

VILLAGE OF ORLAND PARK

14700 Ravinia Avenue
Orland Park, IL 60462
www.orlandpark.org



Meeting Minutes

Wednesday, May 31, 2017

6:00 PM

SPECIAL MEETING - 2018 BUDGET WORKSHOP

Orland Park Police Department - Training Room

Board of Trustees

Village President Keith Pekau

Village Clerk John C. Mehalek

*Trustees, Kathleen M. Fenton, James V. Dodge, Jr., Patricia Gira,
Carole Griffin Ruzich, Daniel T. Calandriello, and Michael F. Carroll*

CALL TO ORDER/ROLL CALL

The meeting was called to order at 6:14 PM.

Present: 7 - Trustee Fenton, Trustee Dodge, Trustee Gira, Trustee Griffin Ruzich, Trustee Calandriello, Trustee Carroll and Village President Pekau

DISCUSSION OF 2018 BUDGET

2017-0393 2018 Budget Workshop

Interim Village Manager Joseph La Margo stated that this is the first "Kickoff" Budget meeting for the 2018 Budget. Discussed tonight will be a review of the four pillars of the Strategic Plan; budget priorities; the current financial position; budget assumptions; and an overview of the FY2018 budget process.

Interim Village Manager La Margo stated that needed from the Board tonight is an outline of their priorities; a consensus on the proposed budget assumptions; and an agreement with the proposed budget methodology.

Interim Village Manager La Margo and Interim Assistant Village Karie Friling reviewed the strategic pillars and asked if the Board would like to add or take away any of the pillars.

The Board agreed that pillars will remain as they are.

Interim Assistant Village Manager Karie Friling reported that staff has been requested to review their departments for non-valued services that can be eliminate so the Village is more cost efficient.

Trustee Carroll requested that as these non-value services are reported he would like the reports given to the Board immediately.

Trustee Ruzich suggested that possibly these non-value services could be reported when the departments come before the Board to speak on each of their budgets and they would include what they are eliminating/why/and the savings or costs.

Budget Priorities

- To Fund Technology
- To Continue to Fund Training for Staff
- Fund Parks and Baseball Fields
- Strive to have a balance budget without dipping into the reserves fund

Trustee Gira stated that there is a misunderstanding regarding the reserve fund and requested further explanation, which does not include rollover amounts.

Director Mampe explained that the Village does not dip into its reserves. There are reserve policies that require Board approval from all the funds. These policies require that the Village sets aside a certain amount of reserves in each of these funds before the budget process even begins each year. If there is excess over and above the required set aside reserves, the Village uses that to fund the budget as a sort-of starting point.

Director Mampe reviewed the 2017 projected unreserved fund balances as of December 31, 2016 in the General Fund the Boards authorized reserve amount (cash in the bank) \$31,576,251. At the end of 2016 the Village probably received more excess cash than what was budgeted and less (second column) was spend than was budgeted of in the General Fund that amount is \$4,164,323. Third column revenues estimated for 2017. Fifth column is the projected Board authorized reserve as of December, 2017. And the excess cash (sixth column) over the Board authorized reserve is in that column.

Director Mampe stated that when the Board begins the actual budget process a more detailed listing of where the excess cash amount comes from will be provided. Tonight's meeting is just an overview of the Budget process.

Trustee Dodge took a consensus of the Board if the percentages for the reserve policy in the different funds should be revisited or leave these percentages as it is.

The entire Board agreed to not change the percentage of the reserve Board policy at this time in any of the funds.

The Board continued to discuss different scenarios of the 2017 projected unreserved fund balances for 2018.

President Pekau stated that the Board should try to make the Budget revenues and Budget expenditures equal. However, not to hoard funds – either to spend on capital projects, pay down debt or refund money. The revenue should not be used for the operational budget only for capital projects.

Trustee Dodge gave an example if the Board budgets \$10 Million in the Capital Fund and only spends \$9 Million – then there is \$1 Million left over for the following year and whatever extra the Board budgets over the \$1 Million – that is how it would work.

Director Mampe stated yes, on the Capital Budget only. On the Operating Budget the savings is a starting point of the operating budget. It starts off with that extra cash add the revenue, take away the expenditures in the operating budget.

Trustee Ruzich asked how did Director Mampe get from the Budgeted Revenues of \$46 Million for 2017 to the Budget Expenditures FY2017 of \$55 Million – Where

did the \$9 Million difference.

Director Mampe stated that it wasn't \$9 Million when the budget was passed, it was \$4 Million. The Village has \$46 Million in 2017 budgeted Revenue - \$51 Million was budgeted in expenditures and then there were rollovers from the prior year. The original differences between the revenue and the expenditures when the 2017 budget was passed in December of 2016 was \$4 Million. A balance budget was not passed in the general fund because we used savings from the prior year.

Mayor Pekau stated he would like to see that General Fund budget balanced and that savings from the prior year are used in the Capital Budget for projects.

Trustee Dodge gave an example – If the Village Budgets \$10 Million in the Capital Budget and only \$9 Million is spent though out the fiscal year. \$1 Million is leftover for the following year and whatever the Board budgets for that following year will go into the Capital Budget only.

Director Mampe stated that in the Operating Budget – If Finance saves \$30.00 and Public Works saves \$100,000 either of those saving is not given back to the Department for the next year. It is the start of the Budget process, that savings of cash is added all together, add the revenue, take out the expenditures and see what is left at the end of the year.

President Pekau stated as part of the budget process the Board should try to make these two amounts equal (the Revenues and the Expenditures).

Director Mampe questioned than what would be done with the \$4 Million excess cash.

President Pekau stated that these would go towards projects.

Trustee Ruzich questioned how do you get from the budgeted revenues of \$46 Million for 2017 to the budgeted expenditures, where is the \$9 Million difference?

Director Mampe explained that it was not \$9 Million when they passed the budget it was \$4 Million. There was \$46 Million in budgeted revenue. The Board budgeted \$51 Million in expenditures and there were rollovers from the prior year.

Discussions and explanations continued between staff and the Board regarding the power point presentation (EXHIBIT A) that is attached to the minutes.

Department Directors will begin reviewing their department budgets for non-valued services that can be eliminate.

This was an informational workshop meeting, NO ACTION was required.

ADJOURNMENT - 9:05 PM

A motion was made by Trustee Fenton, seconded by Trustee Carroll, that this matter be ADJOURNED. The motion carried by the following vote:

Aye: 7 - Trustee Fenton, Trustee Dodge, Trustee Gira, Trustee Griffin Ruzich, Trustee Calandriello, Trustee Carroll, and Village President Pekau

Nay: 0

/nm

APPROVED:

Respectfully Submitted,

John C. Mehalek, Village Clerk