

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD AT 4:30 P.M., WEDNESDAY, AUGUST 24, AT THE NOBLE CENTER FOR PARK DISTRICT ADMINISTRATION, 1125 WEST LAKE AVENUE, PEORIA, ILLINOIS.

MEMBERS PRESENT: Trustee and Chair Timothy Bertschy (arrived at 5:05 pm), Trustee and Vice Chair Alexander Sierra, and Executive Director Emily Cahill

MEMBERS ABSENT: None

TRUSTEES PRESENT: Trustees Timothy Bertschy, Alexander Sierra, Laurie Covington (v), Joyce Harant (v), and President Robert Johnson

Note: (v) = attended virtually

STAFF PRESENT: Executive Director Emily Cahill, Becky Fredrickson, Matt Freeman, Willie Howe, Scott Loftus, Brittany Moldenhauer, Shalesse Pie, Karrie Ross, Greg Walker, Brent Wheeler, and Alicia Woodworth

OTHERS PRESENT: None

1. CALL TO ORDER

Trustee Sierra presided and called the meeting to order at 5:00 pm.

2. ROLL CALL

3. MINUTES

3.A. Approval of July 27, 2022 Finance Committee Meeting Minutes

Trustee Sierra MOVED TO APPROVE the minutes of the July 27, 2022 Finance Committee Meeting Minutes. Motion seconded by Trustee Bertschy and carried on a unanimous aye of those present.

4. NEW BUSINESS

4.A. Review of Accounts Payable

Karrie Ross noted that at the last Board meeting, Trustees approved the purchase of a pre-owned 16-foot box truck. At that time, staff had not identified the vendor or unit to be purchased due to the current market conditions. Staff was able to purchase a 2015 Chevrolet Express G3500 box truck from Terry's Ford Lincoln Mercury of Peotone, Inc. of Peotone, IL at a total purchase price of \$45,910.24. The unit has 52,045 miles, automatic transmission, new tires and an aluminum power lift gate. A copy of the purchase agreement, Company Ownership Certification and EEO form was provided for review.

Trustee Sierra MOVED TO APPROVE the current listing of accounts payable and bills to be presented to the full Board for approval. Motion seconded by Trustee Bertschy and carried on a unanimous aye of those present.

4.B. Review of July 2022 Financials

Karrie Ross stated that at the end of July, the District's seasonal operations were in full swing, and thanks to generally mild and dry weather, the outdoor operations performed strongly. After a slow spring, the Golf Fund gained significant ground on its revenue budget, the Zoo's admissions drove up concession sales compared to prior year, and the RiverFront Fund had a strong July with Fiesta en el Rio.

Additionally, the Districts non-operating revenue sources continue hold strong. The District began a renewed ICJIA grant year on July 1, 2022, with the renewal award value of \$900k, and the District recently received notice from DCEO that the \$500k operating grant for events will be released. Further, the District's replacement tax revenue has hit historic levels, approximately \$2 million higher than prior year as of July 31st.

While the District's operating and non-operating revenues have been strong, inflation and the tight labor market continue to pose challenges. Staff is currently working to prepare their revised 2022 budgets, and there will be expense overruns on supply and utility expenses, due to the prolonged inflation. At the end of July, overall supply expenses were 60% of budget, whereas in 2021, it was only 49%, and overall utility costs paid is 43% of budget, versus 34% of budget in prior year.

Additionally, given the District's struggle with turnover and recruitment of staff this year, it's anticipated the District's revised 2022 regular payroll costs will not be greater than original budget. However, due to the fulltime staff bonus payment approved by the Board, for payment in August (total value of \$454k), the revised payroll budgets will increase. However, this was vetted and a strategic decision, to utilize the onetime excess replacement tax revenues to acknowledge the additional workload fulltime staff has taken on during low staffing levels, and the inflationary impacts they have felt personally.

In the coming months management will be bringing the board additional information regarding revised 2022 projections, and proposed 2023 budgets.

Trustee Bertschy noted that due to the replacement tax, the District is doing well this year, financially. However, this may not continue, correct? Karrie Ross stated correct. Trustee Bertschy stated that he is concerned, and going forward, how are fees and charges and increased inflation to be considered budgetarily? Karrie Ross stated that this topic is frequently discussed internally. Currently, staff is preparing their budget spreadsheets, diligently estimating the cost of supplies, utilities, part time payroll, etc. That information allows her to evaluate the financial impact of estimated inflationary costs from the day-to-day working staff's perspective. She then compares those estimates to the tax income and adjusts accordingly. With inflation being as high as it is, expenses will be the most difficult components to anticipate. In anticipating revenue from the District's facilities that charges for facility fees and services, staff is constantly evaluating the market and researching what is the best price point to offer these services. It is definitely a struggle to keep subsidies within tolerable levels.

Trustee Bertschy stated that as a committee and Board, it is their responsibility to make any appropriate policy changes that may be needed. He hopes to have those policy decisions to the Board prior to the beginning of the 2023 budget process. Karrie Ross stated that Nicole Staley gives guidance to staff relative to expenses. She works with the vendors of the District's larger purchases to determine what pricing structures they're seeing and what they're projecting. This includes contracts for gas, electric, golf maintenance supplies, etc. On the revenue side, program staff knows their business and who their competitors are in order to help determine the market rates and still maintain enrollment rates as it is imperative these staff members know their business.

Trustee Bertschy asked to the extent interest rates continue to rise, this will impact the District's expenses in regards to borrowing correct? Karrie Ross stated yes, correct. The District's borrowing costs will most certainly increase for next year's bond issue. The District's bond interest is a separate tax levy. If that levy does not have a max rate, it will increase property tax rates. This is a real concern. In the past, some Board members wanted to preserve the programming and services offered, regardless of the impact on tax rates. Some Board members have been more concerned about either maintaining or lowering the tax rate. Karrie stated it would be very helpful to understand exactly the priorities of the Finance Committee in this regard.

5. PENDING BUSINESS

5.A. Action Step: Park Code/PPD Policy Guidance on Review of List of Bills

Trustee Bertschy asked if Illinois Park Code (70 ILCS 1205/4-6) is saying every bill is to be approved, or is it saying the Board authorizes a person to authorize payment? Is there any case law on this? Attorney Streeter stated he did not find any case law on this. The way he reads it, the power to spend money lies with the Board. An auditor had described it to him as the Board is the final and last firewall for any expenditures. Trustee Harant stated that it implies to her that the Board would be making any decision on the payment of bills before they were actually paid, and that is not possible. She wonders if it would be more valuable to the Board to create some sort of report that pulls out expenses over a certain amount or identifies new vendors and once a year as part of the internal control process the person presents to the Finance Committee and explains what was done.

President Johnson stated that as he recalls, the Executive Director was given authorization to approve expenditures up to \$10,000 without Board approval. He stated he didn't want the Board to get too involved in the day-to-day operations. Staff is very capable in doing what they do and he trusts them. Trustee Harant stated she was not suggesting that at all. That instead of the Board receiving a long list of bills every month, the Board decides what are the essential items they want to see such as expenses over a certain amount and new vendors.

Trustee Bertschy requested the policy section in the "fat book" that discusses the amount of authorization the Executive Director has for purchase approval be included in the next Finance Committee meeting.

6. OTHER BUSINESS

6.A. Timeline for Detailed Review of Selected Funds

Due to time constraints, this item was not discussed.

6.B. Interfund Loan Policy Process Discussion

Due to time constraints, this item was not discussed.

6.C. Grant Policy Discussion

Due to time constraints, this item was not discussed.

7. ACTION STEPS REVIEW

Due to time constraints, this item was not reviewed.

8. ADJOURNMENT

At 5:37 p.m., Trustee Sierra MOVED TO ADJOURN. Motion seconded by Trustee Bertschy and carried on a unanimous aye of those present.

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