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FINANCE COMMITTEE

Glenview Park District – Administration Building
1930 Prairie Street, Glenview, IL 60025
Regular Meeting Minutes
Thursday, October 3, 2019 @ 8:30 a.m.

1. Roll Call

Committee Chair Dan Peterson called the meeting to order at 8:30 am and the roll was called.

Commissioners present: Committee Chair: Dan Peterson; Committee Members: Bill Casey and Joe Sullivan; Commissioners Jen Roberts, Dave Tosh, Dave Dillon

Official Staff present: Executive Director Mike McCarty, Deputy Executive Director Katie Skibbe, Treasurer Bill Moore, Finance Director Erin Ryan, Recording Secretary Amy Wille

Guests: Jamie Wilke of Lauterbach & Amen

Late Arrivals, Early Departure: None

Commissioners/Official Staff absent: None

2. AGENDA TOPICS

a. 2018/2019 Comprehensive Annual Financial Report

Finance Director Erin Ryan introduced Jamie Wilke from Lauterbach & Amen to provide an overview of the 2018/2019 Comprehensive Annual Financial Report. Wilke commended District staff involved in the audit process. She highlighted the Certificate of Achievement for Excellence in Financial Reporting that was granted to the District for last year's report, which signifies the highest level of reporting for any government entity.

Wilke presented the results of the 2018/2019 Comprehensive Annual Financial Report and reviewed highlights of the financial statements and the management letter. The District was given an unmodified opinion by the auditors, the highest level of opinion available. No significant deficiencies were noted in the management letter. It was stated that the basic financial statements are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the Glenview Park District.

Wilke highlighted the increase in the District's net position of \$3,910,994 during the fiscal year ending April 30, 2019.

President Jen Roberts inquired about a section labelled "other debt" in the amount of \$8,015,331, including compensated absences, pension, and other post-employment benefits. Wilke explained that this debt includes pension obligations for the Illinois Municipal Retirement Fund (IMRF), which had a low investment return year, and includes the change to post-employment benefits. The District was required this year to quantify the future cost of retiree healthcare to comply with GASB 74 and GASB 75. An additional \$372,000 of liability was accrued to compensate for the healthcare costs.

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Commissioner Joe Sullivan asked if the Glenview Ice Center renovation project was included in this report. Deputy Executive Director Katie Skibbe responded that the Glenview Ice Center is reporting operations only and no renovation costs were incurred during the 2018/2019 fiscal year.

Wilke went over the statement of revenues, expenditures, and changes in fund balances. Commissioners and staff discussed the reporting for the Special Revenue Funds, including cash balances, interfund loans, and interest expenses. Staff and commissioners also discussed the reporting process for the referendum funds and how it affects the reporting for facility funds.

Wilke highlighted the statistical section which includes a report showing the last ten fiscal years including total equity for governmental and enterprise funds, which has steadily increased over the years due to investment in capital assets. Commissioner Dan Peterson asked if depreciation is taken into account. Wilke confirmed that it is.

For the Illinois Municipal Retirement Fund (IMRF) Fund, Jamie Wilke explained the changes in the Net Pension Liability (NPL) due to a change in the assumed rate of return and low investment returns (specifically in December 2018). She reported the District's NPL balance at \$7,543,655 as of December 31, 2018. Finance Director Erin Ryan reiterated that this balance is included in the other debt category. The commissioners discussed the District's percentage of the total pension liability in relation to past and future investment returns.

The committee recommended the 2018/2019 Comprehensive Annual Financial Report to move to the full Board for approval on the consent agenda.

b. Continued Discussion on Special Revenue Facilities

Jamie Wilke gave an overview of the park district trend to migrate enterprise funds to special revenue funds, which increases during times of recession. The change occurs because true enterprise funds cover all costs including depreciation and interest expenses. Following the national trend, Wilke explained how Glenview Park Golf Club (GPGC) and Glenview Prairie Club (GPC) have reported negative fund balances, largely due to their inability to cover depreciation expenses for several years. Historically, these fund balances have been made positive through interfund loans.

Wilke explained that one primary difference between enterprise funds and special revenue funds is that enterprise funds include anything long-term in nature, including long-term debt and capital assets. She used the audit to show the differences and how the four enterprise funds: Glenview Park Golf Course (GPGC), Glenview Prairie Club (GPC), Glenview Tennis Club (Tennis), and Glenview Community Ice Center (Ice) would look as special revenue funds.

Commissioner Dave Dillon asked about the depreciable amounts currently reported in the enterprise funds. Deputy Executive Director Katie Skibbe explained that the current depreciable amount for GPGC is high due to the renovation of the clubhouse and course drainage improvements. She also reported that GIC will have a higher depreciation expenses following the renovation. Staff and commissioners discussed how depreciation would be reported as special revenue funds and how it is currently reported as enterprise funds.

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Treasurer Bill Moore asked how many park districts have changed their enterprise funds to special revenue. Wilke responded that Glenview Park District is one of only a few park districts left that have not gone through the transition.

If Glenview Park District transitions to special revenue funds, Wilke explained the need to repay or forgive the interfund loans that were intended to be short term loans. Wilke added that little change should occur from a budgetary standpoint and the transition should be primarily for external reporting purposes.

Commissioners and staff discussed transparency through reporting methods and the timeframe for transitioning to special revenue funds. Commissioner Dan Peterson preferred to transition after the referendum projects are completed. The committee also discussed the national downward trend in golf revenue and the options that other park districts near Glenview are implementing in order to restore negative cash balances.

c. Limited Bonds Decision

Deputy Executive Director Katie Skibbe requested consideration from the Board to decide on purchasing the limited park bonds through self-purchase or direct placement. This decision drives the timeline moving forward. Skibbe provided the costs involved with both sale options as well as the history of other park districts working with Piper Jaffray to self-purchase bonds. She noted the savings involved with self-purchase, including \$6,400 savings in the cost of issuance in addition to the \$52,920 in interest savings based on the current market. Skibbe also stated that the District has issued Limited Park Bonds through the direct placement method in the past. In 2017, Glenview State Bank purchased the District's bonds.

Commissioner Dan Peterson stated that the interest savings in self-purchase should also consider the interest lost from not investing the interest paid through the direct placement method. He focused on the cost of issuance savings through self-purchase as the primary difference between the two sale options.

President Jen Roberts asked about other park districts that have considered the self-purchase option. Wilke gave an overview of her experience with park districts through Lauterbach & Amen and explained that it is a balance sheet transaction moving from cash to investment.

Commissioners discussed the optics of the self-purchase sale option and how these bonds affect the tax levy. President Jen Roberts asked if the District can borrow the money through Capital Replacement Fund or third-party without levying the tax to pay the loan back. Skibbe responded that it is an option, but the District would lose the tax funds from that year. Wilke added that there is a compound effect from not levying one year. Commissioners and staff discussed the funds available in the Capital Replacement Fund for self-purchase and how self-purchase will affect future tax levies.

After the discussion, the committee was unable to come to a consensus. Executive Director McCarty recommended staff place this item on the board agenda under the committee section and seek a board recommendation on whether to move forward with a direct placement or self-purchase.

3. Other

None

4. Matters from the Public

None

5. Adjourn

Commissioner Jen Roberts moved seconded by Commissioner Dan Peterson to adjourn the Open Session at 9:50 am. On Voice Vote: All present voted aye, motion carried.

ATTEST:

Jennifer G. Roberts
Board President

Michael D. McCarty
Board Secretary

Approved this 21st day of November 2019.