



Budget Committee Minutes

City Council Chambers

Monday, October 11th, 2021

Chairman Kreinbrink called the meeting to order at 7:31 PM.

Roll call was taken:

Present: Mayor Todd Latham, Alderwoman Rebecca Johnson, Alderwoman Cara Killey, Treasurer Pete Dell

Also present: City Accountant Wes Levy, Mr. Jim Peterson, WSPY reporter Jim Wyman, Deputy City Clerk Jim Teckenbrock

Objective: Trending in right direction.

Report on Financials: Mr. Levy reported to have focused on General fund – year to date we are trending right in line with budget / fiscal year.

Tax Levy: Alderman Kreinbrink dispersed City of Sandwich 2021 tax levy review, noting used tax is down due to changed in terms beginning 2021. Online sales tax changed and used tax has gone down. Increase in state income tax allocated to city is significantly higher. \$92,000 increase over prior year.

Page 2 highlights: Revenue higher than anticipated. Expenses are broken down by department in general fund. Large portion and reason for increase in revenue tax for city due to remote work. Allocation method has not changed & census numbers have not changed.

Page 3 highlights : intergovernmental – grants / state grants

Questions from Alderman Kreinbrink to Wes Levy: Did funds come in come from Illinois State Representative Tom Demmer's office? What percent is remaining? Are any funds pending?

Wes Levy reports issue with YTD reflection at this point. All should still reflect 100% of funds remaining. Cares act funds has carried over into the governmental American rescue plan, and will be allocated with the same intergovernmental category. Mr. Levy confirmed \$306,136.00 has been used towards our new public safety building and Police salaries within the last fiscal year, with half allocated to next year's budget, effectively pre-funding projects with the new funds received. \$504,217.07 was deposited in September which will be seen on our next statement. These funds are restricted. The city must show a plan for future expenditures by 2024 or funds must be returned by 2026, with the first report due in April 2022.

Capitol improvement projects: Alderman Kreinbrink inquired about purchase orders being expensed and pulled from the budget upon creation. Mr. Levy concluded that current options for such function are not available. Committed to run unprinted checks report to see expenses that have occurred and have not yet been paid.

Roadway projects: Mayor Latham offered an update, reporting that projects are wrapping up and still on track for next year.

Somonauk / Sandwich HOR project: Waiting till spring. Treasurer Pete Dell adding that Latham street – County Line Road south through Rt. 34 is a priority. Mayor Latham is looking to use the federal assistance. Alderman Kreinbrink added that MFT funds went to miscellaneous repairs.

Dump truck engine issues: Funds are not currently available for replacement. Truck repair may be necessary. A new truck is on back order with a delivery date of 2023 due to shortage in vehicles. Outsourcing preparations need be in place.

Front end loader: mower came in and all else is right on target.

Treasurer Dell requested a continuous updated list of vehicles and maintenance. Siting it necessary for insurance purposes.

Tax Levy: Kreinbrink: Draft form of Tax Levy shows Police pension fund is the most prominent. Page 4 – statutory requirements from city \$842,000

Recommended contribution 1,018,000.00. Mr. Wes Levy added that the information was based on April 30,2020 report. The fiscal 2021 contribution year – summery is \$843,000 (state minimum) 945,000 is listed as hypostasis, as report is not done yet. The expected funds will be significantly higher.

Pension board requested to present to new council. Draft as of Friday – is not ready yet. Recommended 1,018,000 to 1,065,000.00 to our current 842,000 to 886,149.

Concern about unfunded liability – would like moratorium.

Fire pension made more progress than police in consolidating. Anticipate they will have all funds prior to February. Police do not have anything done for consolidation.

Suggested: -local boards will retain 120-160 days of cash flow... Consolidated board will have majority of those funds. Pension / expense disbursements done locally with the cash flow.

Mr. Levy provided that target for pension is 100%. Statutory minimum there is always 10% we are accruing. Could be a wash for the general fund – at \$886,000.00

Dell: it's a push to do the minimum – but we should keep a higher number in mind.

Wes: pulled copy of insurance for 2016 – recommended contribution was \$480,000.00

Mr. Pete Dell inquired about formalizing a template and what kind of strategy we going to have in the future. To this point it's been extremely conservative, and committee is happy to keep it on track & in the same line.

CD's – harder to get government bond when we have a cash bond for the Police Department. CD maturing needs to be on formal schedule – may shop for better rates.

Pulled investment opportunities – PMA / IMA – none are returning at this point. Rates are near zero. Request CD listing to see what has matured. Mayor would like an update – Wes to update Paying out at 15/.25 - 1.76 / 2.6 due in 2022 / 2023. Interest rate will be tough moving forward with an increase in fees. Waste Water has one last payment due. Structure and planning the returns is requested.

Sewer and Water: Mayor Latham noted that Steve Dennisen was involved and looking to position ourselves for a lower rate. Mr. Dennisen favors waster water increase in rate. Meeting pending with Alderman Littlebrant. Specific to Sewer side. Increase in rate needs to be correct before presentation. Water side of Sewer and Water will be addressed at later date. Mayor Latham reminded the council that a sewer study must be first and then attention can be turned to water. A fund balance policy of “operating funds” for covering future expenses would need a minimum in each fund. Repairs and replacements are to be discussed.

Discussion on 2022/2023 budget: Mr. Levy noted that they are waiting on it. Request was made to have department heads meet and begin their wish lists. Meeting set for: November 29th 7:00 PM. Would like department heads to consider capital spending areas – as well as anomalies. Would like major projects to be submitted in phases for city hall, sewer, water & streets. Mayor noted that a previous plan for tech was not found. Mayor Latham also mentioned that our security hub is one with the Police Department. IT / security must be improved immediately for insurance purposes.

Tax Levy presentation & hearing: No hearing unless we're over 5% - would like a hearing for transparency. Must be done before last meeting in December.

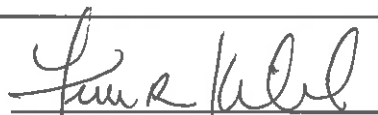
New construction: Capitol amount that we are eligible for... Based on 3.95% increase – CPI used and we will be eligible for 1.5 % more. Wes: put in modest increases.

Dollars will be coming from Grants – we need grant writers. DeKalb county community foundation, Beautification grant to consider & Safe passage to school grant pending.

Next meeting set for Nov. 29th 7:00 PM

Audience Comments: None

Adjournment: There being no further business to come before the Committee, **motion made by Alderwoman Johnson, and seconded by Treasurer Dell, to adjourn at 8:42 PM. Motion carried unanimously by voice vote.**


Fred Kreinbrink, Budget Chair