

OFFICIAL PROCEEDINGS OF A MEETING OF THE FINANCE COMMITTEE/BOARD OF THE WHOLE OF THE PLEASURE DRIVEWAY AND PARK DISTRICT OF PEORIA, ILLINOIS, ON WEDNESDAY, JANUARY 19, 2022.

TRUSTEES PRESENT: Trustees Timothy Bertschy, Kyle Bright (v), Laurie Covington (v), Joyce Harant (v), Alex Sierra, Vice President Jacqueline Petty, and President Robert Johnson.
Note: (v) = attending virtually

TRUSTEES ABSENT: None

STAFF PRESENT: Executive Director Emily Cahill, Deputy Director Brent Wheeler (v), Attorney Bill Streeter, Attorney Kevin Day (v), Rebecca Fredrickson (v), Meg Boyich (v), Sean Budd, Matt Freeman, Mike Friberg (v), Kadar Heffner, Willie Howe, Mike Miller (v), Shaless Pie, Karrie Ross, and Alicia Woodworth

OTHERS PRESENT: None

1) CALL TO ORDER: Trustee Joyce Harant presided and called the meeting to order at 5:05 pm.

2) ROLL CALL

3) MINUTES

3. A. Approval of December 8, 2021 Finance Committee Meeting Minutes
Trustee Alex Sierra MOVED TO APPROVE the minutes of December 8, 2021. Motion seconded by Vice President Jackie Petty and carried on the following roll call vote: Trustees Timothy Bertschy, Kyle Bright, Laurie Covington, Joyce Harant, Alex Sierra, Vice President Jackie Petty and President Robert Johnson. (Results: 7 Ayes; 0 Nays).

4) NEW BUSINESS

4. A. Review of Accounts Payable
The Committee reviewed and discussed the listing of accounts payable and payroll as presented. The Committee recommends submitting the listing to the Board of Trustees for review and approval. Trustee Timothy Bertschy noted he is abstaining from any and all matters relating to this listing of accounts payable including voting, deliberation or consideration as he owns 1% or less of holdings in an assortment of companies included on the current listing of accounts payable.

4.B. Update on Bond Issuance Process
Karrie Ross reviewed the process for bond issuance. In November, the Board reviewed and approved bonded projects for issuance for funding this fiscal year. In December, the Board approved the engagement letter with Chapman and Cutler, who serves as bond counsel. . They

also authorized staff to work with bond counsel to put out a request for proposal to local banks for the bond issue. Proposals were sent out last week to local banks. Responses have been received from PNC Bank, JP Morgan Chase, Commerce Bank, Morton Community Bank, First Midstate Bank, INB Bank, and F&M Bank which indicates they would be possibly submitting a proposal. Proposals are due from banks on February 8, 2022. As long as the proposal is within the requested maturity amounts and interest amounts and conforming to the proposal's request, on February 9, staff will bring to the Board a recommendation to issue the bonds and pass the bond ordinance. The approved bond ordinance is the document bond counsel uses to work with the issuing bank to actually finalize the bond issuance. With this timeline, bonds will fund in late February and at that point, then PPD would be able to begin contracting any work associated with that funding.

On tonight's agenda is the BINA hearing which is the public hearing for comments from the public relative to the issuance of the debt. It is required to have this public hearing within 30 days of bond issuance. The District is required to do this and has not received any comment from the public. Trustee Bertschy inquired if there is any bond insurance provided for this process. Karrie Ross stated that yes, it is part of Chapman and Cutler's engagement. Trustee Bertschy stated that since we're in a bit of a tight timeframe in terms of picking a bond funder, could the Board please be notified of the bank chosen prior to the February 9 Board meeting so that he can determine if he owns 1% or less holdings in that bank chosen because if so, he would be abstaining from any and all matters relating to that bank including voting, deliberation or consideration. Karrie Ross stated that yes, the proposal opening and choosing will occur the day before on February 8 at 10:00 am. A staff recommendation will be emailed to Trustees later that day. The reason the timeframe is rather tight is because most banks want to rate lock (the time between when banks submit the proposal and the time the bonds would fund) for the shortest amount of time possible

Trustee Bertschy stated that interest rates are currently going up. As such, how will borrowing costs impact the District? Karrie Ross stated that she believes that the District will be getting in early enough before the rates significantly increase in the bond market. The estimated budgeted rate was 1.25% and 1.5% on the two maturities. Even if the rates were higher, the District could still issue because the bond ordinance is the one that's going to drive what is actually collected in property taxes.

Trustee Joyce Harant stated that as part of last year's audit, she spoke with Hope Wheeler of CliftonLarsonAllen (CLA). Hope sent Trustee Harant a Fraud Risk Assessment memo (see Exhibit A) that was then shared with all Trustees. Karrie Ross stated that Hope reached out to Trustee Harant last December to perform a standard fraud interview. The District currently performs the internal control functions that would be expected to be performed. Every year as the annual audit is performed, CLA does query the District on risk assessment forms what the District's internal procedures are relative to fraud and controls for potential fraud. The risk fraud assessment provided is one that CLA uses broadly and is not specific to the District and is meant as general guide recommended by CLA. Trustee Timothy Bertschy had inquired as to who the District's assessor of internal control has been. The District does not have a separate internal control department so that function is conducted between the Superintendent of Finance and Administrative Services and the Senior Accountant, and the Supervisor of Business Services.

Trustee Harant requested that the topic of fraud risk assessment be discussed in more detail at a future meeting. Trustee Bertschy congratulated Trustee Harant for bringing this topic up and stressed its importance and significance. At the future meeting, he would like to discuss who should be the fraud risk assessment lead. He also stated that the review of current District financial policies is something previously discussed and would like to get back to and would like this added to a future meeting as well. Trustee Harant wanted to convey to the Trustees that Hope Wheeler of CLA stated that every year there is something new introduced into the audit and the process is not a standard set of items covered every year so that it is not customary and usual year by year.

Trustee Alex Sierra stated he would like to see in future meetings what a more formal internal audit/risk assessment process would look like, whether policy or procedural. Trustee Harant agreed and stressed that this topic is not brought forward out of any complaint or concern. It is merely to be proactive in ensuring proper procedures are followed.

Karrie Ross requested clarification and stated that in the last meeting there was a conversation about priorities from a large perspective. There are various financial policies that could use a quick review and refreshing, fraud risk not being the only one. Having said that, she assumes she would work with the Chair of the Finance Committee, Trustee Joyce Harant, to determine the order in which the policies would be reviewed. She's not saying they all don't need a review, it's just the order in which the Board would like to review them in is what she would like more guidance on.

5) OTHER BUSINESS

5. A. Springdale IGA Discussion

Emily Cahill received a draft of an agreement and shared it with Attorney Streeter and spoke with Trustee Harant as she is the Board’s representative on this matter. The City of Peoria has proposed the possible transfer of the existing savanna to the Park District. Emily stated she wants to make sure that from a consensus standpoint everyone is comfortable in moving forward with that transfer of ownership. Staff would like to know more about what that means and how the operational pieces would work. She also shared that staff is trying to assess what costs are associated with maintaining the savanna.

Discussion took place concerning the exact location/size of the savanna. Mike Miller stated that from an ecological perspective, the .84-acre previously-contested north end has been drastically altered and no native vegetation is left there and savanna restoration is not possible. They are offering the remaining 9-acre property to be evaluated as a savanna. Does the District want the .84 acres in addition to the remaining property or just the remaining non-altered property? After discussion, there were no oppositions in pursuing the larger piece of over 9 acres of the savanna. All concurred.

Trustee Harant stated that going forward, she would like to see the cemetery authority have some responsibility in the IGA development and sustainability plan. All agreed but the first priority would be to get the savanna.

MEETING RECESS

Agenda item *5.B. FRC Working Group Follow up* has not yet been discussed. As such, at 5:59 p.m., Trustee Joyce Harant **MOVED TO RECESS** this meeting and reconvene after the Regular Board meeting is adjourned. Motion seconded by Trustee Alex Sierra and carried on the following roll call vote: Trustees Timothy Bertschy, Kyle Bright, Laurie Covington, Joyce Harant, Alex Sierra, Vice President Jackie Petty and President Robert Johnson. (Results: 7 Ayes; 0 Nays).

At 7:15 p.m., Trustee Joyce Harant **RECONVENED** and called the meeting to order.

**TRUSTEES PRESENT
WHEN RECONVENED:**

Trustees Timothy Bertschy, Kyle Bright (v), Laurie Covington (v), Joyce Harant (v), Alex Sierra, Vice President Jacqueline Petty, and President Robert Johnson.

Note: (v) = attending virtually

**TRUSTEES ABSENT
WHEN RECONVENED:**

None

STAFF PRESENT

WHEN CONVENEED:

Executive Director Emily Cahill, Deputy Director Brent Wheeler (v), Attorney Bill Streeter, Attorney Kevin Day (v), Rebecca Fredrickson (v), Meg Boyich (v), Sean Budd, Matt Freeman, Mike Friberg (v), Kadar Heffner, Willie Howe, Mike Miller (v), Shaless Pie, Karrie Ross, and Alicia Woodworth

OTHERS PRESENT

WHEN CONVENEED:

None

5. B. FRC Working Group Follow Up

Emily Cahill stated that a Zoom meeting is scheduled for next Wednesday, January 26 at 4:30 pm with the FRC Working Group. A discussion took place concerning how best to move forward with the City of West Peoria about the use of the Franciscan Recreational Center. A discussion took place concerning the desire for better communication and understanding and the relationship between the PPD and WP municipal entities. Everyone looks forward to the meeting on January 26.

6) ADJOURNMENT

At 7:26 p.m., Trustee Kyle Bright MOVED TO ADJOURN. Motion seconded by Trustee Alex Sierra and carried on the following roll call vote: Trustees Timothy Bertschy, Kyle Bright, Laurie Covington, Joyce Harant, Alex Sierra, Vice President Jackie Petty and President Robert Johnson. (Results: 7 Ayes; 0 Nays).

Respectfully Submitted by Alicia Woodworth
Executive Assistant and Secretary to the Board

EXHIBIT A

FRAUD RISK ASSESSMENT

In most entities, the opportunity to commit and conceal fraud exists where there are assets susceptible to misappropriation and inadequate controls to prevent or detect the fraud (many controls don't completely prevent all fraud risks). To address this risk, consider performing a risk assessment to identify, analyze, and manage the risk of asset misappropriation. Risk assessment, including fraud risk assessment, is one element of internal control. Thus, ideally, the District's internal control should include performance of this assessment, even though our annual financial statement audit includes the consideration of fraud.

The fraud risk assessment can be informal and performed by a management-level individual who has extensive knowledge of the District that might be used in the assessment. Ordinarily, the management-level individual would conduct interviews or lead group discussions with personnel who have extensive knowledge of the District, its environment, and its processes. The fraud risk assessment process should consider the District's vulnerability to misappropriation of assets. When conducting the self-assessment, questions such as the following can be considered:

- What individuals have the opportunity to misappropriate assets? These are individuals who have access to assets susceptible to theft and to records that can be falsified or manipulated to conceal the theft.
- Are there any known pressures that would motivate employees with the opportunity to misappropriate assets? Pressures may relate to financial stress or dissatisfaction. In assessing whether these pressures may exist, the assessor should consider whether there is any information that indicates potential financial stress or dissatisfaction of employees with access to assets susceptible to misappropriation.
- What assets of the District are susceptible to misappropriation?
- Are there any known internal control weaknesses that would allow misappropriation of assets to occur and remain undetected?
- How could assets be stolen? Assets can be stolen in many ways besides merely removing them from the premises. For example, cash can be stolen by writing checks to fictitious employees or vendors and cashing them for personal use.
- How could potential misappropriation of assets be concealed? Because many frauds create accounting anomalies, the perpetrator must hide the fraud by running through an adjustment to another account. Generally, fraud perpetrators may use accounts that are not closely monitored.

In conclusion, consider working with management to develop and implement a fraud risk assessment program to identify, analyze, and manage the risk of asset misappropriation. A finance committee can oversee this process and receive reports on the risk assessment. This could be specifically identified as the topic of one finance meeting annually.