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**MEMORANDUM**  
**HUMAN RESOURCES DEPARTMENT**

**TO: Thomas Thomas, City Manager**

**SUBJECT: IMRF Auto Allowance**

**DATE: September 24, 2013**

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The Illinois Municipal Retirement Fund (IMRF) conducted an audit of the City of Rock Island on August 21 and 22.

One of the audit findings is auto allowance expenses are generally not considered as IMRF earnings (see attachment). The City has been paying IMRF pension on the auto allowance granted to the former City Manager and department directors starting March 31, 2003. (City provided take home vehicles were eliminated for the City Manager and department directors prior to this date.)

The city council may elect to continue permitting the auto allowance to be reported as taxable income by passing a resolution executed by the elected officials.

**Recommendation:** City Council executes a resolution for the adoption IMRF Form 6.74 "Suggested Resolution to Include Taxable Expense Allowances as IMRF Earnings" for current and past employees receiving a car allowance from the City.

Submitted by: John Thorson, Human Resources Director

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Approved by: Thomas Thomas, City Manager

**Employer Audit**

We completed our performance of certain procedures designed to determine your compliance with statutory reporting requirements relating to employee enrollment, earnings and service. As a result of performing these procedures, we noted the items listed below which we feel warrant corrective action on your part. Please review each of the items listed below and provide a written response by the date indicated.

Exceptions Found	Recommendation	Response Required
<p>[1] We performed a reconciliation of gross 2012 wages (from your payroll reports) to the wages reported to IMRF for several randomly selected IMRF members. As a result of this reconciliation we noted that an “auto allowance” amount was included in payroll and reported to IMRF for <b>Jeffrey Eder</b> and <b>John Thorson</b>. Expense allowances, even if they are taxable income to the member, are generally not considered IMRF earnings. However, an employer may elect, by governing body resolution, to report taxable expense allowances as IMRF earnings.</p>	<p>If the governing body chooses to report expense allowances as IMRF earnings, please submit IMRF Form 6.74 “Suggested Resolution to Include Taxable Expense Allowances as IMRF Earnings” with an effective date of when the Employer started reporting this way. Please contact your Field representative if further direction is needed to complete the resolution.</p> <p>If the governing body chooses not to pass Resolution 6.74, (“Suggested Resolution to Include Taxable Expense Allowances as IMRF Earnings”) please file wage adjustments for <u>all</u> affected IMRF members for the past 4 years.</p> <p>If you have Employer Access, you should make employee wage adjustments online for each employee that needs a wage adjustment to remove the reported expense allowances. If you encounter any problems with this process, please contact our Wage Reporting Unit Supervisor Fidel Quintero.</p>	<p>10/7/2013</p>



# Suggested resolution to include taxable allowances as IMRF earnings

IMRF Form 6.74 (02/08)

PLEASE ENTER Employer IMRF I.D. Number

## RESOLUTION

Number \_\_\_\_\_

**WHEREAS**, standard member earnings reportable to the Illinois Municipal Retirement Fund do not include expense allowances; and

**WHEREAS**, the governing body of an IMRF participating unit of government may elect to include in IMRF earnings all taxable expense allowances; and

**WHEREAS**, the \_\_\_\_\_ of the  
BOARD, COUNCIL, etc.

\_\_\_\_\_ is authorized to include  
EMPLOYER NAME  
taxable expense allowances as earnings reportable to IMRF and it is desirable that it do so.

**NOW THEREFORE BE IT RESOLVED** that the \_\_\_\_\_ of the  
BOARD, COUNCIL, etc.

\_\_\_\_\_ does hereby elect to  
EMPLOYER NAME  
include as earnings reportable to IMRF taxable expense allowances effective \_\_\_\_\_  
EFFECTIVE DATE

**BE IT FURTHER RESOLVED** that \_\_\_\_\_ is authorized and directed  
CLERK OF SECRETARY OF THE BOARD  
to file a duly certified copy of this resolution with the Illinois Municipal Retirement Fund.

## CERTIFICATION

I, \_\_\_\_\_, the \_\_\_\_\_  
NAME CLERK OR SECRETARY  
of the \_\_\_\_\_ of the County of \_\_\_\_\_,  
EMPLOYER NAME COUNTY  
State of Illinois, do hereby certify that I am keeper of its books and records and that the foregoing is a true and correct copy  
of a resolution duly adopted by its \_\_\_\_\_ at a meeting duly convened  
GOVERNING BODY  
and held on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

SEAL

\_\_\_\_\_  
CLERK OR SECRETARY OF THE BOARD

Illinois Municipal Retirement Fund  
Suite 500, 2211 York Road, Oak Brook Illinois 60523-2337  
Member Services Representatives 1-800-ASK-IMRF (1-800-275-4673)

[www.imrf.org](http://www.imrf.org)