

**PARK DISTRICT OF HIGHLAND PARK
BOARD OF PARK COMMISSIONERS
MINUTES OF WORKSHOP MEETING
JUNE 15, 2022**

The meeting was called to order at 6:14 p.m. by President Grossberg.

ROLL CALL

Present: Commissioner Bernstein, Commissioner Kaplan, Commissioner Ruttenberg, Vice President Freeman, President Grossberg

Absent: None

Staff Present: Executive Director Romes; Director Voss; Director Peters; Director Gogola; Director Carr; Assistant Director Maliszewski; Assistant Director Murrin; Manager Schwartz; Manager Sassorossi; Coordinator Hejnowski

Guest Speakers: Dan Berg, Sikich LLP, Martha Trotter, Sikich LLP

ADDITIONS TO THE AGENDA

None.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

None.

PRESENTATION AND APPROVAL OF THE 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Director Peters reported that on May 26, 2022, Dan Berg, and Martha Trotter, from the accounting firm Sikich LLP, presented to the Finance Committee, a draft version of the Park District of Highland Park's audited financial statements for 2021. Sikich LLP issued an unqualified or clean opinion for the report.

In accordance with state statute, the Annual Comprehensive Financial Report must be approved by the Park Board of Commissioners and filed with Lake County by June 30, 2022. The 2021 Annual Financial Report will be filed with the State of Illinois Comptroller's office.

Ms. Trotter and Mr. Berg presented a draft of the Park District's Annual Comprehensive Report.

Certificate of Achievement for Excellence in Financial Reporting for 2020

The District continues to present a report that meets the Government Finance Officers Association (GFOA) standards and as a result, has been awarded the Certificate of Achievement for Excellence in Financial Reporting. Sikich anticipates the District will continue to trend in that direction based on the report that has been prepared this year and will be issued in June.

Independent Auditors Report

Sikich LLP provided an unqualified opinion, which is considered to be a clean opinion, which is the highest level of assurance they can provide on the financial statements.

Management's Discussion and Analysis

This is prepared by Park District staff which provides a great deal of context for the financial highlights. The Park District's net position has increased by \$7.1 million, which is approximately 98% greater than the prior year, as a result of operations. During the year, government-wide revenues for the primary government totaled \$24,349,915 while expenses totaled \$17,225,134, resulting in an increase to the net position of \$7,124,781. The Park District's net position totaled \$66,712,259 on December 31, 2021, which includes \$37,566,498 net investment in capital assets, \$316,363 subject to external restrictions, and \$28,829,398 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors. The General Fund reported excess revenue for the year of \$1,897,183 exclusive of net transfers out of \$622,515. The net change in fund balance of \$1,274,668 brings the fund balance in the General Fund to \$5,337,002, resulting in an increase of 31.4%.

Statement of Net Position

This provides the basic financial statements presented on a full accrual basis of accounting, which includes the District's long-term assets and long-term liability balances. Assets include the net pension. Long-term liabilities include bond debt and other liabilities. The Park District's net position is \$66.7 million, which is an increase of \$7.1 million from the prior year. \$37 million of the net position is tied to capital assets, \$28.8 million is unrestricted and can be used to fund future year fiscal obligations, \$43,220 is restricted for the debt service, and \$273,143 is restricted for Special Recreation.

Balance Sheet

This is presented on a modified accrual basis of accounting, excluding long-term items. The General Fund has \$5.3 million, of which \$13,185 is non-spendable for pre-paid items, \$1.7 million is assigned for subsequent years' budget to supplement the budget deficit, and the remaining \$3.5 million is unassigned. The District has \$1.8 million of excess of revenues over expenditures, allowing the General Fund to transfer \$622,515 to the debt service fund to supplement debt payments, resulting in a net increase of \$1.2 million for the fiscal year. Conversely, the Recreation Fund had an excess of revenues over expenditures of \$4.4 million, so \$2 million was transferred to capital projects and just under \$1 to debt service. \$6.5 million was left in the Recreation Fund after transfers.

Required Supplementary Information

Budgeted vs. actual performance are detailed in this section. The District's revenues were greater than budget by \$656,497 and expenditures were below projected by \$1.9 million. Additionally, IMRF performance is detailed in this section over the last 7 years. The District's contribution rate is very low at 3.36%. The rate remains low due to the District's excess contributions over the actuary contribution amount. The District has also been able to report a net pension asset of \$15.2 million and a 131% funding level for IMRF.

Statistical

Outlines 10years of historical data including tax collections and levies.

Board Communication

There are no material weaknesses or significant deficiencies based on testing. This is a required communication to those charged with governance. No difficulties were encountered, conversely, there were no adjustments recommended by the auditors. The numbers received for the audit were not adjusted. As a result, the monthly financials provided by staff are accurate.

Consolidated Year-End Financial Report

Required filing with Illinois data, this includes a summary of the District's expenditures of grant awarded funds. The District expended \$331,769 from federal grants and \$137,680 from state grants.

A motion was made by Commissioner Ruttenberg and seconded by Vice President Freeman to approve the 2021 Annual Comprehensive Financial Report of the Park District of Highland Park.

Commissioner Bernstein would like to know why the net position drastically increased in 2021 when compared to the past 10 years.

Ms. Trotter reported that the District's actual revenues far exceeded budgeted expectations, staff budgeted conservatively, the district refunded prior debt with a new debt issuance, and there were adjustments to OPEB and IMRF.

Commissioner Bernstein would like to know if staff anticipates the net position to increase annually or if this was an anomaly.

Director Peters reported that the budget to actual is much closer this year. She is not anticipating a significant increase in the net position come year end.

Commissioner Bernstein requested a presentation on inflation, increased interest rates, and how a recession could impact the District at the next Finance Committee Meeting.

Commissioner Bernstein would like to know if Sikich came across any surprises during the audit.

Ms. Trotter reported that there were no surprises, and she commended staff for their ability to control expenditures during the pandemic permitting a surplus.

Commissioner Bernstein would like to know if there are areas that need to be focused on over the next five years.

Ms. Trotter commended staff on their ability to budget conservatively, she does not recommend staff need to focus on particular areas within the budget.

President Grossberg would like to know who determines the IMRF actuary.

Mr. Berg reported that IMRF determines the actuary.

Roll Call:

Aye: Commissioner Bernstein, Commissioner Kaplan, Commissioner Ruttenberg, Vice President Freeman, President Grossberg

Nay: None

Absent: None

Abstain: None

Motion Carried

SUNSET WOODS PARK PLAYGROUND RENOVATION PROJECT UPDATE

Manager Schwartz provided that the seating area and the concrete walks are nearly complete, the 2-5yr play area equipment is installed, and the 5-12yr play area equipment is nearly installed. Crews are preparing for the installation of the pour in place to begin next week and the entry landscaping and site amenity installation will continue through the end of the month. While the project experienced a variety of setbacks due to poor weather conditions, equipment supply challenges, and quality control challenges including a union strike delaying pour and place, staff are anticipating substantial completion by the end of the month. Staff have been sharing project updates and challenges with the community.

Commissioner Ruttenberg would like to know if staff are anticipating additional costs.

Manager Schwartz reported that staff are not anticipating additional costs.

Commissioner Bernstein requested that signage be placed at the site explaining the delay, since the project is a month behind schedule.

Manager Schwartz reported that weekly updates are shared with the community and staff will post signage at the site.

CENTENNIAL ICE ARENA RENOVATION UPDATES

Manager Schwartz reported that the District received three bids on June 10. Those documents are currently being reviewed and references are being contacted. Financials will be reviewed at the June Finance Committee Meeting. Staff will also provide a recommendation.

Assistant Director Maliszewski provided a brief update regarding the Districts gymnastics program moving to Lincoln School. Prior to Lincoln School being the new home for the District's gymnastics program, the gymnasium was a storage area for NSSD112. He is pleased to report that the move is complete, and this was the first week of classes. He shared images of the gymnasium with all the gymnastics equipment.

Commissioner Bernstein would like to know the length of the contract between the Park District and NSSD112 for the use of the gymnasium.

Assistant Director Maliszewski reported that there is no end date, so the District can utilize the gymnasium at Lincoln School as long as needed.

Executive Director Romes thanked NSSD112 for their generosity and allowing the Park District to use this space.

APPROVAL OF RESOLUTION 2022-05: AUTHORIZING THE PURCHASE OF NATURAL GAS FOR PARK DISTRICT FACILITIES AND METERS AND AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE A CONTRACT WITH THE LOWEST COST NATURAL GAS PROVIDER FOR A PERIOD UP TO 36 MONTHS

Director Peters reported that the natural gas at all Park District facilities and additional natural gas meters is currently brokered via AUS (Alternative Utility Service), except for the shared meter at HPCC. Besides our District, they have also provided adopted natural gas bids for Wheeling, Palatine, Arlington Heights, and Northbrook Park Districts. Additionally, the Villages of Wheeling and Rosemont (including the Allstate Arena) have been served by AUS, as well as many commercial clients.

Northern Illinois Municipal Electric Collaborative (NIMEC) currently provides service for all-electric meters except for Deer Creek Racquet Club (DCRC) and four small load meters in the District. DCRC has a separate electric contract that is tied to the solar provider there. The last bidding process had no bids offered for the four smallest meters in the District and are billed by ComEd. NIMEC is the largest governmental collaborative in Northern Illinois which aggregates the energy needs of 170 government members, with annual billings of \$25 million, thus allowing them to secure more competitive electric pricing. NIMEC is expanding into providing natural gas and will also bid out our natural gas. As all District natural gas contracts are expiring in June, they will all be bid simultaneously on June 20, 2022.

Bidding natural gas for the District takes place over a few hours. Therefore, approval to participate in the bidding process must take place prior to knowing the awarded supplier and associated rates. The amount of compensation that NIMEC receives is included in the natural gas rates from the supplier (roughly 2% of the natural gas supply), so there will be no direct payment made to the broker by the Park District. AUS gets paid by the winning vendor, so the District is not responsible for any commissions.

A motion was made by Commissioner Ruttenberg and seconded by Commissioner Kaplan to approve Resolution 2022-05: authorizing the Executive Director to purchase natural gas for the District from Northern Illinois Municipal Electric Collaborative or Alternative Utility Service for a period of up to 36 months.

Roll Call:

Aye: Commissioner Bernstein, Commissioner Kaplan, Commissioner Ruttenberg, Vice President Freeman, President Grossberg

Nay: None

Absent: None

Abstain: None

Motion Carried

REVIEW OF VOUCHERS

Director Peters reported that there was \$1.4 million of vouchers. The two remarkable items were the payments to amalgamated bank and PDRMA for health insurance.

MORaine BEACH FENCE IMPROVEMENT PROJECT UPDATE

Manager Schwartz reported that Moraine Park and Beach is the Park District's northernmost park property with access to the beach along Lake Michigan. Currently, the beach access path is closed due to bluff erosion and damages to the pathway.

Separate from the path restoration project, staff have explored fence improvements at the access point to the beach, and along the lakefront. Consistent with the Lakefront Master Plan update, staff have explored strategies to ensure the beach can be used as an off-leash dog beach, as well as patrons without dogs. Staff assessed the feasibility of numerous fence options, taking into consideration the different users, as well as the challenging conditions along Lake Michigan with strong storms, high waves and changing lake levels. The following options were presented at the April Lakefront, Parks, and Natural Areas Board Committee Meeting:

Split Beach Option

This option has a clear separation between the dog beach and the people beach. The section designated to people is directly off the path, where as dog access to the north is limited. In this option the dog beach is reduced, and the fence does not provide a full enclosure to separate users.

Activate the South Cove Option

This option was considered during the Lakefront Master Plan. A fence would be installed along the western side of the beach designating the southern cove as the dog beach. Unfortunately, the fixed fence on the west side of the beach is not sustainable, maintaining an access path between the coves will be challenging and may not be possible depending on beach conditions, and lastly, this option requires barriers preventing dog access to the north.

Beach For All Option

This option reframes how the beach operates while allowing dogs to be off leash on the property. Fencing is limited since the entire beach is open to dogs and people, it is a shared beach, no separation between users.

Staff budgeted \$20,00 for this project. If an option is approved, construction will begin this fall.

Vice President Freeman is in favor of a beach for all option, where it is a shared beach between people and dogs.

Commissioner Kaplan is in favor of the split beach option indicating that not everyone loves dogs.

Commissioner Bernstein would like the District's legal counsel to review the options to confirm none of them violate the public trust doctrine. Furthermore, since the beach has not been used for several years, he is not sure why a solution is being proposed, however if he had to select one of the options, he prefers a beach for all options.

President Ruttenberg is in favor of the beach for all option.

OTHER BUSINESS

Executive Director Romes reported that Fourth Fest and the Parade are happening this year. Further details will be provided at the June 29 Regular Board Meeting.

Commissioner Bernstein commended staff for the VIP and Public Grand Openings of the Preserve of Highland Park. He appreciates all their challenging work.

Vice President Freeman and President Grossberg echoed Commissioner Bernstein's sentiment.

OPEN TO PUBLIC TO ADDRESS BOARD

None.

ADJOURNMENT

A motion was made by Commissioner Bernstein and seconded by Commissioner Kaplan and approved by a unanimous vote. The Board Meeting adjourned at 7:27pm.

Respectfully submitted,

Roxanne Hejnowski

Roxanne Hejnowski, Assistant Secretary