

MINUTES OF A FINANCE COMMITTEE MEETING OF THE BOARD OF PARK COMMISSIONERS OF THE PARK DISTRICT OF HIGHLAND PARK HELD ON WEDNESDAY, MAY 20, 2021, 4:02 PM. THE MEETING WAS CONDUCTED REMOTELY DUE TO THE GOVERNOR’S DECLARATION OF EMERGENCY AS A RESULT OF THE COVID-19 PANDEMIC. MEMBERS OF THE PUBLIC WERE ABLE TO VIEW A LIVE STREAM OF THE FINANCE COMMITTEE MEETING AND SUBMIT ITEMS FOR PUBLIC COMMENT VIA EMAIL TO THE EXECUTIVE DIRECTOR TO BE READ ALOUD DURING THE MEETING.

Present: Commissioner Bernstein, Commissioner Kaplan, Commissioner Freeman, President Ruttenberg

Also, Present: Executive Director Romes; Director Peters, Director Dunn, Director Gogola, Director Voss, Director Smith, Director Carr; Assistant Director Maliszewski; Manager Ochs, Manager Warsaw; Administrator Rosen; Accountant Bhardwaj; Manager Johnson; Coordinator Hejnowski

Guest Speaker: Dan Berg, Sikich

Public Comment for Items on the Agenda

None

April 8, 2021, and April 22, 2021, Finance Committee Meeting minutes were approved.

2020 Audit Summary by Sikich

Director Peters introduced Dan Berg, Sikich LLP, to provide a summary of the Park District’s 2020 Comprehensive Annual Financial Report.

Opinions

Mr. Berg reported that “it is in our opinion, that the basic financial statements in the 2020 Comprehensive Annual Financial Report present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Park District as of December 31, 2020 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States.”

Statement of Net Position

He reported that the Park District has a total net position of \$59,587,478. \$37,659,759 is restricted, however, \$21,145,676 is unrestricted so it could be used to cover any expense.

Statement of Activities

The Park District had a \$3,605,687 change in net position vs. the previous year which was just under \$3 million. Mr. Berg reported commended staff for the increase to the net position during the year of a pandemic.

Liabilities, Deferred Inflows of Resources and Fund Balances

Mr. Berg reported that some of the Park District’s fund balances have already been spent on assets and inventory. As for the Recreation Fund, the Park District is committed to spending \$4,936,817 on recreational expenses, \$3,427,476 is restricted from bond proceeds, and \$4,053,385 is in the General Fund which could be used for any expenses.

Change in Fund Balance

Mr. Berg reported that the General and Recreation Funds had a significant excess of revenues over expenditures before transfers, with \$3.4 million in the General Fund and nearly \$2.2 million in the Recreation Fund. As a result, the Park District transferred \$2.5 million to Debt Service and Capital Funds, leaving \$758,076 positive net change in the General Fund and a \$261,669 positive net change in the Recreation Fund. He complimented the Park District for increasing the net change considering programming and services were reduced due to the pandemic. As for the smaller fund balances, the Park District had a little over \$4 million in capital expenses with \$11.4 million available for future projects.

Budget to Actual (General and Recreation Funds)

Regarding the General Fund, revenues were only \$300,000 under budget, most of which was due to property taxes, however, he is pleased to report that \$300,000 in property taxes was received after February 28, 2021. Unfortunately, since there is a 60-day limit on recognition of property taxes received after year-end, the 2020 Comprehensive Annual Financial Report could not recognize those taxes in 2020. As a result, the Park District will be over-budget on property taxes in 2022.

As for expenditures, the Park District is \$1.4 million under budget and after transfers, the General Fund was \$1 million ahead of budget. The Recreation Fund was \$4.5 million under budget due to a reduction in services, which lead to expenditures being \$3.8 million under budget. The original budget called for a \$3.5 million transfer, which the Park District reduced the transfer by \$2 million to preserve the fund balance which resulted in \$913,933 ahead of budget.

IMRF Funding

Mr. Berg reported that the employers net pension liability asset is \$9,519,502, which equates to 120% funding, so the Park District’s rates will continue to decrease.

Budget to Actual (Capital Fund)

The capital outlay was under spent by \$3.5 million. Overall, the capital fund finished \$1.8 million ahead of budget.

Unaudited Statistics

Mr. Berg reported that the audit went very well as there were little to no need for improvement.

President Ruttenberg, Commissioner Kaplan, and Commissioner Freeman commended staff for managing the Park District’s funds during the pandemic, reporting that the team has a done a great job.

Commissioner Bernstein would like to know if Mr. Berg has concerns with the Park District’s current funds and possible taxpayer lawsuits.

Mr. Berg reported that he does not see any concerns.

Commissioner Bernstein commended staff for their hard work.

President Ruttenberg would like to know how much the Park District has in unspent bond proceeds and when the deadline is to spend those funds.

Director Peters reported there is \$3.5 million in unspent bond proceeds of which 80% needs to be spent by the end of this year. Staff is tracking those expenses in a separate bank account and plans to spend those proceeds before the end of this year.

2021 Financial Forecasts and Treasurer's Report

Projected Cash Flow/Operations (Operations General and Recreation Fund)

Director Peters presented the District's chart of 2021 operations which examines the General and Recreation Funds comparing the budgeted vs. projected cash on hand at the end of each month. As of December 31, 2020, the Park District budgeted to have about \$12.2 million in cash on hand. However, as of April 30, staff are projecting that to increase to \$14.4 million. She reminded the Finance Committee Liaisons that the General and Recreation Funds have a 25% reserve policy, which based on the 2021 expenditures is about a \$4.1 million reserve balance.

Operations (General and Recreation Funds) Budget vs. Actual

Director Peters reported that as of April 30, 2021, staff budgeted \$2.06 million in operating revenue and she is pleased to report the actual revenue is \$2.66 million, surpassing the budgeted amount. Additionally, the actual expenses are significantly less than the budgeted amount. The actual expenses as of April 30, were \$3.45 million vs. the budgeted \$4.46 million, resulting in a year-to-date net surplus of \$1.6 million. When comparing the District's current financial status to a three-year average pre-covid (2017 – 2019), the year-to-date monthly net difference is a \$505,121.05 surplus.

General Fund

As of April 30, 2021, the District's actual revenue is \$260,875.75 which is significantly higher than the budgeted amount of \$109,850.47. Whereas actual expenses are significantly less than the budgeted amount. The actual expenses as of April 30, were \$1.16 million vs. the budgeted \$1.56 million, which contributed to the resulting year-to-date net surplus of \$552,224.77. When compared to 2019, the District is at \$222,061.96 surplus.

Recreation Fund

As of April 30, 2021, staff budgeted \$1.95 million in revenue, whereas the actual revenue is significantly higher at \$2.39 million. Much like the general fund, actual expenses are less than the budgeted amount. The actual expenses were \$2.28 million vs. the budgeted \$2.99 million, resulting in a year-to-date net surplus of \$1.05 million. Also, important to note, Director Peters reported that the District's revenues are exceeding expenses, which was not budgeted to occur until May. When compared to 2019, the District is at \$263,541.73 surplus due to the reduction in expenses, since actual revenue is slightly behind 2019.

Special Recreation Fund

Director Peters reported that this fund is trending as expected.

Debt Service Fund

Director Peters reported that this fund is trending as expected.

Capital Fund

Director Peters reported that expenses are increasing each month, however, there is a \$432,321.81 year-to-date net difference due to projects coming in under budget and delays.

Cumulative Monthly Payroll Actual vs. Budget

Director Peters reported that as of April 30, the Park District budgeted \$2.33 million in expenditures, and she is pleased to report that the actual expenses are slightly less at \$2.09 million, resulting in a year-to-date savings of \$234,094.30. When compared to 2019, the District had \$2.79 million in expenditures which is \$400,000 more than this year’s actual.

Non-Cumulative Monthly Payroll Actual vs. Budget

Director Peters reported that for the month of April, the Park District budgeted \$637,807.44 in expenditures, whereas the actual expenses are slightly less at \$551,924.25, resulting in a month-to-date savings of \$85,883.19. When compared to 2019, the District had \$615,343.32 in expenditures.

Conclusion

Director Peters reported that several programs and services were canceled until mid-January due to COVID-19 mitigation measures. Fortunately, that allowed the Park District to significantly reduce payroll expenses resulting in a \$234,094 savings. This permitted a \$1.60 million surplus above the budgeted net revenue. Additionally, the number of people being vaccinated is increasing, while positivity rates and hospitalizations are decreasing so the Park District has seen a significant increase in Spring and Summer registrations. Furthermore, when comparing the 2021 actuals to the pre-COVID 3-year average the Park District has a \$505,121 surplus. Additionally, Indoor tennis had a \$249,605 surplus of actual revenue vs. budgeted and golf has a \$221,394 surplus. Overall, all but two of the Park District’s cost centers are operating at a surplus.

Commissioner Bernstein would like to know which cost centers are not operating a surplus.

Director Peters reported that Outdoor Tennis is below budget by \$1,000 and Athletics. As for Athletics, registration revenue is currently sitting in deferreds, so once that revenue is transferred from deferreds Athletics will have a surplus.

Commissioner Kaplan would like to know how camp registration is doing when compared to 2019.

Executive Director Romes reported that while capacities are lowered, 2021 registration is not far behind 2019 registration.

President Ruttenberg requested that Director Peters include deferred revenues by fund in the conclusion.

Commissioner Bernstein recommends reducing the monthly meetings to quarterly in the third or fourth quarter.

2022 Budget Calendar / Timeline

Director Peters shared the 2022 fiscal year budget timeline and highlighted key dates. Pre-COVID, the Park District would file the budget within the calendar year, however, due to the pandemic, the Park District filed the budget in February of the following year. Legally the Park District has until March of the following year to file the budget. Filing the following year allows for more accurate projections, so staff are recommending beginning budget presentations with the Finance Committee in September, present and pass the tax levy in December, and file the 2022 budget in January.

Commissioner Bernstein would like to know the pros and cons of filing within the calendar year vs. the following year.

Director Peters reported it is recommended to have as much data as possible when putting together the budget so that the financials are more accurate. Additionally, this allows staff to better assess programming and payroll expenditures since the budgeting process begins in September after most summer programming concludes.

The Finance Committee Liaisons approved the 2022 Budget Calendar and supporting timeline.

Sunset Woods Playground Renovation Update

Manager Schwartz reported that the project is coming in slightly over budget, so staff are working with Hitchcock Design Group to adjust the design so that the project remains within the budget while still meeting the communities' expectations.

Cost Estimates of May 20, 2021

Manager Schwartz provided a comparison of the cost estimates shared in February vs. the May estimates which are based on schematic designs. Site construction has increased by \$145,014 and play equipment has increased by \$29,500. Even though soil testing and analysis, professional services, and contingency costs decreased from February, the project is \$116,516 over budget.

Areas Causing Overage:

She reported that additional fencing around the 2–5-year playground, the pour-in-place surfacing, and the additional concrete to improve connectivity throughout the play areas and the site are causing the project to come in over budget. As a result, staff are working with Hitchcock Design Group to replace some of the pour-in-place rubber material with wood fiber.

Additionally, as part of the Park District's contract, staff requested Hitchcock Design Group to begin the design components from the master plan for the plaza. As a result, staff are recommending putting in a small pervious paved plaza in the center of the connection area between the playgrounds, which is an additional \$39,000 for the renovation.

President Ruttenberg would like to know the purpose of the plaza since it's an additional \$39,000 and the renovation is currently over budget.

Manager Schwartz reported that the purpose of the plaza is to create a central hub between the playgrounds creating a place for families to sit and watch their children play.

President Ruttenberg would like to know if both playgrounds will be enclosed by fencing.

Manager Schwartz reported that the fencing only encloses the 2–5-year play area.

Commissioner Freeman reported that she visited the park with staff and Hitchcock Design Group, and reported that the designs poorly define the distance of the plaza from the playgrounds, and she strongly supports the construction of the plaza.

Commissioner Bernstein would like to know if staff have renderings to better depict the plaza and the layout.

Manager Schwartz reported that for an additional \$5,600 Hitchcock Design Group could create renderings to provide a better idea of the layout. Furthermore, these renderings could be shared with the community.

Commissioner Freeman and Commissioner Kaplan support spending \$5,600 for the renderings.

President Ruttenberg feels the \$39,000 may be better spent elsewhere, so he would like the renderings to better understand the layout. He supports spending \$5,600 for the renderings suggesting they are an essential piece of the project.

Commissioner Bernstein supports spending \$5,600 for the renderings and requested that staff provide samples of plazas from neighboring parks.

Golf Learning Center Parking Lot Project Update

Commissioner Bernstein requested that staff defer this discussion until staff receives the site optimization plan from the consulting firm.

Other Business

Director Peters reported that the next Finance Committee meeting is Thursday, June 3 at 4:00 p.m.

President Ruttenberg suggested creating a new position for a Superintendent of Construction to reduce the contractor costs for capital projects.

Executive Director Romes reported that Director Smith is exploring opportunities and will provide a recommendation.

The meeting adjourned at 5:31 p.m.