

FINANCE COMMITTEE MINUTES
August 20, 2012
City Hall – 1st Floor Conference Room - West

Finance Chairperson Scott McMeans called the meeting to order at 6:05 PM

Present: Alderpersons Scott McMeans, Christopher Able, Collin Braunel, and Eric Sitkiewitz (6:10 PM)

Absent: James Brey

Also Present: Finance Director/Treasurer Steve Corbeille, Assistant Finance Director/Treasurer Tony Scherer, Director of Public Work/Park & Rec/City Engineer Valerie Mellon, Deputy Fire Chief Todd Blaser, Schenck S.C. Vice President & CPA Tom Karman and member of the news media.

Public Input

No public input was presented.

Approval of Minutes

Motion by Alderperson Able, second by Alderperson Braunel to approve the minutes of August 6th, 2012 Finance Committee meeting. Motion carried unanimously (3-0).

Presentation of 2012 CAFR by Audit Firm

Alderperson McMeans introduced Tom Karman, the City's lead auditor from Schenck. Mr. Karman began with an explanation of the Auditor's Report in the beginning of the Comprehensive Annual Financial Report (CAFR), stating that there were no "exception or omissions" in the report and that the "information fairly states the financial position of the city". He went on to say that the city was in compliance with State and Federal requirements for all grants awarded to the city. Mr. Karman went on to explain that there was one internal control issue, a repeat from 2010, involving the reconciliation of cash and investments in a timely manner. He also mentioned that, at the conclusion of the audit, that shortcoming had been addressed. Finance Director/Treasurer Steve Corbeille confirmed that the reconciliations had been completed and were up-to-date. He also explained the departmental issues and recording functions that needed to be cleared up in order to complete the process.

Mr. Karman then explained the purpose and function of the Management Communications document that accompanies the Comprehensive Annual Financial Report. Mr. Karman directed the Committee's attention to the section of the report displaying the Governmental Fund Balances. He pointed out to the Committee that the General Fund Balance increased by more than \$400,000 from 2010 to 2011. He also pointed out that the undesignated fund balance increased from around \$17,000 shown at

the end of 2010 to more than 1.2 million at the end of 2011. He explained that through the surplus generated in 2011 combined with the transfer from the Industrial Revolving Loan Fund the amount required to cover advances to other funds lessened, freeing up cash from the non-spendable sector. Karman also explained the Capital Project Fund balances and how they relate to the 2011 MPU loan. He then touched on the devaluation of the TIF districts and that the donor/distressed designations will play a positive role in paying off the districts in a timely manner, again freeing up non-spendable designated fund balance in the years to come.

Mr. Karman pointed out that in 2011 the operations of the Liability Self-Insurance Fund had been transferred to the General Fund. The \$1.1 million balance in the Fund represents the City's net deposit (ownership share) in the insurance company; Cities, Villages Mutual Insurance Company (CVMIC). The Health Self-Insurance Fund had a positive change in net assets of \$1,103,404 due to an increase in premiums and a reduction in claims. Mr. Karman also discussed the financial status of the Wastewater Treatment Facility, noting that it may be an area to keep watch over as their spendable reserves are currently at a level just under \$3 million.

Karman finished his presentation with an explanation of the Transit System fund balance. He told the Committee that the reduction in net assets of about \$950,000 in 2010 was due in part to a \$700,000 transfer of prior years' unused tax levy funds back to the General Fund.

Aldersperson McMeans then summarized some of the areas the City will need to keep an eye on going forward (WWTF & Transit). He then opened the floor for questions from the Committee. Having none at this time, Chairman McMeans invited a motion to adjourn.

Motion by Aldersperson Able, second by Aldersperson Braunel to adjourn. Motion carried unanimously (4-0). Chairman McMeans declared the meeting adjourned at 6:30 PM.

Respectfully Submitted,

Alderman Scott McMeans
By: Anthony Scherer
Assistant Finance Director

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