

VILLAGE OF GLENCOE
FINANCE COMMITTEE

Thursday, September 15, 2011
6:30 p.m.

Village Hall Conference Room
675 Village Court

AGENDA

The Village of Glencoe is subject to the requirements of the Americans With Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities, are requested to contact the Village of Glencoe at least 72 hours in advance of the meeting at (847) 835-4114, or please contact the Illinois Relay Center at (800) 526-0844, to allow the Village of Glencoe to make reasonable accommodations for those persons.

1. CALL TO ORDER AND ROLL CALL

Bruce Cowans, Chairman
Scott Feldman, President
Keki Bhote
Andrew Hayek
Joseph Keefe
Lawrence Levin
Joel Solomon

2. APPROVAL OF AUGUST 18, 2011 MINUTES

3. PUBLIC COMMENT TIME

4. REVIEW MONTHLY FINANCIAL REPORT FORMAT

5. DISCUSS GASB 54 RELATED TO GOVERNMENTAL FUND BALANCES

6. CONSIDER PREPARATION OF AN ARTICLE FOR THE GLENCOE MEMO ON THE STATE OF GLENCOE PENSIONS

7. ADJOURNMENT

VILLAGE OF GLENCOE
FINANCE COMMITTEE

Meeting Minutes
August 18, 2011

1. CALL TO ORDER AND ROLL CALL

The Finance Committee was called to order at 6:33 p.m. in the Conference Room at Village Hall. The following members were present:

Bruce Cowans, Chairman
Lawrence Levin
Joel Solomon,
Keki Bhote
Joseph Keefe

The following Village staff was present:

William Jones, Assistant Village Manager
Jessica Frances, Assistant to the Finance Director

2. APPROVAL OF JULY 14, 2011 MINUTES

Upon motion made and seconded, the minutes of the July 14, 2011 were unanimously approved by a voice vote.

3. PUBLIC COMMENT TIME

There were no comments from the public.

4. REVIEW MONTHLY FINANCIAL REPORTS

Chairman Cowans stated that despite building permits declining, the Village is still on target to finish at 97% of the revenue budget for the General Fund. The Assistant to the Finance Director stated that all revenues are being closely monitored by the Director of Finance in an effort to ensure that other remaining revenue sources remain on target.

Additionally, the Assistant to the Finance Director stated that based Fiscal Year 2011, the fund balance ended greater than anticipated. The greater than expected fund balance would act as a buffer to weather a 2-3% revenue shortfall during Fiscal Year 2012.

5. ADJOURNMENT

There being no further business to come before the Finance Committee, upon motion made and seconded, the meeting was adjourned at 6:54 p.m.

PRIOR RECOMMENDATIONS

1. GASB STATEMENT NO. 54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DESCRIPTIONS

Comment

GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Descriptions* presents improved fund balance classifications for governmental funds, providing increased uniformity in financial reporting. The Statement also provides a more concise definition of the governmental fund types.

Fund Balance Reporting. The Statement creates new classifications of governmental fund balance based on the extent of constraints on the use of funds. Governmental fund balance upon the implementation of GASB Statement No. 54 will be classified under the following categories: *nonspendable, restricted, committed, assigned, and unassigned.*

Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact (Ex: inventories or prepaids).

Restricted – amounts that are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (Ex: property taxes).

Committed – amounts that can only be used for specific purposes by constraints imposed by formal action of the Board – usually by passage of ordinance/resolution (Ex: hotel/motel taxes committed to Board specified expenditures).

Assigned – any remaining positive amounts not classified as nonspendable, restricted, or committed (for all governmental funds other than the General Fund). For the General Fund, amounts constrained for the intent to be used for a specific purpose by (a) governing body itself or (b) a body or official with authority (Ex: Finance Director assigning fund balance to specific future capital projects).

Unassigned – amounts of positive residual fund balance for the General Fund and negative fund balances for all other governmental funds.

Governmental Fund Types Definitions. The Statement also provides more concise definitions of governmental fund types, particularly for special revenue funds. Under GASB Statement No. 54, special revenue funds are to be used to account for the proceeds of revenue sources that are *restricted* or *committed* (as defined above) for specific purposes other than debt service or capital projects. The specific revenue source reported in the special revenue fund should be expected to make up a substantial portion of the revenue in the fund. Special revenue funds that do not have a significant *restricted* or *committed* (as defined above) revenue source or special revenue funds that receive most or all of their revenue as a transfer from another fund do not meet the new criteria for special revenue funds under GASB Statement No. 54, and generally the activity of these funds should be reported within the General Fund.

PRIOR RECOMMENDATIONS – Continued

1. GASB STATEMENT NO. 54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DESCRIPTIONS – Continued

Comment – Continued

GASB Statement No. 54 is effective for periods beginning after June 15, 2011. The Village will be required to implement the provisions of GASB Statement No. 54 for the fiscal year ended February 28, 2012.

Recommendation

We recommended that the Village conduct a review of its current fund balance classifications. This review should include an understanding of current fiscal policies that have been approved by the Board, as well as fiscal policies followed by management. An analysis should be conducted to determine the type of potential constraint and the corresponding dollar amount that will need to be reported in the financial statements. Further, we recommended the Village review its current governmental fund structure, with a specific assessment of the significant revenue source reported in each special revenue fund to determine compliance with the Statement's special revenue fund reporting requirements.

Status

The Village is aware of the implementation of GASB Statement No. 54 for the fiscal year ended February 28, 2012 and will be working to review the current fund balance classifications as well as the current governmental fund structure to ensure compliance with the new Statement.