** | **Campagna, Cleaver, Dan, Greeno, J. VanEk, and Oakes** |
| **ABSENT:** | **DeLeon and Peck** |

E. **Financial Reports**

1) Finance Director Coyle will present the second quarter financial report.

Finance Director referenced the second quarter General Fund report include in the packet covering the period of January 1, 2021 through June 30, 2021. Some of the Village's revenues exceeded the prior year actuals. Income taxes are up $600,000 above last year. Expenditures are trending below budget with personnel about $500,000 under budget, with turnover created a positive budget variance. 2021 year-to-date revenues through June 30, 2021 are at $10,596,429, while expenses are at $9,590,283. Sales tax, home rule sales tax, and income taxes are tending above budget. Sales taxes are at about 59% of budget at June 30, 2021. Sales taxes are higher due to recent tax law changes which became effective on January 1, 2021. Sales tax application is now based upon the destination address, unless the business has a physical premise in Illinois or if there is a distribution center in Illinois. Municipalities with distribution centers receive the sales tax and not the delivery destination.

Lower staffing expenses in 2021 were experienced for the Information Technology, Planning, and Police Departments. Also, lower Covid expenditures in 2021 caused the Village Manager's Office to be below budget as well. Food and beverage taxes remain fairly constant partially due to the strong grocer presence in the Village. In 2020, the food and beverage tax amounted to $1.3 million, which is about $150,000 above the original projections. Real estate transfer taxes are performing well with the recent high market trend. The Village committed about $2.85 to purchase the hotels on Roosevelt Road and a budget amendment will be needed for this.

All of the Village funds are above the cash reserve levels. The Village Links is now above the cash reserve level for the first time since June of 2017. The Police Pension performance target is 6.5% for actuarial modeling and the year-to-date performance is 7.5%, thereby exceeding the target.

2) Sales Tax and Home Rule Sales Tax by Standard Industrial Code as of June 30, 2021

Finance Director Coyle discussed the Standard Industrial Code (SIC) sales and home rule sales tax report as of June 30, 2021. The food sector performs really well in the Village. Drugs and miscellaneous retail are doing good as well. Automotive and filing stations taxes are more volatile, because they are dependent upon the economy. The biggest growth category for the Village's sales tax is eating and drinking places.

3) Village Links/Reserve 22 Financial Report, as of July 31, 2021

July 2021 was a great month for golf due to the mild and dry weather. Through July 31, 2021 the Village Links and Reserve 22 experienced a positive change in net position of $1,022,419, compared to $235,970 last year. The Village Links cash reserves for June 2022 are projected at $3.0 million under a best-case scenario, $1.5 at an average scenario, and $22,000 at worst.

4) Comprehensive Annual Financial Report as of December 31, 2020

Finance Director Coyle noted the Village received an unmodified opinion for the 2020 audit, which is the highest rating possible from the independent auditor. Finance Director Coyle noted the police pension actuary will be attending the October 2021 meeting. Finance Director Coyle said the IMRF pension is funded at 107.29%. The Village paid 8.92% of payroll in 2020 to IMRF for non-sworn staff and the rates was lowered to 6.85% in 2021.

The Village has been increasing the funded status for the police pension, which stands at 65.03% funded. The 2020 weighted rate of return was 9.69%. Finance Director Coyle anticipates pension consolidation at the state level will begin in October 2021 for the fire pensions first and next year for the police pensions. Once the consolidation is complete, the Village will no longer control the investments for the police pension, but will still control the funding assumptions. Finance Director Coyle said there were no significant management letter comments.

5) General Fund Update, as of August 31, 2021

Finance Director Coyle distributed a food and beverage tax report. Finance Director Coyle reported that on a budget basis, overall General Fund revenues are up 11%. Vehicle stickers, liquor licenses, building permit, court fines, and investment income revenues are down for the year. Finance Director Coyle projected that transfers into the General Fund from other funds would not be needed in 2021. The positive expense variances are caused by staff turnover and position vacancies.

F. **Trustee Liaison's Report**

Trustee Payne updated the Finance Commission on recent Village Board activities.

G. **Chairman's Report**

Chairman VanEk thanked Assistant Finance Director Brankin for reviewing the applications for the Finance Commission. Chairman VanEk said he has done some outreach for a student commissioner.

H. **Other Business**

1) Economic Development Update

Finance Director Coyle shared the recent economic development activity with the Finance Commission.

2) Next Meeting: Friday, October 8, 7:00AM

I. **Adjournment**

1. Motion to Adjourn

Commissioner Oakes moved and Commissioner Cleaver seconded, to adjourn the meeting. The meeting was adjourned at 8:14AM.

**Submitted by Aileen Haslett, Recording Secretary**