

FINANCE COMMITTEE

Administration Building
1930 Prairie Street
Glenview, IL 60025
Regular Meeting Minutes
Monday, September 24, 2012

1. Roll Call

Commissioner Patton called the meeting to order at 8:30 a.m. and the roll was called.

Commissioners/Official Staff present: Commissioners Ted Przybylo, Bob Patton, Treasurer Bill Moore, Executive Director Chuck Balling, Supt. of Administrative Operations Barb Cremin, Manager of Business Services Nicole Hopkins and Ron Amen from Lauterbach and Amen LLP

Commissioners/Official Staff absent: Commissioner Dan Peterson,

2. Agenda Topics

a. Audit Review- Ron Lauterbach from Lauterbach and Amen LLP reviewed the audited financial statements and management letter for the period ending April 30, 2012 with the Finance Committee. The District was given an unqualified opinion. This means that the financial statements are presented fairly in all material respects. A material weakness is defined as a deficiency in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, detected, or corrected on a timely basis. The Management Letter recommended that the process for allocating comingled cash from our single bank account be reviewed. In previous years, an audit only adjustment was prepared by the auditors to eliminate the negative cash in any specific fund. Going forward, staff will prepare this adjustment along with the other entries currently being provided to the auditors for the year-end audited financial statements. The Management Letter also reviewed the status of last year's recommendations and reported that the GASB Statement No. 54, which sets standards for fund balance reporting and the definition of governmental funds types, was implemented as required for the financial statements ending April 30, 2012. Ron further explained the purpose of the SAS 114 letter that is an audit requirement requiring disclosure of any internal control deficiencies. Any time an adjustment entry is needed during the audit process, no matter how insignificant, is considered an internal control deficiency under Auditing Standards. He reported that more than 90% of his clients require some type of audit adjustment. He indicated that if the entries were significant, the issue would have been reported in the management letter. He did not feel that the Glenview Park District's adjustment entries were significant or represented a material weakness. He further commented that the District received the GFOA Certificate of Excellence in Financial Reporting for the fiscal year ending April 30, 2011 (the 4th year in a row) and that the application for the current year will be submitted after the Board accepts the audit at the September Board meeting.

Based on questions from the Committee, Ron further commented that during his audits he is seeing that all golf courses are struggling financially. Park Districts have different philosophies on whether to classify the Special Revenue facilities as enterprise funds or not. From an accounting perspective, there is no right or wrong

philosophy. He does not see any changes coming in the near future that would clarify the definition of enterprise funds so that the reporting would be handled more consistently by all park districts. In closing, Ron noted the district's net assets increased \$6,437,675 or 6.9% over the last year because bond payments are decreasing the outstanding debt and the district is using current resources for capital projects including the remodeling of the Administration Building, Willow Park Fieldhouse and the expansion of Park Center Health and Fitness.

- b. Project Funding** Results for the GN9 Clubhouse and Paddle Tennis Project discussed at the Special Meeting of the Park Board that met on September 18, 2012, additional funding needs to be allocated to this project from the Capital Development fund. Total project costs are \$2,602,749 of which it is proposed that funding of \$1,500,000 come from the bond proceeds and a total of \$1,162,749 from the Capital Development fund balance. The additional funding for this project along with the funds committed for the GPGC project and other purposes will result in bringing the unassigned Capital Development fund balance down to the \$1 million dollar minimum allowed under the Fund Balance policy.

Glenview Park Golf Club Project-The District received updated cost estimates on 8/21/2012 from the architect for the GPGC course improvement and storm water management project. The new project cost for design, construction and engineering has increased from \$3,500,000 to \$4,250,135. This is still a very preliminary estimate of the potential cost of this project and is based on the architect's estimates. At this point, the Glenview Park District has allocated \$2,500,000 from the Capital Development Fund balance for the golf course improvement part of this project. The Village of Glenview has conceptually agreed to fund the storm water component of the project however a formal agreement is not yet in place. At this point, we are estimating that the Village's contribution toward this project at approximately \$1,700,000.

- c. Preliminary Tax Levy-** The Finance Committee reviewed the proposed tax levy of \$15,955,609 that will fund operations for fiscal year 2013-2014. The preliminary levy will be read at the September Board meeting and the final levy will be presented for approval at the November Board meeting.

The Property Tax Extension Law Limit (PTELL) is 3% for this year's tax levy that funds the 2013-2014 fiscal year. The levy has been prepared to capture the 3% increase in the tax-capped funds as allowed by PTELL to help offset the impact of inflation. This increase is partially offset with a reduction of \$137,817 in the non-tax capped funds.

This proposed levy is an overall increase of \$452,087 over last year's tax extension. The \$452,087 includes \$222,190 of tax revenue from new growth that may or may not materialize, \$367,715 increase to reflect the CPI and a reduction of \$137,817 in the non-capped funds primarily due to lower bond payments. The overall increase, exclusive of the new growth, is \$ 229,898 over last year's extension that is **approximately a 1.4% increase**. The overall increase, including new growth, is 2.92%. Both of which are less than the CPI of 3%.

This year's levy was prepared to capture up to \$51,000,000 of new growth within the District. Although the new growth increases the amount of the tax levy over the prior year's tax extension, it does not impact the taxpayer at large but only those taxpayers

with property or improvements that are newly added to the tax rolls. The new growth is levied for greater than what we expect to receive to help assure that we capture all of the new growth EAV available to the District. This is done with the understanding that the levy will be reduced by the County Clerk's office to reflect the actual amount of new growth once it becomes known.

Other highlights include:

- The Corporate Fund includes the proposed tax revenue from new growth. In the event that the new growth does not materialize, the tax revenue for the Corporate Fund will be reduced. For example, for fiscal year 2012-2013, the amount of the PTELL reduction was more than anticipated and therefore Corporate will see approximately \$400,000 less revenue. A portion of this levy will be to offset the unexpected loss of tax revenue in 2012.
 - Recreation levy is increasing by \$108,261. Recreation has a multi-year plan for updating Park Center interiors using fund balance and potential for increased subsidy for outdoor pools' operations.
 - Museum will have a decrease of \$266,270 in their tax revenue to reflect the need for fewer capital projects and to start to bring the fund balance more in line with target.
 - Retirement fund will increase \$191,503 to cover the annual operating expenses without affecting the fund balance.
 - The Liability insurance levy is being reduced by \$112,819 to bring the fund balance more in line with the target. The levy had previously been anticipating higher unemployment costs than what were realized.
 - The Bond and Interest levy is being reduced over last year's tax extension by \$138,122 due to the recent bond refinancing to lower debt payments and other debt re-payment schedules. This reduction is a major factor in allowing the District to keep the overall levy below the CPI.
 - The Special Recreation levy is basically staying the same as last year's extension. This levy includes funding for the MAC contribution, the inclusion costs and approximately \$120,000 for ADA capital projects.
- d. Results of Bond Sale** The bond sale for the advance refinancing of a portion of the Series 2005 bond took place Wednesday, September 19th. Eight bids were received which ranged from 1.4998% to 1.8376%. The lowest bid was received by Raymond James & Associates from Memphis Tennessee. The District achieved a total debt service savings of \$1,567,029 from this refinancing over the next 12 years. This is a higher savings than the amount of \$1,114,575 initially projected in July 2013.
- e. Electricity Contract-** The District entered into a 2-year agreement with Direct Energy for electricity after receiving quotes from several major distributors including Exelon and Ameren. The companies were selected based on their competitiveness in the market, strongest financials, contract and payment terms and available billing options. Our current provider is Exelon with a rate of .05901 per kWh and Direct Energy has quoted a rate of .04898. This will result in an annual savings of \$78,148 over current distribution costs.
- f. Monthly Financial Statements-** Nicole Hopkins provided an overview of the monthly financial statements.
- g. Other** – Superintendent Cremin indicated that over the course of the next year the staff and committee would revisit the philosophies used for allocating available resources to each of the various funds as well as the Categories of Park Services.

3. Matters from the Public

None

4. Committee Recommendation(s)/Direction

- The Committee is recommending that the Board accept the 2011-2012 Glenview Park District Comprehensive Annual Financial Report for the year ended April 30, 2012
- The Committee is recommending that the Board assign a total of \$1,162,749 from the Capital Development fund balance for the GN9 project and \$2,500,000 from the Capital Development fund balance for the GPGC project.
- The Committee is recommending that the Board approves the reading of the preliminary estimated tax levy of \$15,955,609 at the September 28, 2012 Board meeting.

5. Adjourn

The meeting was adjourned at 9:38 a.m.

ATTEST:

Robert J. Patton
Board President

Charles T. Balling
Board Secretary

Approved this 23rd day of August 2012