

MINUTES OF THE REGULAR MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE OF THE VILLAGE OF WILLOWBROOK HELD ON MONDAY, OCTOBER 9, 2017 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 Chairman Davi at 5:35 p.m.

2. ROLL CALL

Those present at roll call were Chairman Umberto Davi, Trustee Gayle Neal, Director of Finance Carrie Dittman and Assistant to the Village Administrator Garrett Hummel.

3. APPROVAL OF MINUTES

Minutes of the Regular Finance/Administration Committee held on Monday, September 11, 2017 were reviewed.

Motion to approve made by Trustee Neal, seconded by Chairman Davi. Motion carried.

4. REPORT – Special Recreation Tax Levy

Director Dittman explained that one component of the Parks and Recreation Department budget is how the Special Recreation Tax Levy funds certain ADA eligible park expenditures. The tax levy passed for 2016 was \$74,620, which equates to about \$18.32 in annual property taxes for a homeowner of a \$300,000 home. Staff reviewed the needs for next year and advises raising the 2017 levy to \$78,341. With the increase in Village EAV, this will equate to about \$18.02 in property taxes for a \$300,000 home. The overall levy increase is about 4.9%. There is no tax limit on this particular type of levy, however, increases of 5.0% or more are subject to the requirements of the truth in taxation process.

A detail of the planned expenditures is included in the packet. By April 30, 2018, it is expected that the General Fund will completely draw down all previously restricted SRA funds and spend all of the 2016 levy collections, primarily on Willow Pond Park ADA improvements. With the Committee's approval, staff will present the tax levy ordinance to the Village Board for adoption at the October 23, 2017 meeting.

Chairman Davi and Trustee Neal approved the request to be brought forth to the Village board.

5. REPORT – Status of Annual Audit of the Village of Willowbrook for the Fiscal Year 2016-17

Director Dittman reported on the results of the annual audit of the Village's financial statements for the year ended April 30, 2017, which has now concluded. The Village received an unmodified, or "clean" opinion, on the financial statements. The General Fund revenues outperformed budget by \$314,885. Actual expenditures were less than budget by \$1,090,351, mainly due to the deferral of the Willow Pond Park project (\$800,000) due to the suspension of the related state grant. The General Fund had a net increase in fund balance of \$115,354. At April 30, 2017, the General Fund's unrestricted fund balance was \$5,925,276, which equates to about 263 days in operating reserves vs. the budgeted 174 days.

Director Dittman reviewed the ending fund balance and net income/loss of each of the other funds of the Village. She noted that the LAFER Fund had an ending fund balance of (\$32,149) and a net loss of \$3,007,338 due to the spend down of the bond proceeds issued to fund the police department renovation. That project is continuing into fiscal year 2017/18, and after the bond proceeds are exhausted approximately \$849,000 of General Fund sources will be transferred to the LAFER fund to cover the remainder of the project.

Director Dittman also noted that there was one new management letter comment this year, due to a prior period restatement of May 1, 2016 entity-wide net position. GASB 68, the accounting pronouncement related to pensions, was effective for FY 15/16. There are 3 pension plans affected by GASB 68: IMRF, SLEP, and police pension. GASB 68 requires that the net pension liability be reported on the f/s (ending liability goes on the statement of net position and the change in the net pension liability flows through the statement of activities). IMRF & SLEP were correctly reported on the FY 15/16 financial statements, and the police pension's net pension liability was correctly reported as of 4/30/16. However, certain components of the *change in net pension liability* that are required to flow through the financial statements were not included in the 15/16 financial statements. Some components of the change in the net pension liability are recognized immediately as an expense and others are amortized over several years according to the accounting standard. The annual amortization of these changes as determined in the initial 2015 baseline valuation should have been reflected in the 2016 valuation; on the actuary's valuation report, the section where this is presented was titled "current and prior reporting periods" and both the Village and the auditor believed that the amortization was included. However, the title was misnamed and the amounts were excluded.

A three-way conference was held between the Village, auditors and actuary to confirm the error and the auditors prepared a schedule to fill in the missing information. However, it was determined that 2016 would need to be restated due to the dollar amount of the net adjustment; the restatement increased our net position by \$843,493.

6. REPORT – Monthly Disbursement Reports – September 2017

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

- Total cash outlay for all Village funds – \$1,473,375. Fiscal Year to Date is \$7,753,383. September includes payments to Clauss Brothers for Willow Pond Park and to M & A Asphalt for the annual MFT road program.
- Payroll monthly total for active employees including all funds - \$433,195 (3 payrolls). The average payroll for the year was \$156,249, which is a 6.67% increase from the prior fiscal year.
- Average daily outlay of cash for all Village funds for August: \$49,113. Average monthly cash outlay for all Village funds fiscal year to date (YTD): \$1,550,677. Daily average fiscal YTD: \$50,647. This is unusually high due to the three construction projects occurring.
- Average daily expenditures for the General Fund only: \$38,541. Fiscal YTD average is \$32,379 which is a 33.8% 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

All revenues are fiscal year to date collections through September 30, 2017 (unaudited):

- Sales tax receipts - \$354,582 down .4% from the prior year. Trending 4.2% over budget.
- Business District sales tax receipts - \$37,321. This is a new report which 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. 34.92% of the annual budget has been collected (and 41.67% of the fiscal year has been completed).

- Income Tax receipts - \$44,142 down 4.28% compared to the prior year, 10.4% 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 \$86,254 annually.
- Utility tax receipts - \$78,406 down 3.11% from the prior year, 5.5% under budget, consisting of:
 - Telecomm tax - \$30,495 down 6.76%
 - Northern IL gas - \$5,736 up 8.64%
 - ComEd - \$42,175 down 2.92%
- Places of Eating Tax receipts - \$44,371 down 4.39% compared to the prior year, trending 1.33% under budget. A new restaurant, Mod Pizza, opened in late August to occupy the vacant space left by Pei Wei Asian Diner in the Town Center.
- Fines - \$12,359 up 28.23% compared with the prior year, 61.80% over budget. Fines come from County distributions and also local fine tickets written by Village police officers.
- Red Light Fines – \$52,170 down 28.34% from the prior year receipts, trending 7.9% under budget. The Rt. 83/63rd St. intersection is still “down”, however, the new cameras are currently being tested.
- Building Permit receipts - \$39,902 up 24.72% from the prior year, 153.66% above budget.
- Water sales receipts - \$351,489 down 12.75% from the prior year, 12.83% 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.
- Hotel/Motel Tax receipts - \$21,506 up 5.92% compared with the prior year. The revenue is trending at 10.5% higher than budget. Three of the four hotels are open and active.
- Motor Fuel Tax receipts - \$18,646 up 2.35% compared with the prior year, 1.1% above budget.

Motion to approve the Monthly Disbursement reports and Revenue reports was made by Chairman Davi, seconded by Trustee Neal. Motion carried.

8. VISITOR’S BUSINESS

There were no visitors present at the meeting.

9. COMMUNICATIONS

There were no communications.

10. ADJOURNMENT

Motion to adjourn at 6:15 p.m. was made by Chairman Davi, seconded by Trustee Neal. Motion carried.

(Minutes transcribed by: Carrie Dittman, 10/12/2017)