



1685 West Higgins Road, Hoffman Estates, Illinois 60169
heparks.org t (847) 885-7500 f (847) 885-7523



**MINUTES
ADMINISTRATION & FINANCE COMMITTEE
May 24, 2022**

1. Roll Call:

A regular meeting of the Hoffman Estates Park District Administration and Finance Committee was held on May 24, 2022 at 7:11 p.m. at the Triphahn Center in Hoffman Estates, IL.

Present: Chairman Friedman, Commissioner Dressler (7:19), Comm Reps Kulkarni, Musial (phone), Utas, and Wilson

Absent: Comm Rep Winner

Also Present: Executive Director Talsma, Director of Administration and Finance Hopkins, Director of Administrative Services Cahill, Director of Parks, Planning and Maintenance Hugen, Director of Recreation Kapusinski, Director of Golf & Facilities Bechtold, Executive Assistant Flynn

Audience: Commissioners Evans, Kaplan, and McGinn; Lynne Cotshott, Don Shaw and Bath Penducci

2. Approval of Agenda:

Comm Rep Wilson made a motion, seconded by Community Rep Utas to approve the agenda as presented. The motion carried by voice vote.

3. Approval of the Minutes:

Comm Rep Musial asked to have the Q&A from the packet distribution added to the Minutes from the April 26, 2022 meeting.

Comm Rep Utas made a motion, seconded by Comm Rep Wilson to approve the minutes of the April 26, 2022 meeting as amended. The motion carried by voice vote.

4. Comments from the Audience:

None

5. Old Business:

None

6. New Business:

A. 2021 Final Draft Audit / M22-049

Director Hopkins introduced Don Shaw and Bath Penducci from Lauterbach & Amen, LLP, the firm that completed our 2021 audit.

Don Shaw thanked Director Hopkins and Lynne Cotshott for their help with the audit. He then highlighted the following items in the Comprehensive Financial Report:

- The GFOA certificate of achievement was received for 2020, and we will apply for the 2021 year as well.
- The independent audit report states that the District received an unqualified opinion which is the highest opinion we can receive, as the firm found no issues with the internal controls or numbers as presented.
- The management discussion and analysis presents a narrative form of the year's performance.
- Individual financial statements were presented.
- The ending fund balance for 2021 was \$13.5 million, with 28% in the general fund.
- The income statement shows the District performed better than expected, as our expenditures were lower than planned.
- The budgetary information outlines how specific funds performed based on the budget. The net change in the fund balance was better than anticipated.
- There are no current year recommendations. The prior year recommendation of changing how leases are reported will be implemented next year.
- Two funds are over budget in expenses due to an increase in related revenue in the Recreation fund.

Comm Rep Musial asked Mr. Shaw to explain the restatement to the beginning fund balance. Mr. Shaw explained that last year we had an OSLAD grant, and while it was completed last year, it was unknown whether the funds would be received within the year. Executive Director Talsma added that the State of Illinois does not acknowledge the expenditure of the funds until they are actually paid. Comm Rep Musial confirm that this means we took \$400,000 and put it back to last year. Mr. Shaw added that there is a footnote disclosure on page 57 of the audit regarding the restatement. Executive Director Talsma said that Director Hopkins can insert a small paragraph into the Management Discussion & Analysis. (Upon further review, a comment was already included regarding the

restatement of the fund balance in the Management Discussion & Analysis, page 21.)

Comm Rep Musial asked about Note 4, and if the financial impact of COVID-19 will ever go away. Mr. Shaw said it is still carrying over at this time, but will hopefully go away.

Comm Rep Musial asked about the lease commitments. Director Bechtold explained that the Board approved the golf cart GPS unit lease in April, but it is not yet signed, as the lease will not begin until we receive the units.

Community Rep Utas made a motion, seconded by Community Rep Wilson to recommend to the full Board to accept the Final Draft Audit as amended from Comm Rep Musial's questions. The motion carried by voice vote.

B. Comcast Contract / M22-050

Executive Director Talsma noted that this contract outlines changes in our service, and includes a negotiated extension at fixed pricing. This is a new 3-year agreement (there were 2 years left on old agreement, so one year was added).

Director Hopkins said that the E-Sports facility did not need a dedicated fiber connection as originally thought, and Vogelei is unchanged; the service they had was sufficient. Other facilities were upgraded. The public internet remains consistent.

Commissioner Evans asked how our rate compared to other park districts. Executive Director Talsma thinks we have a much better contract than neighboring districts. We were able to get installation costs waived, which involve high construction costs, and we negotiated fiber to all facilities.

Comm Rep Utas asked why there is so much service going to the maintenance facility. Director Hopkins explained that they are the backup facility.

Comm Rep Utas asked if NWSRA at the Vogelei House will use our internet. John Agudelo explained that NWSRA is currently negotiating with Comcast to get their own line. There is currently no line going into the house. This is a different address than the barn.

Comm Rep Kulkarni asked why the service at Vogelei and Prairie Stone were lower than the service at Triphahn Center. John Agudelo explained that Triphahn Center needs 200mbps because all other facilities come back to the Triphahn Center for their service. The larger pipelines are going to the hub buildings (Triphahn Center and Maintenance Facility).

Commissioner Dressler made a motion, seconded by Comm Rep Wilson to recommend to the full Board the approval of the Comcast Contract. The motion carried by voice vote.

C. Balanced Scorecard / M22-048

Director Hopkins noted the following:

- In a reverse from last year, the figure skating is transitioning back to group lessons, so you will see a decrease in the number of programs, but the number of participants is consistent.
- Visits to The Club are up from last year.
- Investment income has been challenging. Staff has found an investment vehicle to get us a better ROI, through the Illinois Park District Liquid Asset Fund, without locking into current low rates long term.
- Facility rentals should trend upward as hockey tournaments and travel leagues have returned.

Community Rep Wilson made a motion, seconded by Community Rep Kulkarni to recommend to the full board the approval of the Balanced Scorecard. The motion carried by voice vote.

D. Administrative Services Report / M22-051:

Director Cahill highlighted the following:

- In order to comply with DCFS, we had those staff working in a facility with children's programming complete the Mandated Reporter Training. This is required every three years.
- Staff researched applicant tracking software systems and selected BreezyHR. This will begin in 2023, as we had paid for the current system through the end of 2022.
- The Safety Committee met on April 20, and will meet quarterly.

Commissioner McGinn asked who provides the mandated reporter training. Director Cahill explained this is free online training provided by the Illinois Department of Children and Family Services (DCFS).

Community Rep Wilson made a motion, seconded by Comm Rep Kulkarni to forward the Administrative Services Board Report to the full board. The motion carried by voice vote.

E. Administration and Finance Report / M22-044

Director Hopkins highlighted the following:

- As a result of having a difficult time hiring and maintaining staff, we are conducting a salary and inflation analysis. We need to find ways to control

the loss of employees, those that we are trying to hire as well as current employees.

Commissioner Friedman asked if the part-time summer jobs were filled. Director Hopkins responded that we are doing well with the part-time staff, but struggling with the full-time positions. For example, we have made offers but then the candidate got more money from current employer or have found other roles paying more. We have also had to counter with a couple of current employees who were going to leave. Director Cahill added that we have hired 71 lifeguards, and most will pass the training; we are still looking for one more camp counselor.

Comm Rep Utas asked if Seascope is ready to open. Director Huguen responded that we should be good to open on time.

Comm Rep Utas made a motion, seconded by Commissioner Dressler to forward to the full board the Administration & Finance Board Report. The motion carried by voice vote.

F. Open and Paid Invoice Register: \$980,233.43:

Community Rep Wilson made a motion, seconded by Comm Rep Kulkarni to recommend to send the Open and Paid Invoice Register in the amount of \$684,822.04 to the full board for approval. The motion carried by voice vote.

D. Revenue and Expenditure Report and District-Wide Operations Statement:

Director Hopkins reviewed the highlights of the Revenue and Expenditure Report:

- While we are 33% through the year, we have collected about 58% of property taxes for the year. A new law allows us to recapture disputes from previous years, which will bring in an additional \$137,000 in tax revenue this year.
- Admissions are low, but Seascope will open soon and this number will increase. Equipment rental mostly comes from the golf course, as well as sales, and these numbers should increase during the summer as well.
- Most special events will take place later in the year.
- Full-time salary/wages are \$118,000 under budget due to vacant positions.
- Part-time salary/wages will pick up in the summer with seasonal staff.

Executive Director Talsma added that our revenue is \$500,000 higher than it was last year at this time.

Comm Rep Kulkarni asked about admissions and why they are lower than budget. Director Hopkins explained that admissions mostly come from Seascope, so that number will increase over the summer months.

Comm Rep Utas made a motion, seconded by Comm Rep Wilson to recommend the Board approve the Revenue and Expenditure Report and the District-Wide Operations Statement as presented. The motion carried by voice vote.

7. Committee Member Comments:

Community Rep Musial said staff did a great job putting the audit together.

Commissioner Dressler apologized for arriving late.

Community Rep Utas congratulated staff on another successful audit, and thanked them for their hard work. He will be transitioning to the B&G committee starting in June.

8. Adjournment:

Comm Rep Utas made a motion, seconded by Comm Rep Wilson to adjourn the meeting at 7:56 p.m. The motion carried by voice vote.

Respectfully submitted,

Craig Talsma
Secretary

Cindy Flynn
Executive Assistant

The following questions regarding information in the May A&F packet were submitted and answered via email prior to the meeting:

Audit – (If these are better answered by auditor rep in attendance at meeting I can ask them then)

1. First letter in packet:

a. corrected and Uncorrected misstatements section -

- Were there any known or likely misstatements identified? If not, this should be stated. If there were then they should be attached to letter or included here.

[This is standard language for the SAS \(Statement of Auditing Standards\) 114 letter required by the AICPA \(American Institute of CPAs\).](#)

- What were the material misstatements detected by audit procedures that were corrected by management? If none, then this statement should be deleted or indication made that there were none.

There were two auditor proposed journal entries. For the 2020 audit, GASB Statement 33 required that grant revenue not be recognized until available resulting in our OSLAD grant revenue for Southridge to be unrecognized. Due to this, the District did not record the revenue receivable for the Birch Park OSLAD grant for 2021. There has been much deliberation on this topic and as a result, recognition requirements changed. There was a prior period adjustment to recognize the revenue from last year and a current year adjustment to record the revenue for 2021.

- b. Management representations section-
- Can we see a copy of the management rep letter?

Attached.

2. Management Letter (2nd letter in packet) –
- Recommendation #2 - Funds Over Budget – This is under heading Prior Recommendations but what is listed here is in Note 2 to the financial statements in the Budgetary information section so isn't this a current year recommendation?

This is a repeat comment that is required in order for us to receive the Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association requires a management explanation for any overages from budgeted expenses even if it is associated with additional revenue earned.

3. Letter to Board of Commissioners and residents –
- pg 6, 2nd paragraph – “The working budget is reviewed by the Director of Finance and Administration.” To avoid confusion, this should be Director of Finance since we also have a Director of Administrative Services. Director of Finance is what we have used thus far in report as well so would be consistent with remainder of report.

We will have this changed.

- Pg 7 second paragraph – The second sentence says the EAV dropped since 2009 losing more than a third of its value and then has in parenthesis (2009 - \$1,907,073,711 and 2015 – 1,643,399,445). That is only a 14% drop. What am I missing? Also, same paragraph last sentence – CAMP – what is that an acronym for?

The number for 2015 should be 1,221,136,659, the 1,643,399,445 is the Total EAV. This was a late change and was only supposed to be a change to the wording from EAV to EAV for General District Taxation (EAV reduced by Homeowners Exemptions and Tax Increment Districts). We verified the wording was changed but did not verify that the numbers had not.

CAMP – Capital Asset Master Plan.

- Pg 9 – last paragraph – CIRP – what is that an acronym for?

Capital Improvement/Replacement Projects

- Pg12 – awards and Acknowledgements – do we want to add the Gold Medal finalist for 2022?

As this is the 2021 Financial Report, we were not planning on adding until next year.

4. Basic Financial statements – Statements of Revenues, Expenditures and Changes in Fund Balances- page 40 (pdf p. 61) shows total net change in fund balance of \$25,234. How do we get from the \$571,679 net revenues over expenditures in the annual statements we reviewed at our January meeting to the \$25,234? Also in the supplemental schedules comparing budget to actual the budget amounts are different from those we reviewed at our January meeting. Is what we review each month an apples to apples comparison to the audited information? Should it be?

Series 2020A has maturity dates of 2025, 2030, 2035 and 2040. However, there is a sinking fund redemption that should take place annually. The payment was included in the budget and was reserved for the future maturity after discussing with the Depository Trust Company (DTC). Upon further review, a partial early redemption should have been communicated to DTC. A liability and expense of \$555,000 were recorded in 2021 and paid in 2022 after the statements were produced in January.

There was \$54,060 (fourth column of the Revenue and Expenditure Report for 12/31) in expenses encumbered at year end for outstanding Purchase Orders.

The change in guidance for GASB 33 (mentioned above), allowed us to record the \$112,500 revenue receivable for the Birch OSLAD Grant that previously was not able to be recorded until received.

5. Notes to Financial Statements –

- Note 1 – Budgetary Information – First sentence used Director of administration and Finance and this should be Director of Finance to avoid confusion and be consistent with remainder of report as indicated above.

We will have this changed.

- Note 4 – Financial Impact from COVID 19 – It says it cannot be determined. Will it ever be determined or will this note be repeated forever?

Depending on the regulatory reaction to the current surge in cases, we should have an idea soon of the continued direct impact to operations from the pandemic. If no mandates are put in place, that will be a good indication that we will be able to continue our operations normally in the future. As far as the repercussions like supply chain issues, inflation and staffing, I also think the ongoing strategies that we are currently putting in place will enable the District to mitigate the impact.

- Note 4 – Lease Commitments – Based on info in this note we no longer have any lease commitments?

New lease was approved at the April Board Meeting.