

Review of Village of Long Grove Finances

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November 11, 2014

First Thoughts

- Many positive observations in our review of the 2013 audit report
- Very lean government structure
- No municipal property tax
- No public safety pension issues
- Minimal Enterprise Fund (Water/Sewer) responsibility
- Significant fiscal capacity compared to other non home rule municipalities

Overview of FY 2013 Financial Statements

General Fund

- \$1.3 million operating surplus
- Fund balance level is 91%
- Cash is tied up in advances to the TIF
- Fund balance = \$5.9 million
- Cash balance = \$3.0 million

Overview of FY 2013 Financial Statements (cont.)

Open Space Fund

- Created for restricted future use
- Considerable cash is tied up in the TIF
- Fund balance = \$3 million
- Cash balance = \$1 million

Overview of 2013 Financial Statements (cont.)

Tax Increment Fund (TIF)

- \$4.8 million in advances from Other Funds
- \$2.0 million deficit fund balance
- \$250,000 operating deficit
- Principal payback on bonds has yet to start
- There is not yet enough increment being generated to cover both P & I on bonds and the advances from General and Open Space Funds

Other Issues to Consider

- How to positively address audit management letter comments
- Create a separate fund to account for major infrastructure related projects
- Deposit the non home rule sales tax directly into this new infrastructure fund
- Budget only capital infrastructure related expenditures out of this new fund
- Explore restructuring TIF debt service
- Current fund balance policy is reasonable

Revenue Options

- Electric utility tax
- Natural gas tax
- Property tax (requires referendum)
- SSA with public benefit portion
- Home rule considerations (requires referendum)
 - Additional sales tax
 - Food and beverage tax
 - Real estate transfer tax (requires referendum)