

Finance Committee of the Village Board APPROVED Minutes

Monday June 10, 2013

7:30 pm Room 130

Call to order 7:30 p.m.

Present were members of the Finance Committee, Village President Anan Abu Taleb, Trustee Robert Tucker, Trustee Peter Barber, Trustee Glenn Brewer. Also in attendance were Trustee Adam Salzman and Trustee Ray Johnson.

Staff in attendance including Village Manager Pavlicek, CFO Lesner, Dan Berg Sikich, Deputy CFO Jason Paprocki.

Minutes of March 18, 2013 were approved

There were public comments.

CFO Lesner began with an introduction of the presentation of the annual audit for the year ended December 31, 2012. Noting that this is in draft form – but a good draft.

Introduced the Village's independent auditor, Dan Berg, the Audit Partner with Sikich.

Mr. Berg reviewed the process that Sikich undertook to complete field work and presented the audit. Mr. Berg noted improved staff preparation of preliminary work for this year's audit.

President Abu-Taleb asked if every account is audited. Mr. Berg advised some are random audits and some are planned and it was affirmed that everything is tied out.

Affirmed there is reconciliation between actual AP paperwork and the General Ledger. There are also independent bond confirmation and AR confirmations that are done.

Dan noted that Sikich has issued a "clean opinion" and this is a very positive outcome. Recommended reviewed the Management Discussion and Analysis (MD & A) which includes comparative highlights for year over year.

Net position (i.e. the balance sheet) see page 5 to see equity

See negative balance -\$485,000 remaining balance is the plug and there is a negative position which fell \$2.4 million as it was a positive \$1.9 last year.

\$7.8 Million is now \$1.2 enterprise funds and that is very position and that is a tremendous improvement

These are a point in time window at December 31<sup>st</sup>.

Total change was a drop of \$7 M but overall the unrestricted net assets went up \$3.9 million.

The Library is a "discretely presented component unit" of the audit because the Village Board passes their levy and issues their debt.

Next year, Dan noted new GASB 61 statement and the Library will not be presented next year in the Village's audit as GASB has determined that the Village does not have sufficient operational control of the Library activities to present the Library's financials as a discretely presented component unit. The Village does approve the levy and debt for the Library.

Page 6 and 7 Change in net position is presented between program revenues and general revenues including depreciation expenses.

Prior period adjustments. Capitalizing street resurfacing which is unique to three municipalities in the state and the remainder consider it maintenance. Therefore, a \$10 M prior period adjustment was made to the books. Land held for resale was additionally moved up to the 'land held' versus a capital asset. (see note number 13 on page 68-69).

Explain depreciate or modified method for infrastructure (at a minimum, every three years, you must determine the level of quality of the communities assets i.e. the state of repair and you must have in your policies of level on a scale of 1-100 what state of repair is required if you pick a target level, you book the cost to bring everything up to the state of liability and reduce by the amount spent).

Go to page 151 and see the 10 year trend schedule (first page of statistical section) and the bond houses advised that the net investment of capital assets overtime to determine if government was investing in and maintaining its capital assets (check 2006 for error).

Page 11 and 12 are the governmental funds operating statement and follow the net change in fund balances across and the GO debt service fund balance was reduced by \$420,000 and the result of erroneous payment of the water and sewer funds debt by the GO debt service fund and the Capital fund reduced its fund balance as well.

Review of reserved and unreserved fund balances – on Page 9 there were additional categories created by GASB. For example, non-spendable fund balance represent funds that have been provided to other funds for an extended length of time and then also those items that are legally restricted (e.g. tax levy) and committed that are those funds that are restricted by locally adopted ordinance of the Village Board and assigned reflects a management classification and unassigned it is in the General Fund. Relative to the prior year Mr. Berg noted that in the General Fund the unassigned fund balance increased from \$1.7 M to \$2.5M.

Moving to the Enterprise Funds, go to page 15,  
Parking has a negative \$400,000

Sewer and Water has negative balances as well

Discussed overall need to be mindful of expenditures and improve the fund balance position of the Village of Oak Park

With the staff reduction of 20% see statistical section and how we approach expenses and how we

Page 8 transmittal letter, Adam asked related to bonding did the rating stay the same? It was affirmed that the rating stayed the same and that the future pronouncement changed.

Barber asked about pensions

Dan moved to page 17 net income before transfers and the water fund had \$500,000 profit and Sewer Fund as well and Parking Fund \$1.5 M and solid water just above \$250,000. This is positive to correct the deficit fund position.

Dan moved to Pension Funds page 81 with IMRF and these reflect six year trend schedule Page 82 is Police Pension Fund and it is noted these actuarial valuations are one year behind. And see operating statement page 144.

The Fire Pension has dropped on page 83

On the OPEB category.

Summary the Board Packet for the management letter. Which includes all adjusting Journal entries and the required communications.

Noted a few corrected adjustment journal entries and the management letter is where there are items to do better – material weakness worst and deficiency and then comment a heads up. By definition all prior period adjustments are considered material weaknesses are represented.

Noted interfund balances have been reduced dramatically but continue to be significant.

Page 19 again pay attention to deficit fund balances.

Budgetary compliance is very conservative at the department level in the General Fund and so while the General Fund in total is OK but due to the policy –

Dan commended staff especially Jason and Craig

On June 17 the Village Board will hear the item and be on the regular agenda.

Adjourn at 9 p.m.

Moved by Trustee Brewer to adjourn

Second by Trustee Barber

All Ayes – Nays None.