

MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF THE PLEASURE DRIVEWAY AND PARK DISTRICT OF PEORIA, ILLINOIS HELD AT 8:00 AM THURSDAY, MARCH 2, 2023 AT THE NOBLE CENTER FOR PARK DISTRICT ADMINISTRATION, 1125 WEST LAKE AVENUE, PEORIA, ILLINOIS.

MEMBERS PRESENT: Trustee and Chair Timothy Bertschy (v) and Executive Director Emily Cahill

Note: (v) = Attended Virtually

MEMBERS ABSENT: Trustee and Vice Chair Alexander Sierra

TRUSTEES PRESENT: Trustees Timothy Bertschy (v), and Vice President Laurie Covington (v)

Note: (v) = Attended Virtually

STAFF PRESENT: Executive Director Emily Cahill, Becky Fredrickson (v), Matt Freeman, Scott Loftus,

Karrie Ross, and Alicia Woodworth

Note: (v) = Attended Virtually

OTHERS PRESENT: None

1. CALL TO ORDER

Trustee Bertschy presided and called the meeting to order at 8:01 am.

2. ROLL CALL

3. NEW BUSINESS

4.A. Interfund Loan Discussion

Executive Director Cahill stated that as part of the overhaul of the District's Financial Policies, staff and committee members have spent time discussing the role of Interfund loans in the overall financial sustainability strategy of the District. If it is the Board's pleasure to essentially "wipe the slate clean" and utilize financial policy to hold funds accountable for current performance and expectations, then the 2022 budget year performed at high enough levels to sustain the administrative process of eliminating the loans and obligations across funds without significant impact on the overall net financial position of the District. As one of several tools used to track fund health, keeping interfund loans on the books helps with management and governance when they tie to existing issues or concerns that should be addressed by leadership. When they are historic in nature and don't represent existing issues, they are less useful to sound management practice. Further, when there is not realistic expectations for repayment, maintaining these payments as loans is not useful as an accounting tool either. An overview of the historic use of interfund loans is shown below for review and consideration.

Applying this philosophy, the following represents a potential process for handling interfund loans in the 2022 fiscal year:

Fund Owning Loan	Fund Owed Loan	Amount owed as of 11/30/22*	Management's notes regarding forgiveness
Golf	General	\$2,516,000	This fund has not required additional draws since 2016, and is in a position to potentially pay a very small portion of the loan down at end of FY2022. Could forgive the remaining balance after a payment is made at close of FY2022.
RiverFront	General	\$510,000	This fund did require loan draws at the start of 2022, but is estimated to paydown approximately the amount of that draw at the close of FY2022. Could forgive the remaining balance after a payment is made at FY2022 close.
RiverPlex	General	\$150,000	This fund has required loan draws in recent years, and at the close of FY2022, it's estimated that the fund will likely need approximately \$250k more funding. This change in operations, necessitating recent loan activity, should be monitored closely.

*Final FY2022 numbers are not reflected in this loan balance. See attached reports for each fund with additional details and FY2022 projection.

In order to reflect this as part of the 2022 fiscal year, staff requests Board direction NO LATER THAN the March 8, 2023, regular meeting.

As shown below, Karrie Ross provided a brief summary of the funds that currently have interfund loan balances borrowed from the General Fund.

Peoria Park District
INTERFUND LOANS
November 30, 2022

<u>Borrowed From</u>	<u>Advanced To</u>	<u>Amount</u>
General Fund	Golf Fund	2,516,000
General Fund	RiverFront Events	510,000
General Fund	RiverPlex	150,000
	<u>Total Interfund Loans</u>	<u>\$ 3,176,000</u>

Golf Fund

Year	Loan			Operating Surplus (Loss)			
	Loan Draw	Repayment	Loan Balance	Before Property Taxes &/or Interfund Transfers	Budgeted Tax Subsidy	Interfund Transfer	Fund Operating Surplus (Loss)
2001	200,000	(200,000)	-	(119,506)	-	-	(119,506)
2002	200,000	(150,000)	50,000	104,129	-	-	104,129
2003	-	-	50,000	(800)	-	-	(800)
2004	-	(50,000)	-	63,883	-	-	63,883
2005	-	-	-	19,949	-	-	19,949
2006	-	-	-	(169,625)	-	-	(169,625)
2007	300,000	-	300,000	(158,871)	-	-	(158,871)
2008	150,000	-	450,000	(278,989)	80,000	-	(198,989)
2009	150,000	-	600,000	(70,464)	80,000	-	9,536
2010	-	-	600,000	(441,583)	90,575	-	(351,008)
*2011	-	-	600,000	(577,460)	120,575	700,000	243,115
2012	900,000	-	1,500,000	(962,761)	120,575	-	(842,186)
2013	500,000	-	2,000,000	(1,027,667)	310,407	-	(717,260)
2014	900,000	-	2,900,000	(974,296)	460,500	-	(513,796)
2015	250,000	-	3,150,000	(863,985)	601,275	-	(262,710)
2016	150,000	(150,000)	3,150,000	(1,033,475)	880,184	-	(153,291)
2017	-	-	3,150,000	(851,790)	1,058,710	-	206,920
2018	-	(400,000)	2,750,000	(578,029)	1,019,529	-	441,500
2019	-	-	2,750,000	(648,574)	627,796	-	(20,778)
**2020	-	(30,000)	2,720,000	(498,362)	468,917	30,000	555
2021	-	(204,000)	2,516,000	(176,931)	380,584	-	203,653
***2022	-	-	2,516,000	(362,074)	382,074	-	20,000

*2011: Golf Fund received \$700,000 interfund transfer from Bonded Projects Fund

**2020: Golf Fund received \$30,000 interfund transfer from Bonded Projects Fund

***Note: 2022 Interfund loan balance is not final, and 2022 fund operating surplus (loss) is estimated.

Karrie Ross stated that the Golf Fund loan activity has been a bit more frequent than the RiverFront Fund. From 2001 to 2007 the Golf Fund had a zero-tax subsidy. The Golf Fund was intended to be an enterprise fund that could just support its own operations and its capital needs have always been supported by the bond issue. Starting in 2007, tax subsidy support was necessary. In 2011, both tax support and an interfund loan were necessary. From 2012 to 2016 both the tax subsidy and interfund loan amounts grew substantially. Since 2017, with the financial weight of two additional golf courses and other factors now lifted, the Golf Fund has maintained its operating costs within the budgeted tax subsidy. The current interfund balance has been sitting there for quite some time and it is not anticipated more loans will be necessary.

Executive Director Cahill stated that structurally, when you look at loans and tracking them the way the District has, it lets us identify those funds that have some challenges. In the case of the loans to the Golf Fund, it comes from a historic structure that isn't the reality today. The structural changes made to golf in the last 6-7 years have created a different Golf Fund. At some point, it is not functional to the District from an operations standpoint to tell the story once it has been stabilized.

RiverFront Fund

Year	Loan Draw	Loan Repayment	Loan Balance	Operating Surplus (Loss)			Fund Operating Surplus (Loss)
				Before Property Taxes &/or Interfund Transfers	Budgeted Tax Subsidy	Interfund Transfer	
*2001	-	-	-	(23,010)	-	45,000	21,990
2002	25,000	-	25,000	(51,988)	-	-	(51,988)
2003	50,000	-	75,000	(69,036)	-	-	(69,036)
2004	50,000	-	125,000	(24,336)	-	-	(24,336)
2005	-	-	125,000	(101,141)	25,000	-	(76,141)
2006	150,000	-	275,000	(144,495)	80,000	-	(64,495)
2007	75,000	-	350,000	(51,644)	84,000	-	32,356
2008	-	-	350,000	(139,344)	86,500	-	(52,844)
2009	-	-	350,000	(58,298)	80,000	-	21,702
2010	-	-	350,000	(117,763)	83,000	-	(34,763)
2011	-	-	350,000	(133,545)	83,000	-	(50,545)
2012	100,000	-	450,000	(147,329)	83,000	-	(64,329)
2013	-	-	450,000	(97,519)	118,289	-	20,770
2014	50,000	-	500,000	(114,313)	121,837	-	7,524
2015	-	-	500,000	(136,270)	115,000	-	(21,270)
2016	-	-	500,000	(10,636)	77,600	-	66,964
2017	-	-	500,000	1,495	98,198	-	99,693
2018	-	(90,000)	410,000	(58,681)	108,857	-	50,176
2019	-	-	410,000	(208,214)	137,184	-	(71,030)
**2020	-	-	410,000	(219,467)	173,247	47,000	780
2021	-	-	410,000	(152,660)	122,751	-	(29,909)
***2022	100,000	-	510,000	(57,177)	147,177	-	90,000

*2001: RiverFront Fund Received \$45,000 Interfund Transfer from General Fund

**2020: RiverFront Fund Received \$47,000 Interfund Transfer from Bonded Projects Fund

***Note: 2022 Interfund loan balance is not final, and 2022 fund operating surplus (loss) is estimated.

Trustee Bertschy asked that if the interfund loan to the RiverFront Fund were forgiven, would the District anticipate that the same issues that created the necessity of the loan would be repeated? Karrie Ross stated potentially yes because of the limited scope of work that happens in this fund such as events and concerts happening on the RiverFront. A number of those events had dwindled over the years for different reasons. Whereas in the Recreation Fund, it is so huge that it would take something going materially wrong for it to affect that fund.

RiverPlex Fund

Year	Loan			Operating Surplus (Loss)		Interfund Transfer	Fund Operating Surplus (Loss)
	Loan Draw	Repayment	Loan Balance	Before Property Taxes &/or Interfund Transfers	Tax Subsidy		
2001	-	-	-	-	-	-	-
2002	600,000	-	600,000	-	-	-	-
2003	-	-	600,000	-	-	-	-
2004	-	(600,000)	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	50,000	-	50,000	-	-	-	-
2016	-	-	50,000	-	-	-	-
2017	-	-	50,000	-	-	-	-
2018	50,000	(50,000)	50,000	(3,140)	3,140	-	-
2019	-	-	50,000	-	-	-	-
2020	200,000	(100,000)	150,000	113,332	0	-	113,332
2021	-	-	150,000	(5,692)	5,692	-	-
*2022	-	-	150,000	(594,500)	344,500	-	(250,000)

Through 2020, fund operating surplus (loss) was zero, due to Fitness Operating Partnership Agreement with OSF.

*Note: 2022 Interfund loan balance is not final, and 2022 fund operating surplus (loss) is estimated.

Karrie Ross stated that through the end of 2021, the RiverPlex Fund had the fitness operating partnership with OSF where the fitness operation was paying the rent payment to the Park District for the fitness' existence there. The loss of the fitness operation was split between the OSF partnership and the Park District. That rent payment helped pay for the loss on the partnership. Any negative balances were billed back to OSF therefore creating a net zero balance every year. While there is a \$850,000 loan at this point in order to close the books, the RiverPlex Fund will need an additional \$250,000 either by loan or interfund transfer. Consideration needs to be made about the fact that going forward, it is anticipated that higher tax support will be needed.

In light of the discussion had concerning all three funds, both Trustees Bertschy and Covington would like to recommend to the full Board that interfund loans of the Golf Fund and RiverFront Fund be forgiven and the interfund loan to the RiverPlex remain currently as is in order to have a clearer historical financial picture of the RiverPlex Fund going forward without the OSF partnership.

Executive Director moved to recommend to the full Board that the interfund loans of the Golf and RiverFront Funds be forgiven and the interfund loan of the RiverPlex Fund remain on the books. Trustee Bertschy second the vote and carried unanimously by roll call vote.

4.B. Financial Policy Edits: Status Update

Karrie Ross stated that provided today is the redlined version of the financial policy edits since the last meeting. One thing that is still being worked on per Trustee Bertschy's request, is should the District have language regarding increasing reserve targets over time. That is still being reviewed.

5. PENDING BUSINESS

None at this time.

6. OTHER BUSINESS

None at this time.

7. ACTION STEPS REVIEW

1. Modify the interfund loan memo to the Board to reflect today's recommendation for interfund loans for next week's Regular Board meeting.
2. Keep progressing on financial policies and as we get closer to closing the books for 2022, the District will give a much clearer picture on where it is currently sitting and how funds balance out.

8. ADJOURNMENT

At 8:39 a.m., Executive Director Cahill 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