

**Finance Committee Meeting  
December 7, 2021, 8:00 a.m.**

**Members Present: Chairman Berger, Council Member Carroll, Fiscal Auditor Lechman**

The Fiscal Auditor reviewed the fund balances for November. He stated that the fund balances at the end of November 30, 2021, were \$3.989 million. The fund balances were arrived at independently and matched those of the Fiscal Officer to the penny. The fund balances decreased by almost \$103,000 in November, which was typical for the time of year. The Village received a lot of revenue in November which included the final installment for Ambulance fees, which exceeded expectations with a \$70,000 credit when \$54,000 was expected. The Building Department had an almost all-time year at \$73,000 which was over what was budgeted. Cable Franchise fees had gone down a little. The Cemetery fees were the highest the Village had seen. Gas Tax was the only area where the Village might not reach the budgeted amount along with liquor tax and interest rates. However, revenue targets in the major categories of Real Estate Tax/ Homestead and Income Tax far exceeded expectations despite Covid concerns. Overall, the Village was at 110% of its budgeted revenues. This also would not be attributed to grants because \$276,000 was budgeted for grants and the Village was at \$262,000. It was primarily due to Income Tax. Carroll asked if this was due to people working from home. And the Fiscal Auditor thought this was a possibility. Additionally, the Village has businesses that did well during the pandemic and the Village also received a lot of resident tax income. He concluded that this might be one of the biggest years the Village has seen for Income Tax.

Regarding expenses, there were some larger expenses this month with the Lake Louise bridge replacement project. However, the Village was below what was projected at 79% of the budget. For the year, the Village was up \$723,000 and had budgeted being down \$500,000. Carroll asked if the Village Hall detention pond project was reflected in the figures, and the Fiscal Auditor said no. He explained the timing of reporting receipt of grants and corresponding expenses. Carroll explained that for Council's purposes, it was important not to view the \$500,000 as extra money because there were pending obligations with ongoing projects. The Fiscal Auditor explained that the best indicator was the year-to-date revenues for budget to see how the Village really did.

Berger suggested that with the current trend, it might be possible that the Village would end the next year flat or positive. He was considering this in terms of the next Budget Commission hearing. If the Village predicted a deficit and ended up flat, how would this be viewed? The Fiscal Auditor stated that the key was for the Village to start spending money next year where the Village will see expenditures outpace revenues by quite a bit. Berger hoped that this was what the budget looked like. Carroll stated that the Village would have the Village Hall detention pond, Whitetail project, and possibly an increased Road Program, which the Budget Commission would look at favorably. The Budget Commission was aware that the Village had made a lot of promises for projects and had passed the Road Levy so that there would be funds available to address stormwater issues. However, the Village had not spent this money. Berger concluded that from the Budget Commission's perspective, the Village should spend the money. Carroll added that it was also necessary to have a plan for the money. Reserve funds would

enable the Village to encumber the funds for projects the Village knew it wanted to do. Berger noted that in the first quarter, the Village should start creating the reserve accounts. The committee addressed the need to be prepared with a plan for the next Budget Commission hearing, to include a five-year plan.

In creating the 2022 budget, Berger questioned the Fiscal Auditor about income. The Fiscal Auditor asked if the 2022 Budget had been approved, and Berger said expenditures had been approved but did not know whether income was considered. The Fiscal Auditor offered that he would raise income tax and homestead and rollback targets in the budget and lower interest income. Berger felt it was better to have more realistic numbers. The Fiscal Auditor said it was good to be a little conservative when budgeting. Berger noted that it would be beneficial to have more realistic revenue numbers to drive Council's vision of expenditures. The Fiscal Auditor explained that if the Village did not hit its budget, it would not be problematic.

Berger addressed the Fiscal Officer's need for extra help. He proposed that a second part-time person be hired to give the Village more coverage and backup for the Building Department. Berger recommended that the Fiscal Officer move forward with creating a job description for this person and identify what areas she would want to assign to the second person as well as how many hours a week would be needed. With this information, the committee could make a recommendation to Council to go forward with a hiring plan. The Fiscal Auditor asked if the Fiscal Officer wanted somebody to help. Carroll explained that one proposal was to make the current Administrative Assistant full-time and share the position between Admin and the Building Department. The Fiscal Auditor said this was what he was thinking because it was hard to find someone good. If there were already someone the Fiscal Officer liked who could put in more hours, that would be ideal. Carroll concurred and added that the position could be shared. He noted that the Village had cycled through part-time personnel, and if there were a person to whom 39 hours had already been allocated, making it full-time with the time divided between departments would provide backup and consistency. The Fiscal Auditor noted that the Village historically would hire employees as part-time and then move them to full-time, but typically individuals seek one or the other for a reason. He added that it was hard to find someone good who was trustworthy. Carroll added that the Village would be encumbering benefits for the full-time position, but those benefits would be equal or less than having a second part-timer. The Fiscal Auditor said that it was worth it to have better employees.

Berger thought the recommendation of the committee to the Fiscal Officer would be that she needed to decide what she wanted and make a formal recommendation to the committee in January. Carroll agreed that the Fiscal Officer should express what she wanted.

The committee discussed having a joint meeting with HR and Streets Committees relative to overtime and the tiered salary system. Carroll stated that the Police Department has a good model that has worked well. Having a system to identify how Village employees progress would eliminate the ambiguity of the previous arbitrary system and help the employees know what to expect. He did not think it was right to give raises to people who were liked and withhold raises for people who were not. Berger concurred.

Carroll explained to the Fiscal Auditor the issue the committees had been discussing about overtime and comp time. Carroll and the Fiscal Auditor discussed uses of comp time to include an employer's ability to send employees home during times where there was no work and have it count against the employee's comp time. The Fiscal Auditor saw the issue with comp time as being a scheduling and managerial problem. Berger said he had not been involved in this conversation and was not sure the Street Commissioner understood that he had the right to send employees home on comp time. The Fiscal Auditor questioned how a comp time balance would be maintained when there was no work to be done. Berger said this was an HR issue, not a Finance Committee issue and should be discussed with the Street Commissioner. The Fiscal Auditor saw comp time as a liability on the Village's books. He would want to see the balances reduced.

Berger said the biggest comp issue the Village had was with the Fiscal Officer. Carroll stated she had a lot of time on the books right now, but the reason the Street Department employees had a lot on the books was because the former Street Commissioner capped it. The law limits time that can be carried over each year. However, the Village is Federal Labor Standards Act (FLSA) exempt to a degree, and he was unsure how the laws applied. Berger asked Carroll to explain his status as an exempt employee with the City of Lyndhurst. Berger then asked who was exempt in the Village of South Russell. Carroll stated that any of the Department Heads would be. Berger asked if the Fiscal Officer was a Department Head, and Carroll said yes and explained that she receives flex time. Berger said no and said that what was being discussed was comp time, not flex time. Carroll said he would have to ask the Fiscal Officer. Berger said he did not understand why the Village had a Department Head who received comp time. She should be an exempt employee. Carroll saw that perhaps the wrong verbiage was being used between comp time and flex time. Carroll agreed and said there should not be 400 hours on the books. However, he only knew his own experience as a city employee. The Fiscal Auditor felt there should be no more than 100 hours on the books. Carroll offered that as an exempt employee, the individual is on 24/7 and has a salaried position. Berger suggested that if such an individual could get the job done in 20 hours and go home, that was on management to question why the person was being paid for 40 hours when the job could be done in 20. If the employee can get the job done in 20 hours a week, he should get his full salary and good on him. Berger stated that exempt employees do not get overtime or comp time because it is the job.

Berger adjourned the meeting at 8:55 a.m.

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Chris Berger, Chairman