Minutes
Village of Glen Ellyn Board of Trustees
Special Workshop Meeting
January 30, 2014

Call to Order

President Demos called the meeting to order at 6:50 p.m.

Roll Call

Upon Roll Call by Clerk Galvin, Trustees Burket, Clark, Elliott, Ladesic, McGinley and O'Shea answered "Present".

Staff present: Village Manager Franz, Assistant Village Manager Stonistsch, Police Chief Norton, Finance Director Wachtel, Assistant Finance Director Coyle and Village Attorney Mathews.

Agenda Item 4 - SY14 Budget Process – Village Manager Franz & Finance Director Wachtel

A. Transition to Calendar-Year Budget
B. Zero-Based/Bottom-Up Budget Approach
C. Village Board Education: Budget Overview Including Internal Controls and Long-Term Budget Goals
D. Budget Calendar

The focus of this Special Village Board Workshop is to discuss the transition to the Calendar Year Budget, discuss the zero-based/bottom-up budget process embarked upon this year, and provide a brief overview of the budget process focusing on a few key policy issues including the Purchasing Policy and Reserve Fund Policy.

The Village spends approximately six months of each year developing the annual budget for the year. The budget acts as the operations plan for the organization and includes performance reports and goals for all Village functions. In addition, the budget provides a variety of ways to track specific trends and provides valuable information for the organization and community.

As you know, the Village is in the process of shifting to a Calendar Year budget. To accomplish this, the Village is drafting a short year (SY14) budget (May 1 through December 31) as well as a Calendar Year 2015 (CY15) Budget. Back in November, we shared some initial thoughts on the advantages and disadvantages of CY over FY and explained some of the challenges we face to complete this transition. We seem to have addressed most of those concerns and we are confident that this transition should be fairly seamless for the Village Board and community

One of the primary responsibilities of the Village Manager is to provide a recommended budget to the Village Board annually. In addition, the Village Manager is responsible for administering the budget after it is adopted by the Village Board. In order to achieve those key responsibilities, it takes a team effort that includes the Finance Department, management team, and Village Board. Each year, departments submit their budget requests and we set up a series of internal meetings to discuss operational department, internal department and enterprise fund budgets.

A Budget Review Committee reviews and conducts these meetings and consists of the Village Manager, Assistant Village Manager, Finance Director, Assistant Finance Director, Assistant to the Village Manager, and an Administrative Intern. The Committee is responsible for ensuring the budgets are accurate and consistent, and discusses ways to control costs and review additional needs. This year, the Village has embarked on a more detailed zero-based budget approach and has made some significant improvements in creating a bottom-up review of department budgets. Specifically, all departments were required to submit line item requests detailing why funds are needed. This detailed information will be made available to the Village Board for review either electronically or hard copy. Also, we have requested that operational budgets are divided into cost centers by function to assist us in tracking the costs associated with a particular service.

For example, the Police Department budget has been segmented into Administration, Investigations, and Patrol Operations). This bottom-up approach will allow management, the Village Board, and the community to understand the specific costs for various Village functions. Planning and Development, Police, Public Works, and Finance have modified their budgets this year accordingly. It should be noted that each department continues to have summary information that allows for simplified comparisons, year to year.

In addition to increased cost centers (bottom-up) budgeting and detailed line item (zero-based) budgeting; management continues to review core services and determine what programs should be considered for outsourcing, in-sourcing, or elimination. This analysis is ongoing and we anticipate providing the Village Board with an update on the core services survey next month.

Lastly, the Village Board has provided some direction on capital projects through a capital allocation discussion last November. These priorities have been incorporated into the Capital or CIP budget for next year. Management will be working with the CIC to further update and evaluate our capital needs and funding options to meet some of the Village Board priorities. The Police Station, Central Business District street and streetscape, and downtown viaduct projects continue to be unscheduled and unfunded projects.

Due to the transition to a January-December Fiscal Year we are developing an 8 month Budget. This short (stub) year will be termed SY14. The MUNIS software does not allow for a second FY 14 budget. The current FY 14 will be kept “open” during the SY14 period and record all activity within Period 13. As a result, monthly reporting will change.

President Demos identified the meeting as an opportunity for the Board to have a clear understanding of the budget process and for staff to be clear of the Board’s expectations.

Manager Franz responded that staff is hoping to provide an update on the fiscal year calendar year change, the Zero-Based/Bottom-Up Budget Approach, a Budget overview for the Board and the 16 different funds, evaluating outsourcing and modifying Capital Planning as directed by the Board.

President Demos commented that previous budgets should be used for creating new budgets, as a reference. However, the budget process should start with a clean slate as that is the commitment he is looking for. The single largest commitment the Board has to the constituents is fiscal responsibility.

Trustee Elliott requested that the use of consultants vs. in house expenditures be broken down as this is a major item of concern for him.

Director Wachtel stated that due to the Fiscal Year change upcoming changes to the MUNIS program to allow for Ebilling will need to be pushed back. In addition, the annual Audit will be for the 8 month short year.

Trustee McGinley asked why MUNIS can't be changed. Director Wachtel responded it was due to the changes with the short year, staff learning a different process and the time it would take from I.T. Director Binkerd. Trustee McGinley also asked about the delay for the MUNIS upgrade for Ebilling. Director Wachtel responded that MUNIS has a one year lead time to upgrade and a rewrite of the Utility Billing Program is required. The migrating of data and training was originally scheduled for summer 2013.

President Demos stated that this transition has to be smooth, if there is a deficit in our ability to do so than this is something the Board needs to be made aware of.

Trustee Ladesic remarked that Ebilling has been discussed for 6 years, and has another vendor been considered. Director Wachtel responded that they would have to buy another Utility Bill software program outside of their financial software or use an outside billing company.

Manager Franz discussed plans for the short (8 month) fiscal year and the possibility to provide a 20 month fiscal year budget instead. A 20 month budget would be approved in April but without a lot of trend data.

President Demos responded that while a 20 month budget would be easier, the 8 month budget is preferable. Trustees Burket, Clark, Elliott, Ladesic, McGinley and O'Shea all voiced a preference for an 8 month budget.

Dawn Bussey, Executive Director, Glen Ellyn Public Library approached the Board to discuss the Budget. The Library will also be transitioning their Budget Year to January-December. The Library Board has already approved this change. Furthermore, the Library is buying new financial software, citing difficulties with MUNIS. MUNIS will still be used for IMRF.

Director Wachtel reviewed the Village's Purchasing Policies and Procedures and the multiple reviews anytime a check is sent out, including Voucher Review by the Board and the Village Manager.

Trustee Elliott asked how Department heads are incentivized to come in under budget. Manager Franz responded that there is not a formal policy; however it is a substantial part of the Department head's annual review.

President Demos expressed concern with regards to the Budget with a perceived spend it or lose it mentality. Manager Franz responded that they want to build reserves, with a goal to achieve AAA Bond Rating.

Trustee Ladesic asked if there is a monetary incentive for employee cost effectiveness. Manager Franz responded that there is currently no formal policy.

Director Wachtel discussed the MFT Fund and how that is a specific fund for specific purposes and the TIF Fund is a separate Fund as required by law. Trustee Elliott asked about Corporate Reserves. Director Wachtel responded that this has been available to lend money to other funds, taxing bodies, etc. Manager Franz responded that this is a floating reserve that funds itself. One example provided was the loan to the Park District to aid in the acquisition of Maryknoll Park.

Director Wachtel stated that all funds are budgeted and are part of the Budget Ordinance. There are two new funds this year: the Roosevelt Road TIF and the Fire Services Fund.

Trustee McGinley asked if the scheduling and timing of the Budget Review will be changing. Director Wachtel responded that the Budget Review timing will remain the same.

Adjournment

At 8:39 p.m. Trustee McGinley moved and Trustee Elliott seconded the motion to adjourn to Executive Session for the purpose of discussing the appointment, employment, compensation, discipline, performance or dismissal of specific employees and adjourning thereafter without returning to open session.

Upon roll call, Trustees Burket, Clark, Elliott, Ladesic, McGinley and O'Shea voted "Aye." Motion carried.

Respectfully submitted,

Catherine Galvin,
Village Clerk