

CITY OF COUNTRYSIDE

*803 Joliet Road
Countryside, IL 60525
www.countryside-il.org*



Meeting Minutes Regular Meeting of the FINANCE COMMITTEE

Wednesday, April 10, 2024

6:45 PM

Council Chambers

Committee Members

Chairman: John Finn

Treasurer: Courtney Bolt

Alderman: Thomas Mikolyzk

Alderman: Thomas Frohlich

1. Call to Order

The meeting was called to order at 6:45 PM.

2. Roll Call

Those physically present were as follows:

Present: Chairman Finn, Treasurer Bolt, Alderman Mikolyzk and Alderman Frohlich

Also Present: City Clerk Kmet and Deputy Clerk Cordova

3. Communications from the Public

None.

4. Approval of Minutes

4.a. The minutes of the Regular Meeting of February 28, 2024 were previously distributed to the Board Members. There being no changes, the Minutes of February 28, 2024 were approved as presented.

A motion was made by Alderman Mikolyzk to approve the Finance Committee Meeting Minutes of February 28, 2024, seconded by Alderman Frohlich and carried unanimously.

5. Business from the Committee for Discussion, Consideration and if so Determined, Action Upon:

5.a. Consideration to approve the monthly Treasurer's Report for the nine months ended January 31, 2024.

Chairman Finn asked if there were any questions regarding the monthly Treasurer's Report for the nine months ended January 31, 2024. There being no questions, the Finance Committee moved into discussing the report for the ten months ended February 29, 2024.

A motion was made by Alderman Mikolyzk to approve the monthly Treasurer's Report for the nine months ended January 31, 2024 seconded by Alderman Frohlich and carried unanimously.

5.b. Consideration to approve the monthly Treasurer's Report for the ten months ended February 29, 2024.

Finance Director Schutter stated that the February financial statements reflect a positive revenue variance of just under \$1.325 million. The revenue result was produced primarily from positive variances in investment income (\$587K), building permits (\$246K), sales tax (\$138K), Flagg Creek profit sharing distributions (\$75K), state income tax (\$62K), business license fees (\$55K), local ordinance fines (\$51K), inspection/review fees (\$45K), and fuel tax (\$35K). Interest income is up substantially from elevated short term rates combined with falling yields further out on the rate curve. Permit activity and review fees are up from significant local construction activity. Sales tax is continuing the higher trend from a conservative budget, a resilient consumer, and elevated normal costs from inflation. Fuel taxes have rebounded significantly from their pandemic lows combined with a conservative budget at about 88% of last year's actual result. Income taxes continue to be higher from wage gains and low unemployment.

Expenses are trending at about \$183K under budget primarily from positive variances in the general administration, police, and public works departments due to some staff turnover, and lower legal costs (admin). These positive variances were offset slightly by variances related to the unbudgeted BS&A cloud software conversion this year (IT), higher audit fees (finance) from higher bids received this year, and data conversion costs related to the LTACC (ETSB) transition which were budgeted in prior years. The general fund is showing a favorable surplus of just under \$1.5 million through February (10 fiscal months).

The capital project fund's interest income is up from the budget based on relatively short term interest rates and investment of bond proceeds. The expense variance is based primarily on the payment of unbudgeted retention close out costs on the City Hall project, and DPW tank radiation costs. Other YTD fund expenses consist of the Lexipol Policy Software purchase, drone purchase, radar speed sign purchase, and the Countryside Park camera project (Police), the purchase of a new walk behind mower (DPW), construction and engineering costs for the MWRD drainage improvement and the utility patching projects, and preliminary engineering costs on the Route 66 pedestrian bridge project and the Joliet Road multi-use path project.

The Flagg Creek Golf Course Fund year to date green/league fees exceeded the prior year and budget by \$45K and \$83K respectively. Range revenues exceeded the prior year and budget by just over \$21K and \$25K. Concession revenues exceeded the prior year and budget by \$25K and \$31K respectively. Total revenues are up by \$150K and \$195K to the prior year and budget respectively.

Net income from concessions exceeded the prior year and budget by \$12K/\$11K while running a net margin of 48% of sales. Total personnel costs as a percentage of revenue are running at about 36% through the first ten months. The prior year and budget are reflecting 37% and 40% of revenue respectively. Capital outlays of just over \$74K have been incurred YTD on the deck improvements, preliminary engineering costs related to the cart path resurfacing project, golf cart replacements, and labor/materials related to the front entrance camera project. The golf course is running a net surplus variance to the prior year of \$84K when adjusting for the effects of capital outlays.

A motion was made by Alderman Mikolyzk to approve the monthly Treasurer's Report for the ten months ended February 29, 2024 seconded by Alderman Frohlich and carried unanimously.

5.c. Discussion and presentation on the third requested budget for fiscal year 2025.

Finance Director Schutter stated that the primary purpose of the third requested budget is to update projections with data through February and attempt to final out major budget assumptions, capital needs and related funding sources. As noted in the first two budget requests, the City's prior implementation of the accelerated police pension funding plan brings with it two important implications. The first is the annual transfer to the capital fund from the general fund will continue to be forgone as the capital fund has significant reserves to cover projects over the next few years. The second implication is that surplus resources of the general fund derived from the foregone transfer that could be earmarked for excess pension contributions to eliminate the unfunded liability, a surplus transfer to the capital fund to increase reserves for future projects, or any combination of the two. The general fund excess surplus continues to be allocated as an excess police pension fund contribution.

For the general fund expenses, the third requested budget incorporates a host of adjustments that have been finalized through this step in the budget cycle which includes the following: health care and dental premiums were revised to account for the changes from the preliminary renewal rates to the final renewal rates which were recently completed for each member tier of the Intergovernmental Personnel Benefits Cooperative (IPBC) of which the City is a member. Final renewal rates for the City were adjusted downward from 7% to 4.9% as related to health insurance rates while dental rates were revised upward from 5% to 6.9%. Salary grade levels were adjusted upward for the top three non-union management positions in the Police Department which led to an overall adjustment although this increase was partially offset by lower benefit costs. The IT budget was adjusted upward by \$7.5K to reflect a new maintenance agreement with PACE to service our genetic system (door access control and security camera networks). An increase in the overall preliminary budgetary surplus from the second to the third requested budget was adjusted out as an increase in the excess police pension fund contribution in the administration budget.

The capital fund revenue budget for interest income was revised upward by approximately \$15K based on persistently high short term rates and anticipated continued investment of bond proceeds north of 5%. Equipment/vehicles was adjusted upward by \$15K for admin office equipment (\$10K) and a \$5K adjustment for the replacement of the City's Administrator's vehicle replacement (the vehicle is budgeted at \$35K net of anticipated trade in value). Equipment/vehicles was reduced by \$130K for the Police Department as related to the purchase and implementation of new body and in-car camera systems. It was previously estimated at \$200K based on the quotes received and negotiated by the Chief. The upfront hardware and implementation costs have been significantly reduced although based on these quotes the City will have ongoing subscription fees in the \$25K range for cloud access and storage. The DPW equipment budget was reduced \$50K as the superintendent's' administrative vehicle was purchased this year under an emergency purchase order and thus removed from the 2025 budget. The ending capital fund reserves are now projected at just under \$2.5 million by the end of 2025 which should cover at least a year and a half of future projects.

With respect to the water fund there is a rate increase from the CPI change of 3.37% from Chicago to McCook. McCook passes through the underlying increase and typically adds an additional five cents to the Countryside rate for a total increase of 3.86%. These increases are assumed to be passed through to all accounts in the 2025 budget with an effective date of June. The Soehrman Park and LaGrange Road water main projects have been rolled forward to the 2025 budget and have been increased from the original budget to reflect inflationary costs experienced on recent projects.

With respect to the Flagg Creek Golf Course fund revenues remain very conservative due to the increase in fees and rates this season and growing demand and utilization ratios. Net income from concessions and the pro shop appear conservative as well as the total budgeted labor costs as a % of the projected revenue. The current budget supports just under \$475K in capital projects plus \$175K in projected profit sharing distributions. Net income before capital outlays, profit sharing, and depreciation is very conservative at \$592 compared to the trend. Benefit costs for full time employees were adjusted based on final renewal rates and assumptions as well.

6. Other Committee Business.

Finance Director Schutter stated that we have to do a notice of public hearing for the budget. It will go into the Des Plaines Valley press tomorrow. The budget document needs to be available for public inspection. The numbers can be changed all the way up to the time that we pass the final ordinance. The most recent version is put into the newspaper. The public hearing will be before the next City Council meeting at 6:45 pm. The committee will have to pass an appropriations ordinance to pass the budget, which is for fiscal year 2025. We are also looking at the projections to determine if we want to do a budget amendment for 2024. Based on some of the trends that Mr. Schutter has

seen we do need to do an amendment and have three adjustments. One in the general fund, the MFT fund, and in the Flagg Creek fund, if we want to increase the profit sharing distribution. We would have to approve a supplemental appropriations ordinance to formally approve the budget amendments for fiscal year 2024. It was proposed that this document would be presented at the next City Council meeting.

7. Adjournment.

There being no further business to discuss, Alderman Mikolyzk motioned to adjourn, seconded by Alderman Frohlich and carried unanimously.

Chairman Finn declared the meeting adjourned at 7:17 PM.

APPROVED:

Respectfully Submitted,

Chairman John Finn

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