

**Village of Long Grove, Illinois**  
**Financial Analysis Workshop**  
**Session #3**  
**November 11, 2014**  
**Question and Answer Summary**

**1) Q. What was the extent of your review? Was it confined to three funds?**

A. Our Review of the Village's finances was focused on three operating funds (General, Open Space, and TIF) since the other funds are restricted.

**2) Q. Can you explain the difference in fund balances/figures given by Baker-Tilly and your FY 2013 analysis and slides?**

A. The current general fund reserve balance is \$4.1 million, including committed funds.

**3) Q. Can you summarize "recurring funds" projected going forward?**

A. Money which is going to be available on an ongoing basis.

**4) Q. If a significant disaster closed Menards, wouldn't there be a major impact on revenues in the Village?**

A. The Village has sales tax interruption insurance which would mitigate the impact for up to 12 months.

**5) Q. Do you have a timeline of TIF funds going in/out and cash flow of TIF repayment to the General Fund, etc?**

A. A timeline has not been developed, but could be put together.

**6) Q. Do TIF projections include projected construction and build-out in the TIF's?**

A. No. However, it is very important to update projections yearly. Also, properties located in the TIF district have seen a reduction in assessed value.

**7) Q. Can MFT receipts be mingled with other funds?**

A. MFT receipts must remain in a separate fund and are restricted for roadway purposes.

**8) Q. If we restructure refunding from the TIF to the General Fund do we damage the percentage of interest accruing to the General Fund?**

A. Possibly, but the Village is not helping itself now, because the advances are not being paid back to the General Fund. This situation should be revisited.

**9) Q. Does the Village Board look at a 5-year window? How does (or does not) the current Village Board operate on long-term or a 5-year+ planning window? Trend data and financial modeling would be helpful for multi-year planning.**

A. The Village has done long term planning and revisits the future. But, there is a need/benefit to step back and look at trends, and not focus on point in time events or information.

**10) Q. Who is looking at long term (5-year to 10-year) windows and timeframes including revenue concentration and diversification?**

A. Staff monitors data, for example, building permits are trending down; sales tax revenues are trending up (Menards); other revenues are pretty flat; Long Grove has a very lean budget.

**11) Q. A 1-year to 2-year trend is not enough to look at. Expanding out is a pretty good idea.**

A. Enough historic data has now been compiled to enable better projections. 10-year, 15-year, and 20-year infrastructure models are being be created.

**12) Q. Are there graphs showing surplus?**

A. Yes. The Village Board looks back every 6 months and amends the budget as needed based on that review. Significant investments in infrastructure coincided with the recession. The established minimum reserve policy level for our fund reserves is now being reached through growth in revenues.

**13) Q. Who is/will be looking out at the next 5 years?**

A. These workshops are for that purpose. A close look is being taken at infrastructure expenses and potential growth in income.

**14) Q. Why wasn't this kind of analysis (e.g., these workshops) done prior to the referendum?**

A. Analysis was done prior to the referendum. Much of this type of work was being done and was part of regular meetings and considerations of possible solutions. However, the current review included more extensive reviews and some fresh approaches by specialists.

**15) Q. Nothing in the financial analysis presented tonight appears to be forward looking but more a look at the past? Does the Village Board have the capacity to leverage these reviews? What about multi-year budgeting and multi-year CIP?**

A. Lots of work has been done to identify opportunities for development and sales tax. An initial related memorandum dates back to 2003 or 2004. There was much forward looking associated with the process of determining whether to establish a TIF district. Forward looking projections are very conservative as a result of reviewing the past.

-Road paving has been stacked into next year in an effort to get the best price. Again, the budget is reviewed every 6 months with an eye toward possible amendment.

-Generally, municipalities must expend money within the fiscal year. Money usually cannot be bundled for a 3-year plan.

-A sales tax projection model has been developed because of importance to the Village. There should be at least a 5-year CIP and a 3-year budget plan.

**16) Q. Based on the analysis presented, is it correct to say that about \$1 million of excess revenue being generated yearly?**

A. Yes, but the term “excess” may not be the best phrase as much in the way of capital has been postponed.

**17) Q. Where does the Village stand today? From where has it come financially? Where can it go? Have we done projections going forward? Revenue trends? Expenditure trends?**

A. The aim of these workshops is to do a multi year look at infrastructure, economic development, and finances and their intersections as important policy and financial issues. Due to the perception of a lack of trust or completeness, outside eyes have been brought in. More workshops will be used to look forward.

**18) Q. Will forecasts be part of upcoming workshops? Can the next workshop be about the forecasts? Can we have the information/data aligned?**

A. Data points will be generally aligned with overviews within the three key issue areas reviewed. The overlay will enable us to project forward and to develop projections of needs and resources. Things to consider are sustainability of assumptions, existence of gaps, and the financial picture going forward.

**19) Q. What are the data points going forward?**

A. The data points going forward in terms of infrastructure will continue to connect and layer the three-dimensions visited in these workshops. All models have assumptions, data and real-time observations. The Village does not have complete control over its destiny. Looking forward requires realistic and reasonable assumptions used in combination with data and projections.

**20) Q. Will there be any additional analysis completed between now and the next workshop?**

A. An effective tool would be to combine and overlay the information we have. We now have new information and can re-visit assumptions and forecasts. The aim will be to synthesize the findings and update projections and forecasts

**21) Q. Will the reports from today be posted on the Village website?**

A. Yes, all information for the workshops, as with all village board meeting materials, will be posted to the Village's website.

**22) Q. How much does what happens to the downtown area impact revenue projections?**

A. Generally speaking, plus or minus about \$100,000 in sales tax revenues on an annual basis.