

NOTICE OF FINANCE COMMITTEE MEETING
Wednesday, June 22, 2022
Immediately Following the 5:00 p.m.
Lakefront, Parks, and Natural Areas Committee Meeting

Park District of Highland Park
Board of Park Commissioners
636 Ridge Road, Highland Park, IL 60035
No Live Stream

FINANCE COMMITTEE MEETING AGENDA

- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **ADDITIONS TO THE AGENDA**
- IV. **APPROVAL OF THE FINANCE COMMITTEE MEETING MINUTES FROM MAY 26, 2022**
- V. **2022 CAPITAL PLAN UPDATE AND 10-YEAR FUNDING MODEL**
- VI. **JUNE 2022 BID RESULTS**
- VII. **OTHER BUSINESS**
- VIII. **OPEN TO PUBLIC TO ADDRESS BOARD**
- IX. **CLOSED SESSION PURSUANT TO THE FOLLOWING SECTIONS OF THE OPEN MEETINGS ACT:** Section 2(c)1: The employment, compensation, discipline, performance, or dismissal of specific employees, specific individuals who serve as independent contractors in a park, recreational, or educational setting, or specific volunteers of the public body or legal counsel for the public body; Section 2(c)5 – the purchase or lease of real estate including discussion on whether a certain parcel of property should be acquired; Section 2(c)6 – the setting of a price for sale or lease of property owned by the District; Section 2(c)8 – security procedures and the use of personnel and equipment to respond to an actual, a threatened, or a reasonably potential danger to the safety of employees, students, staff, the public, or public property; Section 2(c) 11 – litigation against or on behalf of the District or where the District finds that an action is probable or imminent; Section 2(c) 21 – the discussion of minutes lawfully closed under the Act, whether for the purposes of approval of said minutes or for conducting the semi-annual review of the minutes as set forth in section 2.06 of the Act.; Section 2(c) 29 - for discussions between internal or external auditors and the Board. Possible action by the Board on items discussed in closed session.
- X. **ADJOURNMENT**

Persons with disabilities requiring reasonable accommodation to participate in this meeting should contact the Park District's ADA Compliance Officer, Brian Romes, at the Park District's Administrative Office, 636 Ridge Road, Highland Park, IL Monday through Friday from 8:30 a.m. until 5:00 p.m. at least 48 hours prior to the meeting. Requests for a qualified ASL interpreter require five (5) working days advance notice. Telephone number 847-831-3810; fax number 847-831-0818.

**MINUTES OF A THE FINANCE COMMITTEE MEETING
OF THE PARK DISTRICT OF HIGHLAND PARK
HELD ON MAY 26, 2022, 8:08 AM.**

Present: Commissioner Bernstein, Commissioner Ruttenberg, Vice President Freeman

Absent: None

Also, Present: Executive Director Romes; Director Peters, Director Carr, Director Smith;
Assistant Director Maliszewski; Manager Baczek; Accountant Jaba; Coordinator
Hejnowski

Guest Speaker: Dan Berg, Sikich LLP, Martha Trotter, Sikich LLP

Additions to the Agenda

None.

Approval of the Finance Committee Meeting Minutes from April 20, 2022

The Minutes from the April 20, 2022 Finance Committee Meeting were approved.

Audit Presentation

Ms. Trotter and Mr. Berg presented a draft of the Park District's Annual Comprehensive Financial Report.

Director Peters reported that staff will request approval from the Park Board of Commissioners for the Annual Comprehensive Financial Report at the June Workshop Meeting.

Commissioner Bernstein requested that Executive Director Romes follow up with Commissioner Kaplan and President Grossberg to see if a Special Meeting is needed before the Workshop so that they have the opportunity to hear this presentation before the Workshop Meeting.

Certificate of Achievement for Excellence in Financial Reporting for 2020

The District continues to present a report that meets the Government Finance Officer's Association (GFOA) standards and as a result, has been awarded the Certificate of Achievement for Excellence in Financial Reporting. Sikich anticipates the District will continue to trend in that direction based on the report that has been prepared this year and will be issued in June.

Independent Auditors Report

Sikich LLP provided an unqualified opinion, which is considered to be a clean opinion, which is the highest level of assurance they can provide on the financial statements.

Management's Discussion and Analysis

This is prepared by Park District staff which provides a great deal of context for the financial highlights. The Park District's net position has increased by \$7.1 million, which is approximately 98% greater than the prior year, as a result of operations. During the year, government-wide revenues for the primary government totaled \$24,349,915 while expenses totaled \$17,225,134, resulting in an increase to the net position of \$7,124,781. The Park District's net position totaled \$66,712,259 on December 31, 2021, which includes \$37,566,498 net investment in capital assets, \$316,363 subject to external restrictions, and

\$28,829,398 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors. The General Fund reported excess revenue for the year of \$1,897,183 exclusive of net transfers out of \$622,515. The net change in fund balance of \$1,274,668 brings the fund balance in the General Fund to \$5,337,002, resulting in an increase of 31.4%.

Statement of Net Position

This provides the basic financial statements presented on a full accrual basis of accounting, which includes the District's long-term assets and long-term liability balances. Assets include the net pension. Long-term liabilities include bond debt and other liabilities. The Park District's net position is \$66.7 million, which is an increase of \$7.1 million from the prior year. \$37 million of the net position is tied to capital assets, \$28.8 million is unrestricted and can be used to fund future year fiscal obligations, \$43,220 is restricted for the debt service, and \$273,143 is restricted for Special Recreation.

Balance Sheet

This is presented on a modified accrual basis of accounting, excluding long-term items. The General Fund has \$5.3 million, of which \$13,185 is non-spendable for pre-paid items, \$1.7 million is assigned for subsequent years' budget to supplement the budget deficit, and the remaining \$3.5 million is unassigned. The District has \$1.8 million of excess of revenues over expenditures, allowing the General Fund to transfer \$622,515 to the debt service fund to supplement debt payments, resulting in a net increase of \$1.2 million for the fiscal year. Conversely, the Recreation Fund had an excess of revenues over expenditures of \$4.4 million, so \$2 million was transferred to capital projects and just under \$1 to debt service. \$6.5 million was left in the Recreation Fund after transfers.

Required Supplementary Information

Budgeted vs. actual performance are detailed in this section. The District's revenues were greater than budget by \$656,497 and expenditures were below projected by \$1.9 million. Additionally, IMRF performance is detailed in this section over the last 7 years. The District's contribution rate is very low at 3.36%. The rate remains low due to the District's excess contributions over the actuary contribution amount. The District has also been able to report a net pension asset of \$15.2 million and a 131% funding level for IMRF.

Commissioner Bernstein would like to know why the IMRF funding rate increased over the years from 105% to 131%.

Ms. Trotter reported that the few recent years had healthy investment earnings, specifically \$9.5 million in 2021, \$7.2 million in 2020, and \$8.2 million in 2019.

Statistical

Outlines 10 years of historical data including tax collections, levies, etc.

Commissioner Bernstein would like to know if Sikich came across any surprises during the audit.

Ms. Trotter reported that there were no surprises, and she commended staff for their ability to control expenditures during the pandemic permitting a surplus.

Commissioner Bernstein would like to know if there are areas that need to be focused on over the next five years.

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Ms. Trotter commended staff on their ability to budget conservatively, she does not recommend staff need to focus on particular areas within the budget.

Commissioner Bernstein requested that Sikich explain any anomalies in the Annual Financial Report.

Mr. Berg reported that the last two years cannot be compared to prior due to the pandemic.

Executive Director Romes reported that he anticipates next year's budget to look significantly different due to wage increases, inflation, etc.

Commissioner Bernstein would like to know if the decision to float the bonds last year was prudent.

Ms. Trotter reassured Commissioner Bernstein that the decision to float the bonds was wise since interest rates were low.

Commissioner Bernstein would like to know why the current assets had a significant increase.

Ms. Trotter reported the net pension asset is included which accounts for a large part of the fluctuation.

Commissioner Bernstein would like to know how much the District's net position increased when looking at pre-covid years.

Director Peters reported that the revenues from Recreation increased from \$5 million to \$9 million and expenses remained flat.

Mr. Berg reported that the impacts from IMRF, bond issuance, and capital assets also contributed to the increase in the District's net position.

Commissioner Bernstein would like to know if a base fund balance is recommended, if so, does the District comply.

Mr. Berg reported that fund balances are compared to historical expenditures. He recommends the District's fund balance be around 40%.

Board Communication

There are no material weaknesses or significant deficiencies based on testing. This is a required communication to those charged with governance. No difficulties were encountered, conversely, there were no adjustments recommended by the auditors. The numbers received for the audit were not adjusted. As a result, the monthly financials provided by staff are accurate.

Consolidated Year-End Financial Report

Required filing with Illinois data, this includes a summary of the District's expenditures of grant awarded funds. The District expended \$331,769 from federal grants and \$137,680 from state grants.

Mr. Berg commended the District for having zero audit adjustments or corrections of errors.

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Commissioner Bernstein commended staff on the clean report. He would like to know if it was a wise decision to supplement the IMRF contribution.

Ms. Trotter reported that decreasing the District's contribution rates was a wise decision. She commended staff, indicating that rates this low are uncommon.

Commissioner Bernstein would like to know how many years Sikich LLP has been conducting the District's audit.

Ms. Trotter reported that this is the third year.

Director Peters reported that PMA has advised the District to keep larger amounts in the District's Fund Balances, however, there will be significant transfers come the end of the year as outlined in the Five Year Capital Plan.

Commissioner Bernstein would like to discuss at a future Finance Committee Meeting the District's Fund Balance Policy of 25% and whether that amount should increase.

Commissioner Ruttenberg supports Commissioner Bernstein's recommendation.

Other Business

None.

Open to the Public to Address the Board

None.

Adjournment

The meeting adjourned at 8:53 a.m.

Respectfully submitted,

Roxanne Hejnowski, Assistant Secretary



Memorandum

To: Finance Committee

From: Jeff Smith, Director of Planning and Projects; Mari-Lynn Peters, Director of Finance; Brian Romes, Executive Director

Date: June 22, 2022

Subject: **2022 Capital Plan Update and 10-Year Funding Model**

Summary

Staff will provide an update on the 2022 Capital Plan including a review of year-end projections. Staff will also review the 10-Year Funding Model.



Memorandum

To: Finance Committee
From: Brian Romes, Executive Director
Date: June 22, 2022
Subject: **June 2022 Bid Results**

Summary

Staff will review the bid opening for the 2022 Centennial Ice Arena Renovation and Site Improvement and provide a contract recommendation.