

**VILLAGE OF SOUTH BARRINGTON  
MINUTES OF THE FINANCE COMMITTEE MEETING  
SEPTEMBER 7, 2017  
2:00 PM**

**CALL TO ORDER**

The meeting was called to order at 2:01 pm by Committee Chairman Stagno.

**ROLL CALL**

Members Present: Committee Chairman Stagno, Trustee Joseph Abbate, and Trustee Bernard Kerman.

Members Absent: None.

Others present: Mayor Paula McCombie, Administrator Bob Palmer, Treasurer Michelle Bodie and Jamie Wilkey, Partner Lauterbach & Amen

**PUBLIC COMMENT**

None

**APPROVAL OF MINUTES**

Trustee Abbate made a Motion to approve the Minutes of the Open Session Meeting and Executive Session Meeting held May 8, 2017. Trustee Kerman seconded the motion. By unanimous voice vote, the Motion passed.

**AGENDA ITEMS**

**1. Presentation of Annual Financial Report for the Fiscal Year Ended April 30, 2017 and the Management Letter by Lauterbach & Amen, LLP – Jamie Wilkey, Partner**

Treasurer Bodie introduced Jamie Wilkey, partner with the firm Lauterbach & Amen, LLP. Wilkey presented the Annual Financial Report and Management Letter to the Committee. Wilkey noted that there were no journal adjustments and complimented Treasurer Bodie on her work in preparing for the audit. Wilkey further commented that the audit was ‘clean’, ‘open’ and materially correct. Wilkey walked the Committee through the Management Discussion and Analysis (MD&A) portion of the report which is the "executive summary" prepared by the Village management. It is the section of the report to read to get a better understanding of the financial activity of the Village during the fiscal year. Next Wilkey reviewed the Statement of Revenues, Expenditures and Changes in the Fund Balance noting the Fund Balances increased \$889,460 in total. Wilkey directed the committee to the “Note Disclosures” beginning on page 18 of the report. The committee reviewed Capital Assets, Interfund Transfers and Long-Term Debt. Long-Term liabilities from Compensated Absences, Net IMRF Pension Liability and Net Police Pension Liability decreased \$254,010 to an ending balance of \$8,299,212. The Committee reviewed Note 4 on Employee Retirement System – Defined Benefit Pension Plans. Stagno wondered if the interest rate assumptions of 7.5% for IMRF and 6.25% for the Police Pension fund are too optimistic with the current market conditions. The Committee discussed ‘Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions’ on pages 44 and 49 of the report. Wilkey explained this portion of the report as ‘Future Expenditures’ minus ‘Future Revenues’ in relation to pension liabilities. Stagno questioned the \$332,378 in the Deferred Outflows of Resources column on

page 49. Wilkey described the process as ‘smoothing’ out the liability over more than one year. Kerman equated the process to depreciation in business, which was confirmed by Wilkey. The ultimate effect is that the net pension liability is reduced by the deferred portion. Wilkey showed how these amounts are reflected on the entity –wide Statement of Net Position on page 3. Stagno pointed out that it seems misleading that a “Future Deferred Debt” of \$1,904,647 is considered an “asset”. On page 48, the Changes in the Net Police Pension Liability schedule is presented. A question was raised regarding contributions from others, and it was noted that former police officer reinstated and transferred his pension service during the year. It was discussed that the Police Pension Fund is required by State Statute to be 90% funded by the year 2040 and funding improvement is slow despite the Village’s additional contributions over the past couple of years. IMRF net position as a percent of Total Liability is 80.51% as of December 31, 2016 while the Police Pension is 54.47% as of April 30, 2017. The police pension fund net gain of 6.86% (investment rate of return) was noted. Kerman asked Wilkey for the “bottom line” on the report. Wilkey responded that sales taxes have rebounded resulting in a positive impact, the Village has no bonded debt which is very rare and the professionalism of the preparation by the Finance Officer all add up to a very positive report. Wilkey then went on to the Management Letter, noting the only issue is the upcoming GASB pronouncement on Other Post-Employment Benefits (OPEB). Bodie briefly explained how personnel staying on the Village medical insurance plan after retiring constitute a post-employment benefit. (Note that at 3:03 pm, Mayor McCombie leaves the meeting.) Stagno asked why the required supplemental material is unaudited. Wilkey explained that although the supplemental disclosures are required, if included in the audit, it would be more expensive and in-depth procedure. As a final note to the discussion, Bodie pointed out that Lauterbach & Amen could fill in and perform the day to day accounting function for the Village in an emergency. Having no other discussion, the Annual Financial Report and the Management Letter will be forwarded to the full Village Board to be accepted and placed on file.

## 2. Amusement Tax Discussion

The discussion on Amusement Tax continued from the previous Finance Committee meeting with regard to possible expansion of amusement tax to include other amusements. The current Village amusement tax of 45 cents per ticket applies only to the two movie theatres in the Village. Other entertainment venues that charge an admission ticket could be included. Abbate stated that would be similar to a ‘Places Tax’. Bodie described the exempted entities as designated a 501c3 organizations. The committee looked at amusement tax rates charged in other locations, such as Cleveland’s 8% (a location of a proposed business for South Barrington) and many Chicago suburbs’ 5%. The committee reviewed the flat tax and percentage tax allocation methods, and after discussing a flat tax was viewed as not having any advantage over a percentage tax. Bodie reiterated that the item is for discussion only at this point.

## **STAFF REPORTS**

### Village Administrator

Magnolia Pointe Entrance Building and Gate - All documents submitted and work are ready to begin.

Cuba Township IGA - We are investigating setting a baseline for service events during the snow season that would provide the Village with credit toward other work, such as tree trimming, under the contract if the snow events are below the baseline.

Tree trimming and Dead Tree Removal – A request for proposals (RFP) for both tree trimming and tree removal are anticipated to be sent out shortly.

Finance Officer

An unemployment claim filed by a former Police Department employee is being appealed by the Village. The phone hearing will be held on September 11, 2017.

Under the Village Code, the penalty for stealing water from a fire hydrant is \$50. This amount is very low considering the public risk and it is suggested that the fine be increased to \$500. Abbate suggested researching what other communities charge as a penalty.

**OLD BUSINESS**

No old business to consider.

**NEW BUSINESS**

It was noted that Amazon just announced that they are looking for a second headquarter location. It was suggested that staff look into the site requirements.

**CLOSED SESSION**

No closed session was held.

**ADJOURNMENT**

Having no further business, Chairman Stagno asked for a Motion from the Committee to adjourn the meeting. Trustee Kerman made a Motion and Trustee Abbate seconded. By unanimous voice vote, the motion passed, and the meeting was adjourned at 4:07 p.m.

Respectfully submitted by,

\_\_\_\_\_  
Bob Palmer, Village Administrator

These Minutes were approved this

\_\_\_\_\_ day of \_\_\_\_\_, 2017