

MINUTES OF THE REGULAR MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE OF THE VILLAGE OF WILLOWBROOK HELD ON MONDAY, FEBRUARY 12, 2018 AT 5:30 P.M. AT THE VILLAGE HALL, 835 MIDWAY DRIVE, WILLOWBROOK, ILLINOIS.

1. CALL TO ORDER

The meeting was called to order by Chairwoman Berglund at 5:30 p.m.

2. ROLL CALL

Those present at roll call were Chairwoman Sue Berglund, Trustee Michael Mistele, Director of Finance Carrie Dittman and Assistant to the Village Administrator Garrett Hummel.

3. APPROVAL OF MINUTES

A brief discussion of the minutes of the Regular Finance/Administration Committee held on Monday, January 8, 2018 occurred. Motion to approve by Chairwoman Berglund, second by Trustee Mistele. Motion carried.

4. REPORT – GFOA Budget Award Recipient

Director Dittman reported that in August 2017 the Village submitted its FY 2017-18 budget to the Government Finance Officers Association for consideration of the Distinguished Budget Presentation Award. The budget award program was established in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

Director Dittman presented the document to the Committee, which is a comprehensive document that consists of narrative explanations, departmental goals, Village policies, performance measures, and numerous charts and graphs that complement the budgetary numbers. The Village was notified in January that it has received the Distinguished Budget Presentation Award for the FY 2017/18 budget. This was the 16th consecutive budget award the Village has received. The Village is currently preparing the FY 2018/19 budget and plans to submit that to GFOA as well.

5. DISCUSSION – IMRF General Memorandum #672, Cash Payments in Lieu of or Related to Healthcare Benefits

Director Dittman discussed the Village's health insurance buyback program that was instituted in September 2000. The program aims to reduce healthcare costs by allowing an employee (who would otherwise have been on the Village's health care plan) to opt out as long as they were covered under a spouse's plan. To incentivize the employee, the employee would receive $\frac{1}{2}$ of the single coverage premium as a stipend. When the program was implemented, the additional payment to the employee was considered pensionable wages for IMRF, as IMRF generally dictates that ALL amounts paid to an employee are pensionable unless there is a specific exclusion. IMRF did not have guidance on this specific type of compensation at that time. The stipend for sworn officers in the police pension plan that participated in the health insurance buy-back program was EXCLUDED for pension purposes, as statutes dictate specifically what wages are included for pension purposes.

From 9/2000 – present, the IMRF employees participating in this program had the buyback incentive included in pensionable wages. On December 15, 2017, IMRF Board of Trustees adopted Board Resolution 2017-12-17, which gives employers the option to include these types of payments in IMRF wages. On January 19, 2018, IMRF issued General Memo #672 which notified the IMRF members of this change (date the Village first received notice). If the Village wishes to continue to include these wages as IMRF pensionable wages, it must adopt a resolution to do so, retroactive to when the program began (Sept 2000). IMRF has provided a template resolution to use. If the Village wishes to discontinue including these wages as IMRF pensionable wages, the Village doesn't need to file anything with IMRF but must internally determine to do so as we will need to modify the payroll program to discontinue

including this stipend as pensionable wages. IMRF's counsel stated that IMRF will not go back and make any retroactive adjustments for health buyback incentive wages that already had IMRF pension taken out of them.

Director Dittman reported that currently there are 3 employees that would be affected by this. The direct cost to the Village currently to continue to keep these as pensionable wages would be about \$1,553 annually. (1/2 of single premium x IMRF employer rate x 3 employees participating: $\$3,512.50 \times 14.74\% \times 3 = \$1,553.23$). There is also an indirect cost to the Village as the stipend (currently \$3,512.50) would be included in the employee's final rate of earnings when they retire, which their retirement pension is based on – assuming the employees retire from service with the Village. The indirect cost is harder to calculate as IMRF takes all current and retired employees into account, along with investment earnings, when they compute the annual required contribution rate of the Village (currently 14.74%).

Assistant to the Village Administrator Hummel commented that the health buyback program saves the Village money beyond just the insurance premium; for example, an employee with large claims will factor into the Village's future health insurance premium rates. If that employee is on their spouse's plan, the claims will not impact the Village's health claim experience.

The Committee agreed that the memorandum should be brought forth to the Village Board for discussion at the February 19 budget preview presentation.

6. REPORT – Monthly Disbursement Reports – January 2018

The Committee reviewed and accepted the disbursement reports for the month of January and key items are highlighted below:

- Total cash outlay for all Village funds – \$1,097,010. Fiscal Year to Date is \$12,740,852. Includes handwritten checks for \$1,699. Trustee Mistele inquired about the payments to Clauss Brothers; Director Dittman explained that they were the contractor on Willow Pond Park.
- Payroll monthly total for active employees including all funds - \$338,217 (2 payrolls each month). The average payroll for the year was \$156,741, which is a 7.01% increase from the prior fiscal year. Director Dittman explained that the payrolls contain not only the union and non-union increases of 2.5%, step increases for the sworn officers and also retirement payouts of accumulated time.
- Average daily outlay of cash for all Village funds: \$35,387. Average monthly cash outlay for all Village funds fiscal year to date (YTD): \$1,415,650. Daily average fiscal YTD: \$46,237; this is high due to the numerous capital projects that occurred this year.
- Average daily expenditures for the General Fund only: \$24,115. Fiscal YTD average is \$30,530 which is a 26.14% increase from the prior year. The increase is due to the General Fund transfers out to the LAFER Fund to cover the police department renovation, now that the bond proceeds have been exhausted.

7. REPORT – Sales Tax, Business District Sales Tax, Income Tax, Utility Tax, Places of Eating Tax, Fines, Red Light Fines, Building Permits, Water Revenues, Hotel/Motel Tax and Motor Fuel Tax

The Committee reviewed and accepted the revenue trend reports and key items are highlighted below. All revenues are monthly collections for January 2018 (unaudited):

- Sales tax receipts - \$312,400 up 2.48% from the prior year. Trending 7.2% over budget.
- Business District sales tax receipts - \$35,522. This shows collections of the 1.0% sales tax collected in the

Village's new business district. The revenue comes from only the Town Center side as only those businesses are currently open.

- Income Tax receipts - \$64,897 down 5.3% compared to the prior year, 11.4% under budget. The state of Illinois is no longer in arrears in payments, however we are now feeling the effects of the recent state legislation which included a 10% reduction in income tax, which is about \$86,000 annually.
- Utility tax receipts - \$81,944 down 4.32% from the prior year, 6.7% under budget, consisting of:
 - Telecomm tax - down 6.89%
 - Northern IL gas – down 0.39%
 - ComEd - down 3.82%
- Places of Eating Tax receipts - \$58,256 up 3.17% compared to the prior year, trending 6.48% over budget.
- Fines - \$9,705 down 3.93% compared with the prior year, 21.23% over budget. Fines come from County distributions and also local fine tickets written by Village police officers.
- Red Light Fines – \$44,045 down 22.84% from the prior year receipts, trending 0.8% under budget. The Rt. 83/63rd St. intersection went live on 9/26/17. Chairwoman Berglund commented that she has observed drivers running the red light but the cameras did not flash.
- Building Permit receipts - \$62,106 down 6.07% from the prior year, 91.05% above budget. January 2018 included a large permit to Rose Development (Compass soccer arena).
- Water sales receipts - \$207,114 down 7.36% from the prior year, 7.44% below budget. The large decline from Sept 2016 to Sept 2017 is due to a \$181,000 catch up bill issued in Sept 2016 to a shopping center that experienced a huge leak, and that billing is non-recurring. Revenues have generally normalized since the MTU replacement project concluded and we are seeing far fewer "catch-up" bills than in the past year.
- Hotel/Motel Tax receipts - \$14,899 up 1.35% compared with the prior year. The revenue is trending at 5.7% higher than budget. Three of the four hotels are open and active.
- Motor Fuel Tax receipts - \$18,870 up 0.38% compared with the prior year, 0.9% below budget.

8. VISITOR'S BUSINESS

There were no visitors present at the meeting.

9. COMMUNICATIONS

Director Dittman noted that the Board budget preview presentation would be held next Monday, February 19 and asked the Committee if they could make a 5:00 start time. The Committee agreed.

10. ADJOURNMENT

Motion to adjourn at 6:20 p.m. was made by Chairwoman Berglund, seconded by Trustee Mistele. Motion carried.

(Minutes transcribed by: Carrie Dittman, 2/13/2018)