

**MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF THE PLEASURE DRIVEWAY AND PARK DISTRICT OF PEORIA, ILLINOIS HELD AT 4:00 PM WEDNESDAY, JUNE 28, 2023 AT THE NOBLE CENTER FOR PARK DISTRICT ADMINISTRATION, 1125 WEST LAKE AVENUE, PEORIA, ILLINOIS.**

**MEMBERS PRESENT:** Trustee and Chair Timothy Bertschy, Trustee Reagan Leslie Hill, Trustee Steve Montez, and Executive Director Emily Cahill

**MEMBERS ABSENT:** None

**TRUSTEES PRESENT:** Trustees Timothy Bertschy, Joyce Harant, Reagan Leslie Hill, Steve Montez, Alexander Sierra, Vice President Laurie Covington (in at 4:48 pm), and President Robert Johnson

**STAFF PRESENT:** Executive Director Emily Cahill, Matt Freeman, Becky Fredrickson, Scott Loftus, Shalesse Pie, Karrie Ross, Attorney Kevin Day, and Alicia Woodworth

**OTHERS PRESENT:** None

**1. CALL TO ORDER**

Trustee Bertschy presided and called the meeting to order at 4:11 pm.

**2. ROLL CALL**

**3. CALL FOR A MOTION TO PERMIT MEMBER TO ATTEND MEETING ELECTRONICALLY**

No request to attend meeting electronically was received.

**4. MINUTES**

**4.A. Approval of May 24, 2023 and June 14, 2023 Finance Committee Meeting Minutes**

Trustee Montez MOVED TO APPROVE the minutes of the May 24, 2023 and June 14, 2023 Finance Committee meetings. Motion seconded by Trustee Hill and carried by unanimous aye of members.

**5. NEW BUSINESS**

**5.A. Review of Accounts Payable**

The Finance Committee members confirmed they had reviewed the current listing of accounts payable and bills and had no questions or comments. Trustee Hill MOVED TO RECOMMEND the accounts payable and bills be presented to the full Board for approval and payment. Motion seconded by Trustee Montez and carried by unanimous aye of members.

**5.B. Review of May 2023 Financials**

Karrie Ross stated that at the close of May, the District's revenue generating season picking up. Early season revenue generating facilities are off to a strong summer start; golf fund revenue is up \$272k, Zoo revenue is up \$37k, and RiverPlex is up \$111k. Strong summer program registration will start to show up in the June financials. Also, while not reflected in the May financials, the District has learned that the ICJIA grant was renewed (term 7/1/23-6/30/24) at a \$1 million level.

At the end of May, the District has not yet received 2023 property tax revenue, but the robust revenue generation in the month kept the District's cash balances from falling significantly. The District expects to receive its first property tax revenue at the end of June. The District received three replacement tax payments by the end of May, which in aggregate are down \$851k from the prior year's record-breaking replacement tax revenues, but not below budget expectations.

Overall, the District's revenue and expenses appear to be tracking at or better than budget. However, if the drought continues and the summer season is incredibly hot, it's expected that some utility and maintenance supply expenses will track over budget estimates, specifically in golf and recreation facilities. Thus, strong revenue generation early in the year will be beneficial.

To assist in the review of the financial statements, the major variances in year to date fund totals are explained, and management provides brief comment on overall financial condition and issues. To be identified as a major variance, the difference between the current year to date fund total and the prior year to date fund total must be greater than \$75,000 and more than a 5% change.

#### Revenues

- General Fund – The General Fund's revenues are down \$967k from prior year. This decrease is primarily associated with lower replacement tax revenues compared to the record high level of replacement taxes received in 2022. Note, this decrease of replacement tax revenue was expected, and the property tax revenues received in 2023, as of May's close, do not indicate any issues with meeting the District's replacement tax budget estimate.
- Golf Fund – Revenue is up \$272k compared to last year. The early spring weather and essentially no rainout days has created positive traction for the golf revenue at all the courses. Kellogg revenue is up \$113k (68%), GLC is up \$50k (56%), Madison is up \$45k (47%), and Newman is up \$30k (30%) from prior year. Every revenue service category is tracking higher than prior year; membership revenue is \$42k over its budget target (\$623k actual vs. \$581k budget).
- Museum Fund – Revenue is up \$131k from prior year. \$90k of this increase is actually associated with additional replacement taxes being budgeted into this fund in 2023 compared to 2022. So, even though overall District replacement taxes are down, the Museum Fund's share of budgeted total replacement taxes is greater in 2023. The remaining increase in revenue for this fund is due to increases in operations at Luthy Botanical Garden; rental revenue is up \$18k, and the plant sale revenues generated \$15k in revenue.
- RiverPlex Fund – RiverPlex's revenue is up \$111k from prior year; \$62k of this increase is associated with the OSF lease payment timing from last year to this year. But, the remaining increased revenue is associated with operating activity at the facility. Membership revenues booked through 5/31 reflects membership billing

activity through April; total membership is \$36k higher than prior year. Swim lesson revenue is up \$17k from prior year. The membership revenue posted represents 25% of the total membership revenue budget (\$1,134,100 budget). For memberships that tracking rate to budget is much stronger than prior year, but to meet the membership budget, they will need a very strong fall/winter membership push.

### Expenditures

- Museum Fund – Fund Expenses are up 103k compared to 2022. There are two primary reasons for this increase. First, the payroll expenses in the fund are \$58k higher than prior year, due to higher part time payroll activity at the zoo, and secondly, due to fulltime staff increases. Additionally, there's an increase in the Zoo's museum fund administrative expense charge, which is simply associated with a budgetary change to how the Zoo's administrative expenses are split in 2023.
- Recreation Fund – Fund expenses appear lower than last year by \$214K (7%), which is associated with the separation of the ELITE program from the Park District in July 2022. • RiverFront Fund – Fund expenses are up \$149k compared to 2022, due to the DCEO program grant expenses paid for Park-a-Palooza. Note, the DCEO program grant is a reimbursable grant.
- RiverPlex Fund – RiverPlex expenses are up \$121k from prior year. \$106k of this increase is associated with increased wage expenses. \$91k of the increase is associated with part-time payroll, which is higher due to more active open hours in the AquaPlex and general facility operations, along with 2023 minimum wage increases.
- HISRA Fund – Expenses are up \$94k compared to prior year. \$41k of this increase is associated with staffing turnover and increased staffing in 2023 compared to 2022. The remaining increases are associated with supply, equipment and contractual service increases.
- IMRF – IMRF expenses are down \$103k from prior year, which is due to the decrease in the 2023 employer contribution rate (7.41% in 2022 vs. 4.39% in 2023).

Trustee Sierra asked in regards to ICJIA grant renewal, how did conversations go with the State in terms of the District's performance over the last budget cycle? Did they express any future forecasts for how the grant will be distributed? Karrie Ross stated that there was a program and financials audit, as is done every year. At that audit, ICJIA was very happy with the findings and had no issues with the financials or the processes in place to monitor them. Scott Loftus stated that ICJIA reported that the District was very timely with its reporting and that everything was in line with their expectations.

Trustee Montez asked specifically, what programs does the ICJIA grant fund? Scott Loftus stated that it funds the workforce development (intern) program, Dream2 at Proctor Rec Center, programs like Streets Belong to Me, Night Out Against Crime, athletic programming in 61603 and 61605 zip codes, Summer of Fun passes, afterschool programming, and several other community events. Emily Cahill stated that the District's

target is to look at individual ways to impact youth participation. Then, the District will look at ways to impact family participation in events, then look at community participation like Summer of Fun programming.

Trustee Hill asked for more information/explanation of what the Senior Olympics Reserve of (\$17,202) was. Karrie Ross stated that Senior Olympics programming hasn't run for more than ten years. It consisted of participation by the Peoria, Pekin, Morton, Chillicothe, and Fondulac Park Districts. The multiple districts hosted games at the various park district sites. The funding was to come from a combination of participant fees and funds from each participating district. In the later years of the program, revenues dropped off and the Senior Olympics were not generating enough revenue to cover its expenses and the other districts had not contributed funds. The negative reserve of \$17,202 is being carried and represents the final accounting of the Olympics after the last session was facilitated.

Karrie Ross stated It is not an actual receivable from those other districts. As such, the Finance Committee could give direction as to how they would like staff to manage that reserve fund and could make a recommendation to dissolve the balances of the Senior Olympics reserve. That reserve would then be zeroed out, coming out of undesignated funds in the Recreation Fund.

Trustee Bertschy asked if there were any other items such as the Senior Olympics reserve fund that have been inactive for quite some time that should be reviewed. Karrie Ross stated that there are no other designated fund equities that are in a negative position. There is a rather long list however, of designated fund equities. This may not necessarily be problematic however, there are some that should be reviewed. Trustee Bertschy stated he would like to review those in future meetings.

Trustee Sierra stated that the Committee should be mindful of the precedent these sorts of actions, i.e., the golf fund, could set in the future. Trustee Bertschy stated he understands, and that this motion reflects the current financial reality.

Trustee Montez stated that he could have a conflict of interest in voting on anything related to the Senior Olympics, as when he worked for the Park District, he supervised the staff that worked on this program. He feels uncomfortable about voting on anything related to this program. Trustee Bertschy thanked Trustee Montez for disclosing this and if Trustee Montez prefers, he can abstain from the vote.

Trustee Hill MOVED TO RECOMMEND to the Board to dissolve the Senior Olympic reserve fund. Motion seconded by Trustee Bertschy and carried by the following roll call vote: Trustee Bertschy – Aye; Trustee Hill – Aye; Trustee Montez – Abstain; Executive Director Cahill – Aye (Results: Aye - 3; Abstain - 1).

Karrie Ross gave a brief explanation of what the interfund loan of \$300,000 from the General Fund to the RiverPlex is. She stated that in the asset section of the balance sheet, there is a "due from other funds". In the liability section of the balance sheet, there is a "due to other funds". The interfund loan page shows the backup information

of what that number consists of. At this juncture, the only interfund loan is a loan from the General Fund to the RiverPlex for \$300,000. It shows as a net neutral on the balance sheet.

Before moving on, Trustee Bertschy asked if anyone had any questions regarding financial statements that are part of this item? Trustee Sierra asked Trustee Bertschy, as Chair of the Finance Committee, does he have any interest in revisiting the financial and program performance of the RiverPlex, as was started last year? Trustee Bertschy stated that the RiverPlex/YMCA committee reviews that. Emily Cahill stated that the policy is that would happen at the revised 2023 budget time. As such, staff is currently working on a timeline to make sure the Board gets that information at an earlier point of the budget review process. Trustee Bertschy understood that it would come through the revised budget process, but part of that would have to go through the RiverPlex/YMCA committee. He stated that discussions and recommendations concerning the RiverPlex could potentially be had in several committee spaces such as the RiverPlex/YMCA, Finance, and Planning committees. He would like to discuss with President Johnson how he wants those discussions handled and where. Trustee Sierra addressed President Johnson, stating he would really like to start those conversations. President Johnson agreed.

#### **5.C. Fund Balance and Reserve Policy Review and Discussion**

Trustee Bertschy stated that recently, the Finance Committee reviewed and updated the Fund Balance and Reserve Policy, which was approved by the Board in April. In that, part of the concept is to determine how much money does the District really need to save and hold back to make sure it is covered for unanticipated or unknown future expenses. When this was applied, it was found that the District has an over reserve. As such, this committee is to review and recommend what should be done with the over reserve funds, as per the policy.

Karrie Ross stated that as part of its efforts to update and revise the District's Financial Policies, the Board of Trustees adopted a specific policy related to fund balance and reserve targets in April 2023.

To review:

Section 8.01(A) Statement of Purpose: It is the District's philosophy to support long-term financial strategies, where fiscal sustainability is its first priority, while also building funds to support maintenance of capital infrastructure and future growth. It is essential to maintain adequate levels of fund balance to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures), to ensure stable tax rates, protect the District's creditworthiness, and maintain or improve its bond rating. Fund balance levels are also a crucial consideration in long-term financial planning.

Section 8.02 Definitions: Fund Balance: The net position of a governmental fund which means the difference between assets and liabilities. Fund balance is comprised of:

Non-spendable fund balance: ex: inventories, prepaid, etc.

Restricted fund balance: Externally imposed restrictions  
Committed fund balance: Committed by Park Board  
Assigned fund balance: Constrained by intent for purpose  
Interfund loans: Borrowings between funds  
Unassigned operating fund balance: Balance after non-spendable, restricted, committed, or assigned.  
Reserve fund balance: Unassigned fund balances, less non-spendable fund balance.

Section 8.03 provides targets by fund for appropriate minimum reserve balances. Reserve balances are calculated using annual budgeted expenditures to measure their capacity to meet the needs of the District in a crisis and are determined after removal of budgeted capital project expenses, budgeted debt service expenses, budgeted expenses for restricted, committed, or assigned fund purposes, or interfund transfer(s) out budgeted within the fund, Targets have been set by policy of the Board and are, by fund listed below, equal to at least:

- A. General Fund: 50% of current year annual budgeted expenditures;
- B. Recreation Fund, Golf Fund, RiverFront Fund, and RiverPlex Fund: 35% of current year annual budgeted expenditures; and
- C. Museum Fund and Police Fund: Due to the underlying property tax levy restrictions set forth by Illinois Park Code, reserve balances for the Museum and Police Funds may only be used for the specific purposes outlined in Park District Code. Using the same calculations as above, their targets are 35% of current year annual budgeted expenditures.

Using these requirements for calculation, at the close of fiscal year 2022, the net over reserve held in the General and Recreation levies totals \$3,107,519. These funds come primarily from the General Fund and have no restrictions except those put in place by board policy, which sets forth a process for review and potential application of any over-reserve amounts. Because of the underlying restrictions placed on Museum and Police fund reserves, they will not be included for review and recommendation.

Based on the 2022 fiscal year performance, manage believes there is an opportunity to discuss utilization of approximately \$3 million of reserve overage. The District's policy requires that if these dollars are committed, their usage should focus on capital expenditures, debt reduction, or IMPACT and SUSTAINABILITY. As such, staff will focus its recommendations on capital needs, as well as opportunities to make gains on longer-term challenges that face our organization.

Using the requirements for calculation, at the close of fiscal year 2022, the net over-reserve held in the General and Recreation levies totals \$3,107,519.

This opportunity is unique and it is highly unlikely that the opportunity will consistently present itself in the future. In order to have the most transformational impact, staff recommends the following focus areas:

Emily Cahill stated that staff is presenting three targeted buckets. Staff is looking at impact and at ways the District can promote sustainability of the Park District to help even out those financial swings that happen and to push forward the initiatives that Trustees have all identified for staff from a governance standpoint.

The first bucket identified is advancement and continued advancement of Glen Oak Park. As was approved by the Board, staff is in the process of replacing the Tri-Centennial Playground with an all-inclusive playground. In order to do this, funds were shifted from other projects at Glen Oak Park. Staff is recommending allocation of up to \$1.5M of the over reserve to complete those projects from which the funds for the playground were diverted. Those projects include replacing the PlayHouse roof and an adding accessible restroom next to the inclusive playground and complete that element of the re-imagination of Glen Oak Park.

The next bucket looks at the District's commitment to environmental sustainability. There have been numerous conversations about the dollars associated with investing in electric vehicles and equipment, trying to move away from the District's reliance on fossil fuels. This will have an impact on District operations moving forward, for example, if we can reduce the District's electric bills and gas purchasing costs. Staff would like to allocate up to \$1M to the commitment to environmental sustainability.

The last bucket looks at opportunities to generate revenue in transformative ways to help to reduce some tax burden. Staff is requesting an allocation of the remainder of the buckets, up to \$600,000, to allow staff to ensure finishing projects like the Golf Learning Center, so as not to require it to be value-engineered to the point where revenue-generation is compromised. These funds would be allocated along with the State's \$4M to ensure that that project provides all the elements that would bring people in and spend money there. The revenue generated would then help feed the rest of the golf system and take advantage of the upswing in interest in golf as a sport.

If funds were available from this last bucket, they could be allocated to the Owens Center renovation. The replacement of the ice plant, which is a significant expenditure, will require another source of funding, as it is a size of project where little chunks of money can be saved over time to complete. The Owens Center renovation project is larger than all of the buckets combined.

If the committee feels comfortable with the three buckets, it will go to the full Board for review in July and would give staff directive to use the funds in the way approved as those elements are presented for approval.

Trustee Bertschy asked for clarification, if approved by the Finance Committee, today's presentation will be presented for Board approval in July? Emily Cahill stated that yes, staff would work to make that happen.

Trustee Bertschy stated that when this was originally discussed, one item that was discussed was IT needs. Where does that stand? Emily Cahill stated that as staff looked at what the IT needs actually are, it is not something that the timing of this over reserve

can effectively impact because the large payroll software project and the way it will implement into other parts of the District, the timing doesn't work with staff allocation of resources nor with the way that it would implement in a way that staff could manage. With the possible flexibility this would create, those IT items could be part of the capital improvement plan.

Trustee Bertschy asked from a budget standpoint, would the budget need to be amended? Karrie Ross stated possibly yes. In the Budget Appropriation Ordinance, she increased estimates for various potential projects. She would need to review the Budget Appropriation Ordinances that were filed and ensure there is enough room in those estimates. If there is adequate room, a new budget appropriation would not be necessary to file with the County.

Trustee Bertschy stated that with the standards that the Board has established with the over reserve funds, he is concerned that with large projects like Owens Center, we aren't putting ourselves in a position where a year from now, we don't have the funds to finish this project. Emily Cahill stated that what this would do is give staff the ability to put dollars into planning the project scope so that staff would know extra funds would have to come from another source beyond the traditional \$5M capital bond issue. This would help determine the scope, scale and costs so that the correct amount of debt is issued. If circumstances were to change, course can be changed unless and until signed bids or contracts are obtained.

Due to today's time constraints, Trustee Bertschy would like to discuss this matter further at the next Finance Committee meeting on July 26, where more time can be allotted for this discussion.

President Johnson asked if there are still plans to replace the Glen Oak Park pavilion. Emily Cahill stated that staff is suggesting those dollars be allocated to the PlayHouse roof as the funds for the roof were allocated to the inclusive playground. As for the amphitheater, the District is still awaiting those funds from the State. President Johnson asked what if something comes up in the future that the Board would rather the funds be allocated to? Trustee Bertschy stated the policy allows the Board flexibility. For example, rather than spend \$3M, \$1.5M can be spent, leaving the remaining \$1.5M sitting there for emergencies should they arise.

Trustee Bertschy stated he would like to schedule a special Finance Committee meeting for the sole purpose of discussing this item. This will give everyone plenty of advance time to think about and discuss at length as needed. This idea is really exciting because it gives the Board foresight to plan for emergency needs through the reserve policy. It also gives the Board a grasp of what money is out there that can be spent to reach some exciting goals.

Trustee Sierra stated that there are a lot of conversations to be had about this and he is excited about the opportunity. However, he recognizes that if it does not get approved within staff's preferred timeline, the opportunity does not cease to exist. He is not interested in rushing this at all. A lot of Trustees have a lot of ideas about where the

money can be allocated and he appreciates the time that staff took in drafting the current three buckets but he is not interested in rushing this to get to the full Board in a month. Trustee Bertschy stated he appreciates Trustee Sierra's comments and any organization that does this type of planning, should want to make sure the money is spent not on current operations or things that would obligate us to future spending. As such, the opportunity to spend this money is a one-time opportunity. He encourages everyone to read the standards that exist within the materials provided today about what the money is and is not for, that has been adopted by the Board. Emily Cahill reminded everyone that the buckets are possibilities within the commitments the Board has adopted. Other possibilities could exist as well within those commitments. Trustee Sierra stated that he is aware of all that, and even with the passion projects everyone has, there's a lot more discussion to be had about this and does not see the need to rush it. Trustee Bertschy stated he would like to move expeditiously on this issue.

**6. PENDING BUSINESS**

None at this time.

**7. OTHER BUSINESS**

None at this time.

**8. ACTION STEPS REVIEW**

None given at this time.

**9. ADJOURNMENT**

At 5:11 p.m., Trustee Hill MOVED TO ADJOURN. Motion seconded by Trustee Montez and carried on a unanimous aye of those present.

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