

MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF THE PLEASURE DRIVEWAY AND PARK DISTRICT OF PEORIA, ILLINOIS HELD AT 4:00 PM ON WEDNESDAY, JULY 24, 2024 AT THE NOBLE CENTER FOR PARK DISTRICT ADMINISTRATION, 1125 WEST LAKE AVENUE, PEORIA, IL

MEMBERS PRESENT: Trustees Timothy Bertschy, Steve Montez, and Executive Director Emily Cahill

MEMBERS ABSENT: Trustee Reagan Leslie Hill

TRUSTEES PRESENT: Trustees Timothy Bertschy, Laurie Covington, Joyce Harant (v), and Steve Montez
Note: (v) = Attended Virtually

STAFF PRESENT: Executive Director Emily Cahill, Brent Wheeler, Brianna Cobb, Becky Fredrickson, Matt Freeman, Mike Friberg, Scott Loftus, Karrie Ross, Doug Silberer, Attorneys William Streeter and Kevin Day, and Alicia Woodworth

1. CALL TO ORDER

Trustee Bertschy presided and called the meeting to order at 4:05 pm.

2. ROLL CALL

3. CALL FOR A MOTION TO PERMIT MEMBER TO ATTEND MEETING REMOTELY

No request to attend the meeting remotely was received.

4. MINUTES

4.A. Approval of June 12, 2024 Finance Committee Meeting Minutes

Trustee Montez MOVED TO APPROVE the minutes of the June 12, 2024, Finance Committee meeting. Motion seconded by Executive Director Cahill and carried on the following roll call vote: Trustee Bertschy, Trustee Montez, and Executive Director Cahill. (Results: 3 Ayes; 0 Nays)

5. NEW BUSINESS

5.A. Review of Accounts Payable

The Finance Committee members present confirmed they had reviewed the current listing of accounts payable and bills and had no questions or comments. Trustee Montez MOVED TO RECOMMEND the accounts payable and bills be presented to the full Board for approval and payment. Motion seconded by Trustee Bertschy and carried on the following roll call vote: Trustee Bertschy - Aye, Trustee Montez - Aye, and Executive Director Cahill - Abstain. (Results: 2 Ayes; 1 Abstain; 0 Nays)

5.B. Review of Monthly Financials

Karrie Ross stated that the District's balance sheet remains strong, with \$22.7 million of operating fund undesignated fund equity. Additionally, cash balances in June increased with the receipt of the first installment of property taxes (\$8.5 million of the \$17.54 million budget). The District's FY 2024 budget assumed an EAV increase of 6%, actual EAV increase was 6.8%. Consequently, the District is in good position to meet its property tax budget.

The June financials reflect the regularly scheduled personal property replacement tax (PPRT) revenue payments from March, April and May, all of which were lower than prior year. The July financials will incorporate the July PPRT payment. To provide the most

current context relative to PPRT, as of the July check, PPRT is down \$1.5 million from prior year. However, it is tracking similar to 2021. But, there are still four more PPRT payments expected for FY 2024, all of which occur in the new State fiscal year. It's still early to make a clear projection, but the outlook to at least meet our PPRT budget is strong. As a reminder, PPRT was budgeted for based on prior year receipts and averages and did NOT reflect the spike in funds received in FY22 and FY23.

Earned income (i.e. charges for services revenue), which is 33% (\$13.4 million) of the District's operating budget, is performing very well in the major components of earned income. For example, compared to prior year, zoo admissions and event revenue are up \$70k, golf earned income is up \$209k, RiverPlex membership revenue is up \$56k and camp revenue is up \$41k.

However, ancillary segments of earned income, while not performing terribly, don't seem to be performing quite as strongly. For example, zoo concessions, rentals, animal feeding and education programs are collectively down \$29k, golf play retail sales are up only \$6k despite the overall increase in rounds played, RiverPlex leagues, arena rentals, and personal training are collectively down \$12k, and PlayHouse admissions are down \$10k. These ancillary revenue streams aren't likely to "kill" a budget, but collectively make a material difference, especially if you can capitalize on them when major revenue components are performing so strongly.

On the expense side of the income statement, across the District, expenses are tracking in line with budget. As the inflation rate has cooled, the District's supply, utility and contract service expenses are becoming easier to manage within budget.

In addition, as the labor market has slowed and the unemployment rate has ticked up slightly, wage expenses are becoming easier to manage. Yet, as noted in other settings, because approximately 50% of the District total operating budget is related to personnel expenses, it's a very material expense category. In FY 2024, expense budgets for wages and health benefits increased 13% (\$1.8 million) and 16% (\$407k) respectively. Generally, at the June 30th financial close, wage expenses tracking between 40% and 45% indicate that wages are in line with budget. At June 30, 2024, wage expenses are at 42% (\$6.5 million) of the total \$15.4 million annual budget, and health benefits are tracking in line with budget.

Overall, at mid-year, the District's fiscal year is progressing as planned. As we continue, it is important to note, as shared above, that the last two years, which ended with significant reserves due to inordinately high replacement tax revenues, were a positive injection to the organization, but unlikely to continue. Given that we did not rely on anticipating those dollars, the District is in a strong position and continues to make solid strides to fulfill mission and commitments within our planned budget.

Trustee Bertschy asked if there are any programs in particular that have shown a real drop in current revenue that would indicate it should be reevaluated? Scott Loftus stated that he does not believe there are any programs that currently would be problematic in that area.

5.C. 2023 Over Reserve

Karrie Ross stated that in April 2023, the Board of Trustees adopted a specific policy related to fund balance and reserve targets. *Please see attached slides.*

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 2023, the net over-reserve held in the General and Recreation levies totals \$2,891,166. 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.

As such, after application of the policy and the mandate that usage of over-reserve funds should focus on capital expenditures, debt reduction, or IMPACT and SUSTAINABILITY, along with a recognition that it is unlikely that an over-reserve of this magnitude can be relied upon in future years, staff recommends that over-reserve funds be allocated to meet the following identified needs:

- a. Golf Learning Center project shortfall;
- b. Bradley Park artwork; and
- c. All remaining funds should be held unrestricted pending the completion of future capital projects with the State of Illinois or other emergent capital needs.

After discussion, Trustee Montez MOVED TO RECOMMEND to the full Board that it approve expenditure of up to \$650,000 from the over reserve towards the Golf Learning Center project, up to \$200,000 of the over reserve for purposes of the artwork at Bradley Park, with the remainder of approximately \$2.1M remain in over reserve, unallocated at this particular time. Motion seconded by Trustee Bertschy and carried on the following roll call vote: Trustee Bertschy - Aye, Trustee Montez - Aye, and Executive Director Cahill - Abstain. (Results: 2 Ayes; 1 Abstain; 0 Nays)

5.D. 2025 Budget Calendar Review

Due to time constraints, this item was not discussed.

6. PENDING BUSINESS

6.A. Travel Policy

Due to time constraints, this item was not discussed.

7. OTHER BUSINESS

None noted at this time.

8. ACTION STEPS REVIEW

None noted at this time.

9. ADJOURNMENT

At 5:03 pm, Trustee Montez MOVED TO ADJOURN. Motion seconded by Executive Director Cahill and carried on a unanimous aye of those present.

Respectfully Submitted by Alicia Woodworth
Executive Assistant and Board Secretary

Over-Reserve Discussion





Review of Policy

- **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.



Review of Policy

- **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 balance, less non-spendable fund balance.



Review of Policy

	DECEMBER 2022	DECEMBER 2023
<u>ASSETS</u>		
Cash	\$ 39,439,276	\$ 38,538,837
Investments	1,561,000	7,330,000
Accounts Receivable	2,384,254	3,326,761
Accrued Interest Receivable	11,054	75,033
Prepaid Expenses	109,909	190,004
Due From Other Funds	300,000	250,000
Inventories	267,846	201,044
Total Assets	<u>\$ 44,073,339</u>	<u>\$ 49,911,679</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES:</u>		
Short Term Notes Payable	\$ -	\$ -
Accounts Payable	1,956,978	2,480,282
Deferred Revenue	546,373	623,637
Due to Other Funds	300,000	250,000
Total Liabilities	<u>\$ 2,803,351</u>	<u>\$ 3,353,919</u>



Review of Policy

FUND EQUITY:

Designated Fund Equity:

2022 FY Over Res. - GOP Capital Project	\$	-	\$	1,502,308
2022 FY Over Res. - GLC/Owen Capital Proj		-		470,405.00
2022 FY Over Res. - Enviro Sustain Proj		-		1,000,000.00
2022 FY Over Res. - Police Fund		-		500,000.00
Bielfeldt Park Reserve		29,747		29,747.00
Bike Path Memorial Reserve		9,181		-
Bonded Projects Reserve		5,696,375		6,142,979
Columbus Statue Maint Reserve		2,019		2,019
Debt Certificate Reserve		65,401		-
Debt Service Reserve		12,199		8,583
Explorer Scholarship Reserve		7,324		7,324
Forest Park Memorial Reserve		82,427		93,145
HISRA Memorial Reserve		6,694		6,995
HRA Reserve		3,564		266,682
Inventory Reserves		267,846		201,044
Land Acquisition Reserve		56,058		8,288
Legacy Reserve		1,185,391		1,241,847
LeTourneau Maint Reserve		500		500
Luthy Memorial Reserve		67,851		66,153
Morton Sq. Park Reserve		900		900
OPEB Reserve		6,803,706		6,525,185
Orchestra Reserve		30,386		28,673
Park Housing Reserve		201,863		210,441
Peoria Players Reserve		14,515		7,050
Roadway Improvement Reserve		30,660		30,660
Schmoeger Reserve		80,401		80,401
Senior Olympics Reserve		(17,202)		-
Zoo Memorial Reserve		1,790,300		1,075,079



Review of Policy

Undesignated Fund Equity:

Operating Funds

General Fund Building Repair & Improve.	12,382,912	13,097,961
Golf Fund	416,645	579,050
Museum Fund	867,697	1,207,673
Recreation Fund	3,565,164	4,527,452
RiverFront Events Fund	337,747	437,879
RiverPlex	217,584	647,164
Total Operating Funds	17,787,749	20,497,179

Non-Operating & Other Funds

Audit Fund	\$ 62,704	\$ 47,498
FICA	1,257,507	1,307,646
Liability Fund	842,338	841,288
Paving and Lighting	388,968	427,997
Police Fund	853,961	326,091
Retirement Fund	1,206,441	1,229,878
Workers Comp & Unemployment Fund	1,017,687	1,013,953
Working Cash	816,089	816,089
HISRA	608,438	543,733
Total Fund Equity	\$ 41,269,988	\$ 46,557,760



Review of Policy

- **Section 8.03 Goals for Reserve Balance by Type of Fund:** 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.



Review of Policy

Targets have been set by policy of the Board and are, by fund listed below, equal to at least:

- General Fund: 50% of current year annual budgeted expenditures;
- Recreation Fund, Golf Fund, RiverFront Fund, and RiverPlex Fund: 35% of current year annual budgeted expenditures; and



Review of Policy

- 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.
- Non-Operating Funds: Minimum reserve target of 25% of current year annual budgeted expenditures.



Review of Policy

Procedure 1: Calculate Reserve Balance Goal (Defined in Section 8.03)

Reserve Target Calculations:	Operating Funds						
	General	Recreation Type Funds				Museum	Police
		Recreation	Golf	RiverFront	RiverPlex		
2024 Operating Budget Expense Total	19,265,314	9,560,841	3,625,078	887,830	2,823,830	2,243,245	560,458
Less:							
Capital Projects Budgeted	(4,610,000)	-	-	-	-	-	-
Restricted, Committed &/or Assigned Budgeted Expenses	(67,700)	(124,530)	-	-	-	(20,000)	-
Debt Service Budgeted	-	-	-	-	-	-	-
Interfund Transfers Out Budgeted	-	-	-	-	-	-	-
	<u>14,587,614</u>	<u>9,436,311</u>	<u>3,625,078</u>	<u>887,830</u>	<u>2,823,830</u>	<u>2,223,245</u>	<u>560,458</u>
Reserve Target %	50%	35%	35%	35%	35%	35%	35%
Target Reserve Balance	7,293,807	3,302,709	1,268,778	310,741	988,341	778,136	196,161



Review of Policy

Procedure 2: Determine Fund's Unassigned Operating Fund Balance (Defined in Section 8.02 B)

Reserve Calculations:	Operating Funds						
	General	Recreation Type Funds				Museum	Police
		Recreation	Golf	RiverFront	RiverPlex		
Fund Balance Total (i.e. fund assets, minus fund liabilities)	22,455,463	5,716,963	607,688	437,879	647,164	1,372,234	833,415
Less Restricted, Committed, or Assigned Fund Balance	(9,276,116)	(1,103,752)	-	-	-	(159,298)	(507,324)
Unassigned Operating Fund Balance	13,179,347	4,613,211	607,688	437,879	647,164	1,212,936	326,091
Less:							
Non-Spendable Receivables	(1,339,522)	(803,665)	(921)	(314,538)	(595,422)	(250,366)	(2,371)
Non-Spendable Inventories	(81,384)	(85,759)	(28,638)	-	-	(5,263)	-
Non-Spendable Pre-Paid or Advances	(154,741)	(11,529)	(3,522)	(10,106)	-	(106)	-
Reserve Fund Balance	11,603,700	3,712,258	574,607	113,235	51,742	957,201	323,720
Over/(Under) Reserve Funded	4,309,893	409,549	(694,171)	(197,506)	(936,599)	179,065	127,559

Recreation Type Funds: (1,418,727)

General & Rec Types 2,891,166



Review of Policy

Using these requirements for calculation, at the close of fiscal year 2023, the net over-reserve held in the General and Recreation levies totals \$2,891,166.

Staff Recommendation





Golf Learning Center

Necessary funds should be allocated to the Golf Learning Center project as shared at the June 26 board meeting.

As a reminder, estimated expenses and the gap in funding are as follows:

Total Expenses: \$6,531,800

Total Resources Currently Allocated to Project:

DCEO 2023 and 2024:	\$5,000,000
Over-Reserves 2022:	600,000
Bond Contingency:	300,000
	<hr/>
	\$5,900,000
Current Gap in Funding/Requested Allocation:	631,800



Bradley Park Artwork

Use over-reserves as source of funding for Bradley Park artwork project.

Funds are needed to secure the artist (Preston Jackson estimate of \$100,000 needs to be voted upon) and to complete sitework, signage, and seating.

Total allocation: up to \$200,000



Retention of Remaining Reserves

Retain the rest of the over-reserve to support future State of Illinois funded projects to avoid inability to proceed due to inflation or change orders necessary to achieve the desired impact of the funded projects.

Other uses may include, but are not limited to addition of outdoor pickleball courts in the Northern District or retention of funds as insurance against negative impacts on District funding like a loss of grants or extreme weather.

Total funds available: up to \$2,100,000



State of Illinois Funds

Section 85: \$1,000,000.00 (operations, ICJIA)

Section 265: \$6,000,000.00

Section 435: \$81,315.00 (operations, DCEO, already expended)

Section 452: \$3,000,000.00

Section 2000: \$1,000,000.00 (connected to GLC project*)

Section 2290: \$4,000,000.00 (DCEO, Golf Learning Center)

As part of a July 19 call with Rep. Jehan Gordon-Booth and House/Senate budget staff, the \$6m in Section 264 was awarded in error.

Staff is working to request these funds using a different process with Rep. Gordon-Booth's direction.



Process

7/24: Staff requests consensus that commitment to Golf Learning Center (up to \$650,000) and Bradley Park Artwork (up to \$200,000) be given and that these two efforts be approved at the regular board meeting.

Remaining funds will stay in reserves until there is a need for their use as described in the prior slide or for another appropriate purpose.