

Finance Committee of the Village Board Minutes
Thursday June 12, 2014
7:00 p.m. Room 130

APPROVED MINUTES

Call to order 7:02 p.m.

Present were members of the Finance Committee, President Abu-Taleb, Trustee Adam Salzman, Trustee Bob Tucker. Trustee Glenn Brewer was not present.

Staff in attendance included Village Manager Pavlicek, Deputy Village Manager Shelley, CFO Lesner, Deputy CFO Jason Paprocki, and Dan Berg, Sickich.

Trustee Salzman moved to approve the minutes of March 14, 2014. Seconded by Trustee Tucker.
Ayes: All. Nays: None. Motion approved.

There was no public comment.

Manager Pavlicek introduced the agenda item. Tonight's discussion is a review of the 2013 Audit recently completed by the auditing firm Sickich. The purpose of the meeting is to hear from the auditor about the process and the results.

Dan Berg, Sickich, introduced himself and stated that the format for tonight's meeting was to be an informal exchange between him and the Finance Committee. Overall the audit was completed on time and is ready to be delivered to the State for filing. The Village also has a TIF audit and a Single Filing audit for the federal financial assistance.

The Finance Committee asked the auditor to provide highlights of key issues or comments from the audit. Overall the Village experienced a good year financially. The Governmental Funds net increase reported an increase of over 2.5 million and the Proprietary Funds reported an increase of almost 3 million. This is due primarily by a decrease in debt, decrease in capital debt and profitability. The Unrestricted funds also reported an increase up to almost 4.5 million from 2.5 million last year. This is attributed to a dramatic decrease in the funds owed from the Parking Fund to the General Fund. In 2008, the Village Board approved a 10-year plan to pay down this debt, which in 2013 is ahead of schedule and almost completely paid down. The Village Manager also noted more accurate budgeting for personnel salvage and the revenues starting to rebound from 2008 as other potential reasons. On page 67, Revenues were under by almost 1.5 million however overall spending was under by almost 4 million.

A fund that does need some attention during this year's budget process is the Self Insured Retention Fund. The Village Manager noted that the Village Attorney will bring forward some short term solutions and long term solutions with this fund. Trustee Salzman inquired about a pool as a solution. In general Trustee Salzman stated that this liability can be difficult to manager on an on-going basis and the need for a consistent strategy. The Village Manager stated that we are good at handling the cash out the door (real cash) but not good in covering our projected or potential costs. The Committee talked more about a pool, but recognized that a pool would not solve our existing projected liability. The Reinventing Government Committee will review this (pools) further. The Committee also discussed the employee health insurance fund.

The Village President noted the Water & Sewer fund and the small balance of only \$118,381. With aging infrastructure, we need a policy to address how we pay for future repairs. The President asked what our unrestricted fund balance should be. The Village Manager replied that discussions in the past were around a 20-25% fund balance. The Public Works Director is doing a water rate study currently for presentation to the Finance Committee in August. This will review the overall health of the fund and the long-term capital needs.

The auditor spoke to the pension funds. IMFR is in the best condition with being funded at 82% with good investments for the entire system as the primary reason. The Police Pension is still trying to catch up from 2007, with funding at 61%. The Village is actually contributing more than is required this past year at 103%. Fire is up to 46.96% funded, again with the Village contributing more than required at 103%.

The Committee had a conversation about the Moody's rating. The President asked if there was anything the Village should be doing different. The auditor referred to the Manager as he is not a financial planner. The Manager noted that generally you wait for the next rating, around 2-3 years, verses asking to be rated again. The CFO added that typically a sustained movement in the right direction with a plan is key.

The Village President added that as we move into the budget meetings, he would like to see a focus on Madison Street, a plan to increase the Enterprise Fund balances, in particular the Water & Sewer fund, and a review of how we provide incentives for those who may want to invest in Madison Street.

The Manager closed the meeting by stating that the audit will go on the web tomorrow and formal acceptance by the Village Board is scheduled for Monday June 16, 2014. Upcoming topics in Finance Committee include a review of Adjudication, Health and Engineering as previously requested by the Village Board, and also a review of options to complete more alleys. The plan is to get a draft budget for the Finance Committee to start their review by mid-September.

Moved by Trustee Tucker to adjourn. Second by Trustee Salzman. Ayes: All. Nays None. The meeting was adjourned at 8:07.

