

VILLAGE BOARD  
Special Village Board Workshop  
October 14, 2019  
Lemont Village Hall – Village Board Room  
418 Main St., Lemont, IL 60439

**I. Call to Order**

Mayor Egofske called the COW Meeting to order at 6:00 p.m.

**II. Roll Call**

Present were Trustees, Kittridge, Kwasneski, Maher, McClafferty, Sniegowski and Stapleton. Also present were George Schafer, Chris Smith, Darshana Prakash, Linda Molitor and Kay Argo.

**III. Discussion Items**

**A. Governance and Committee Discussion**

Village Administrator, George Schafer presented this item. From August 2017 through April 2018, the Lemont Village Board and senior leadership team engaged in a strategic planning process. The process resulted in a strategic plan covering FY 2018-19. The plan consists of six strategic priorities – the issues of greatest importance to the Village over the three-year period. Associated with each priority is a set of desired outcomes, key outcome indicators, and performance targets, describing expected results and how the results will be measured. The plan also includes strategic initiatives that will be undertaken to achieve the desired outcomes. A summary grid has been included as an attachment to this memo. Annually, the board gets together during the budget process to allocate funding towards their priorities for that particular year as they put together their spending plan. Further, during a budget year, the board approves contracts, purchases, ordinances, and adopts land use actions that are hopefully consistent with the strategic plan and longer-range comprehensive plans.

**B. 2018-19 Comprehensive Annual Financial Report Discussion**

Finance Director, Chris Smith stated, as mandated by local ordinances and statutes, the Village is required to annually report on its financial position and do so in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS).

Several highlights from this year's audit:

- In Fiscal Year 2019 the village welcomed 35 new businesses including several restaurants
- General Fund increased in fund balance by \$531,881 to \$3,502,426
- Water/Sewer fund increased cash position by \$301,652

As in years past the audit process went smooth for FY19. The auditors were able to review the Village's internal controls and financial work papers with zero negative findings.

Attached please find the Comprehensive Annual Financials Report (Audit) CAFR for the fiscal year ending April 30, 2019 as well as four TIF reports and communication report.

Mike Malatt, partner for the Village's auditor (Baker Tilly) gave a brief presentation of the audit and answered questions for the Board.

**C. Net Debt Position & FY20 Bonds Discussion**

Finance Director, Chris Smith presented in September the Village began the process to refund two taxable bonds and issue one new bond for Water/Sewer projects. During the discussion the Board inquired about the amount of debt issuance required for projects.

Staff and the Mayor worked together to present a clear overall picture to the Board on the Net Debt position of the Village.

Staff presented the bonded debt (principal only) from General Obligation bonds to purchased property notes. Additionally, staff added the net pension liability from the Village's Comprehensive Annual Financial Report, summarizing it to Total Debt.

The reductions of the total debt is the fund balances and unrestricted net position of the Village funds. The fund balance and unrestricted net position includes interfund loans as well as unused bond funds.

Once all the data was compiled, graphs were created to depict Net Debt Outstanding and Total Pension debt historically as well as future projections.

From this analysis one can see that pension debt is increasing dramatically every year due to various factors including but not limited to new staff, changes in actuarial assumptions, returns and funding. Historically the Village Board has funded the police pension actuarial determined amount and in many cases has exceed it. In FY19, the Board authorized an additional \$450,000 to reduce the pension liability. Despite the \$450,000, the liability increased to \$7.649M. Several new initiatives have been completed and discussed in attempt to further reduce the liability. In FY18 a reorganization of the Police Department reduced staff, which will reduce future required pensioners. Additionally, the Board has dedicated funding in the amount of \$450,000 in FY19 and will review options for additionally funding in future years.

#### **D. 2019 Property Tax Levy Estimates Discussion**

Per State Statute, 35 ILCS 200/18-55, the Village is required to discuss a property tax levy 20 days prior to the adoption of the tax levy ordinance. The discussion needs to include the amount of the aggregate levy, which includes corporate and special purposes (ie pension, social security, IMRF). The Village is subject to the Property Tax Extension Limitation Law (PTELL), otherwise known as "tax cap." The increase factor that must be used is the lessor of the current Consumer Price Index (CPI) or five percent, for 2019 it is 1.9%. The Village can capture new growth into the equation. The chart below illustrates historical new growth per year as well as estimated 2019.

The exact equalized assessed valuation for the Village will not be known until summer of 2019, when the property taxes are collected. The state will supply a multiplier (a factor in the equation that produces the EAV), then the County Clerk will use a formula to compute a limiting rate that sets the upper limit of the Village's total tax rate. The Village can levy any amount of property tax which would produce such a rate. If the levy exceeds the limiting rate, the county will reduce the Village's levy. Per the graph below the Village's EAV continues to grow since the 2014 dip. In 2018 the reason for the reduction in EAV is due to Cook County's reduction of the equalization factor by 1.75%. If Cook County would not have an equalization factor EAV would have increased.

There will be a public hearing in November followed by the ordinances in December.

#### **E. FY2019-20 Year to Date & Budget Preview Discussion**

In conjunction with the FY19 audit and FY21 tax levy, staff compiled the attached general fund financial report. The report summarizes the final FY19 numbers, reviews the FY20 budget/year to date numbers, and forecasts FY21.

In summary, FY19 was a successful year with enhanced revenues due to economic development initiatives and expenditure control. Staff reviewed various contracts including but not limited to health care, copy machines, and banking services. The cost savings are reflected in the FY20 and FY21 numbers. In the attached report, staff outlined new revenue and expenditure changes for FY20 as well as assumptions used in FY21.

In addition to local changes, various positive changes were made at the state level. These changes are reflected in the income tax and personal property replacement tax revenues.

**F. Department Functions, Staff Levels, Authorized Positions & Salary Discussion**

During the strategic planning process, the board designated operational effectiveness as one of its strategic priorities. Key outcomes established by the board include 1) cost efficient operations; 2) an enhanced customer service experience; and 3) A well-trained, capable and engaged workforce. Several initiatives are currently underway related to these outcomes. At the workshop had discussions on Functional Organizational Chart, Performance Evaluation Plan, Pay Plan, Schedule of Authorized Positions and Staff Levels.

**G. Strategic Plan Update & Additional Projects Discussion**

The workshop is intended to be a pre-budget working session to talk about governance, Village financial condition, staff/organizational topics, etc. However, we will also discuss at a high-level initiatives and actions in which we are seeing some disruption and/or more complicated topics that will be of particular interest in the near future. Also, the board went through the various tracking mechanisms in place to monitor development, infrastructure projects, and other initiatives. They also reviewed topics and action items as they round out the year.

Topics discussed:

1. Federal Army Corp Grant Opportunities
2. Road Project Update and IDOT Coordination
3. New Marketing / Communication Initiatives for the New Year
4. Boundary Discussions – Lemont West Industrial Development Opportunities
5. Village 83 and Main Project - Zoning / Land Use for Route 83 and Main
6. Annexation Initiatives
7. Board meeting calendar and potential items.

**IV. Unfinished Business-** None

**V. New Business –** None

**VI. Audience Participation –** Lemont resident, Rick Lighthart mentioned he does not agree with a five story building being built in Peterson hardware property. He mentions it block will the view of the Village from the bridge. Mayor Egofske replied, that the developer have not presented any plan to the Board yet. Every development has to present it to the board and get approvals first before developing.

**VII.** The Committee of the Whole Meeting adjourned at 10:40 p.m.