

Village of Barrington Hills
Minutes of Finance Committee
April 20, 2015

Chairman Selman called the meeting to order at 2:00 pm. Roll Call.

Members Present

Karen Selman, Chairman
Fritz Gohl
Patty Meroni
President McLaughlin (ex-officio)

Others Present

Robert Kosin, Director of Administration
Anthony Cervini, Sikich LLP
Fred Lantz, Sikich LLP
Mike Mackintire, William Blair LLP
Jim Kolbusz, Graystone Consulting
John Peterson, William Blair LLP
Todd Schroeder, Lauterbach & Amen
Chief Richard Semelsberger

MINUTES

Reviewed minutes from October 23, 2014 meeting. Discussion on the Cuba Township call-out charges and agreement of services. Motioned by Trustee Meroni, seconded by Trustee Gohl, and approved.

FY 2014 AUDIT

Anthony Cervini and Fred Lantz from Sikich joined the meeting to present the audit findings. They began with GASB #67 pension reporting and the required criteria for 2015. It presents a liability when earned. The MDA received a good report, according to the auditors. Financial statement was net positive. As for fund balances, it is their opinion that the Village's cash position is fine. The statutory 2040 target for the pension fund is 90%. The police pension will have its own disclosure. The net pension liability is 54.6%. Overall, the Village was in full compliance with no uninsured deposit and no risk custodial. Comments were made about the employer contribution to the pension.

The Sikich representatives then reviewed the Auditors' Letter. Items requiring communication included GASB 67 and journal entry adjustments. There were adjustments made to tax revenue in prior fiscal years. In terms of material weaknesses, two action items were recommended. The manual should be formalized and pay period adjustments made. Some difficulties encountered included prior year bank reconciling items, available technology, and the use of interactive account groups. Additionally, the

industry is increasingly utilizing accruals methods. There was further discussion of GASB 68 and the future value measurements related to GASB 72.

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POLICE PENSION BOND ISSUE

Mike Mackintire and John Peterson of William Blair, Jim Kolbusz of Graystone, and Todd Schroeder of Lauterbach & Amen joined the meeting for the discussion of the police pension bond issue. President McLaughlin noted his professional experience in this area and disclosed his firm has worked with Lauterbach & Amen/Graystone/Morgan Stanley/UBS and other financial firms both locally and nationally. A memo detailing a correction to the \$6.8 million bond issue was distributed. According to actuarial analysis, the pension will be fully-funded by 2040 if the Village continues to increase annual contributions and make the 6.5% assumed rate of return. This assumes the current number of annuitants remains stable. Mackintire and Peterson distributed a document detailing the methodology of their analysis. The current statutory target is 90% funded by 2040. Lauterbach & Amen will investigate the IMRF transfer. Bond issue discussion continued. The debt related to the personal injury settlement is to expire in 2020. There should be no limit on future credit charges, and the legislature may provide an extension. There was some discussion of the existing and pre-paid fund performance.

1ST QUARTER REVIEW

A presentation was made of the expenses in the first quarter; no action was required or taken.

PUBLIC COMMENTS

Don Contalupo expressed concern regarding the pension expenses of the fire district.

There being no further business, Trustee Gohl motioned and Trustee Meroni seconded to adjourn the meeting at 4:30 pm.

Adjournment.

Robert Kosin
Recording Secretary