

# MINUTES

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BOARD / COMMISSION: Finance Commission      DATE: February 14, 2014

MEETING: Regular      CALLED TO ORDER: 7:10 AM

QUORUM: Yes      ADJOURNED: 9:15 AM

MEMBER ATTENDANCE:      PRESENT: Chairman Skirvin, Commissioners Ford, Geiselhart, Nathwani, Wallace and Student Commissioner Demos

ABSENT:      Commissioners Halkyard and Moody

ALSO PRESENT:      Village Manager Franz, Finance Director Wachtel, Assistant Finance Director Coyle, Recording Secretary Blake

## I. CALL TO ORDER:

This Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:10 AM by Chairman Skirvin in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn, Illinois. Roll call was taken, and it was determined that a quorum was present.

## II. PUBLIC COMMENT

There was no public comment.

## III. APPROVAL OF MINUTES

While reviewing the January 24, 2014 meeting minutes, it was noted that staff is in the process of creating a five year financial history of the Fire Department. Commissioner Ford moved, and Commissioner Nathwani seconded, to approve the January 24, 2014 meeting minutes. The motion was approved unanimously.

## IV. FINANCIAL UPDATE

Assistant Director Coyle concentrated her report on the Third Quarter 2013/14 Budget Report. It was noted that, while Metra paid for the land under the new Duane parking lot, the Village receives the revenues. After 11:00 AM, the parking lot can be used by the general public. Other specifics mentioned included the General Fund revenues increasing 3% over the prior

year, the snow removal budget being expended at this point, and increases in police personnel costs and DuComm. It is anticipated that improved reporting on capital projects will be seen in the near future.

The Long Term Obligations section of the report generated discussion among the Commissioners. It was suggested that the existence of the long term obligations be more prominently reported in the document. The investment return assumptions and IMRF investment policies were also discussed, along with the advisability of increasing pension fund contributions. It was also noted that adding together the needed police and fire stations creates a \$20 million unfunded capital need.

Commissioners concluded that while the operational reporting is well done, the balance sheet issues need more focus and emphasis in the quarterly reports. The Third Quarter Report will be reported to the Village Board on Monday (February 17).

#### **V. AUDIT REPORT**

Chairman Skirvin reviewed the 2013 Comprehensive Annual Financial Report (CAFR) historical trends report. He will be presenting this audit trends report to the Board of Trustees at their February 17 workshop, along with staff's presentation of the third quarter budget report and the five year forecast. He said that the Executive Summary indicates that the Village is holding its own, and it concludes that overall, it was a good year for the Village. Normalized revenues are back up to approximately 2008 levels; however expenditures have continued to grow. A net unfunded pension and debt of \$17 million still remains. Things to watch include: medical costs; pension liability; compensation inflation; capital projects and the Village Links.

#### **VI. FIVE YEAR FORECAST**

Director Wachtel reviewed the Five Year Forecast for the General Fund. Commissioners noted that this past year was a very positive year; but that there will be a year in which results will go the other way. The Village needs to be prepared by working down its long term liabilities and increasing its reserves. The Key Revenue Assumptions show income growth to be achieved through sales taxes and Home Rule Sales Taxes. The forecast also shows General Fund revenues and the impact of the Home Rule Sales Tax.

Page nine of the report shows key revenues and how they need to change to achieve a surplus in 2019. The key is to look at the assumptions for 2015-2019.

Commissioners discussed expenditures and space needs for police. Commissioners also discussed the unfunded pension liability, which is expected to grow, and how much the Village contribution will increase. Pensions must be fully funded by 2041. It was suggested

recommending an intermediate target to the Village Board, which will help to avoid postponing funding decisions. It was pointed out that State law limits the local options with regard to police pensions. The Commission recommended that with the next actuarial review, different funding models be examined to determine their impact.

There was general agreement that the situation created by pension liability will not be fixed with additional revenues, and that other Village expenditures must be controlled. State laws offer the Village limited options with regard to pensions in areas such as plan design, investment asset mix.

There was discussion on how to get the message about the unfunded pension liability and the impact of the 2041 funding deadline across. The Village is managing now, but difficulties are ahead if some things do not change. The intermediate goal setting needs to be discussed with the Village Board. There was also discussion on showing different assumptions and assumptions on returns on the pension investments and how these would affect the unfunded liability.

#### **VII. OTHER BUSINESS**

A draft of the Scorecard will be available within a week.

Chairman Skirvin noted that the April meeting will be his last as chair of the Commission.

It was agreed that the Village Links should be early on the agenda for the next Commission meeting as Commissioners Wallace and Moody continue to make progress there.

#### **VIII. ADJOURNMENT**

Without a formal vote as there was no longer a quorum, the February 14, 2014 meeting ended at 8:47 AM.

Submitted by Karen Blake, Recording Secretary  
Reviewed by Finance Director Wachtel