

See below for minutes



Mayor Murphy then turned to Omnibus Vote Item F and recognized Trustee Brandt. Trustee Brandt noted that there are a few items that he would like to discuss. Trustee Brandt noted his alarm regarding the Police Pension numbers. He explained that in 1999 the unfunded portion of the Police Pension was \$300,000 and that five years later the unfunded portion grew to \$9.2 million. He asked for an explanation as to why these numbers are not going down.

Mr. Perry called on Ms. Freischlag to elaborate on the matter. Ms. Freischlag noted that as far as the Police Pension is concerned, Woodridge went with more than the actuary had suggested. She explained that with the prior levy, Woodridge levied about \$760,000 when the actuary recommended approximately \$727,000.

Trustee Brandt inquired if the Actuary is the person responsible for calculating how much Woodridge needs to the Police Pension in order to fully pay off all debt in 25 year.

Ms. Freischlag clarified that the Actuary calculates Woodridge's contribution to pay off the Police Pension by 2033.

Trustee Brandt inquired that if everything goes to plan there should be a zero in the Police Pension column by 2033.

Ms. Freischlag confirmed that if all goes according to plan the Police Pension should be 100% funded by 2033.

Trustee Brandt also inquired about Police overtime. He referenced an overtime report that showed overtime for Patrol Officers to be \$343,000, and overtime for investigations to be \$136,000. Trustee Brandt asked Chief Herron to explain this overtime and discuss whether these costs are avoidable.

Chief Herron explained that most of these costs are unavoidable. He noted that most of the cost comes from outside details such as court time, vacation and sick time coverage and late calls. He noted that these numbers are relatively consistent over the years.

Trustee Brandt asked for an explanation of late calls.

Chief Herron explained that a late call comes in at the end of a shift. He cited the example of a call coming in at 10:45. He noted that in this instance the afternoon shift would see that call through to completion. He explained that most of these calls are relatively quick, but around 20%-40% result in overtime. He explained that this is anticipated to reduce as the Police Department moves to extended shifts.

Trustee Brandt asked for clarification of the shifts that the Police Department is considering.

Chief Herron noted that the Police Department is contemplating a combination of 8, 10 and 12 hour days.

Trustee Brandt inquired if this would have an effect on overtime.

Chief Herron explained that it would have an effect on some of the overtime. However, he noted that as productivity increases some causes of overtime may increase, such as court time.

Trustee Brandt asked what the overtime rate was.

Chief Herron noted that overtime is paid at time and a half.

Mayor Murphy asked for any additional questions or comments. Hearing none, Mayor Murphy entertained a motion to accept Omnibus Vote Item F, acceptance of the 2004/05 Comprehensive Annual Financial Report (Audit) for the Village and Library, Along with the TIF District #2 Report. The motion was made by Trustee Frank and seconded by Trustee Curran.

See below for minutes



**X. ADMINISTRATOR'S REPORT**

Mr. Perry said that acceptance of the 2003-2004 audit report and the TIF District #2 report is in order. The Mayor entertained a Motion.

**MOTION** by Trustee Wood, seconded by Trustee Beavers, to accept the 2003-2004 Comprehensive Annual Financial Report for the Village and the Library, together with the TIF District #2 report.

Mr. Perry said that questions had been presented by Trustee Brandt earlier and he asked Ms. Freischlag to respond to those questions.

Ms. Freischlag, Director of Finance, then reviewed and responded to the questions raised by Trustee Brandt regarding long term debt, non-home rule debt limitations, other governmental agency revenues, and the actuarial report. She indicated that the governmental audit is often not as clear or easily understood as audits disseminated to the public.

AYES: Trustees Brandt, Wood, Szerlag, Beavers, Kagann, Frank

NAYS: None

Motion carried.

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40 Mayor Murphy recognized Trustee Brandt who requested information regarding the audit  
41 of the Police Pension. He questioned the severe under funding of the Police Pension  
42 Fund. Mayor Murphy indicated that Trustee Brandt had raised that question with Mr.  
43 Perry and received a response from Director Tromp and Mr. Perry that included the  
44 following information. For the last several years the finance department in mutual  
45 cooperation with the Police Pension Fund has hired the services of an actuarial consultant  
46 to determine the appropriate funding level determined by state statute, plan provisions and

2  
3 actuarial assumptions. Although there should be an appropriate level of concern with the  
4 funding ratio decreasing due to the impact with the investment downturn in the economy  
5 the impact of increasing salaries and unfunded mandates This is typical of communities  
6 throughout the state. The Trustees of the Police Pension Fund have visited this issue  
7 recognizing the 12 million current fund balance and the need to continue funding this  
8 pension. By law the Village will need to have this pension fully funded by 2033. The  
9 Actuarial Report is provided to the Board in the spring.

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11 Mr. Perry requested that Ms. Tromp provide further additional information.

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13 Ms. Tromp indicated that it is an under funded liability of over 8 million dollars. You  
14 will notice that we were over funded 5 years ago. The under funded liability came from  
15 the downturn in the economy as well as recent mandates from the state legislature. We  
16 could address the issue by imposing taxes to the extent of \$8,000,000 to fully fund the  
17 pension. Of course that would 5 times the levy that we are imposing at the present time. I  
18 would not recommend that and I don't think that would set well with residents, taking a  
19 \$200 tax bill and raising it to \$1,000 for one year. I know of no other financial director  
20 that would recommend that at this time. Recognizing that we do hire the consultant every  
21 year, and he takes into consideration the economy, and actuarial assumptions that we  
22 base this on. This is the component that he recommends to the Police Pension Board as  
23 well as myself and that we bring to the Board when we are levying taxes. There is a  
24 component of that that funds the unfunded mandate. Last year we levied approximately  
25 \$550,000 and \$360,000 was for the unfunded mandate so that it could be fully funded by  
26 2033. This allows us to amortize the unfunded mandate over a number of years, which  
27 would be following the prudent investment rule. Of course the economy could swell in  
28 the next three years and we could have a 0 unfunded liability just as quickly as it was  
29 created.

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31 Mr. Brandt expressed his appreciation for the information.

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33 Mayor Murphy noted that members of the Police Pension Board included a current retiree  
34 and future retirees and questioned if everyone was comfortable with the current plan for  
35 the future.

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37 Ms Tromp indicated that the Board did not like the situation but they are addressing the  
38 issue. She also indicated there is close to \$13,000,000 in the fund and we will be adding  
39 \$1,000,000 with this year's levy including contributions from Police Officers. Without  
40 any other contributions that amount will fund 26 years of current officers pensions.

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