

Cary Park District
Board of Commissioners
Administration, Finance & Personnel Committee Meeting
February 8, 2018
6:30 PM
Community Center
255 Briargate Road
Cary, IL

Minutes

Committee Members Present: Frangiamore, Hauck, and Stanko
Commissioners Present: Renner entered at 6:42PM.

Guest Present: None.

Staff Present: Jones, Krueger, Kelly, Rogus, Raica, Hughes, and Lee.

Chair Stanko called the meeting to order at 6:30 PM.

The minutes from the December 14, 2017 Administration, Finance, and Personnel Committee meeting were presented for approval.

Frangiamore moved to approve the minutes; second by Hauck.

Voice vote: 3-0. All voting yes. Motion carried.

There were no matters from the Public, Commissioners, or Staff.

The first Direction Item discussed was O-2017-18-09, an Ordinance Authorizing the Sale or Conveyance of Personal Property belonging to the Cary Park District. Jones explained the Park District creates a disposal ordinance several times a year as required by law for any item that was purchased for over \$500. The sheet presented has highlighted items that were on an Ordinance passed in June and the items were not bid on, so they have not yet been disposed.

Hauck moved to recommend Board approval of Ordinance No. O-2017-18-09, "An Ordinance Authorizing the Sale or Conveyance of Personal Property belonging to the Cary Park District." Second by Frangiamore.

Voice vote: 3-0. All voting yes. Motion carried.

The next direction item discussed were revisions to Policy 3-003, Purchasing Authorization. Jones explained that as part of the Distinguished Accreditation status, staff has been reviewing finance policies including those that address emergency expenditures of items that exceed \$24,999 requiring a bid process to occur. He stated that the Park District has a policy on Purchasing Authorization, but does not have one that specifically addresses what should happen if an emergency expenditure were to occur. The policy has been revised to establish what should occur with an emergency purchase as well as bring the policy into accordance with governing statutes. Under the statute, three-fourths of the Board would need to approve the purchase either verbally or in writing.

Frangiamore moved to recommend Policy 3-003 Purchasing Authorization, to the Board of Commissioners as revised, for approval. Second by Hauck.

Voice vote: 3-0. All voting yes. Motion carried.

The next item discussed was an Update – Accounting Foxford Hills Golf Club Fund. Jones explained that when the presentation of the CAFR occurred in September, the auditors had provided a comment regarding the deficit in the Foxford Hills Golf Club Fund (FHGC). Lauterbach and Amen (L&A), the District auditor, suggested the possibility of FHGC being accounted for as a Special Revenue Fund instead of an Enterprise Fund. To do so would require a change from Full-Accrual Accounting to Modified-Accrual Accounting. Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. To determine the impact of switching to accounting for FHGC fund as a Special Revenue fund, staff ran several pro-forma financial statements. The outcome of this exercise was that if the FHGC fund had been accounted for as a Special Revenue fund in FY 16/17, the fund deficit would have more than doubled in size at year-end. This information was shared with L&A who confirmed this as well. Additionally, looking forward, it would also be expected that the deficit would continue to grow if the FHGC fund were accounted for as a Special Revenue fund in future years.

Krueger explained that at the end of FY 16/17, the fund deficit was \$259,034. The cause of the deficit has been and will continue to be the repayment of the acquisition debt. When the acquisition debt was refunded in 2013, the Board of Commissioners determined the Corporate Fund would loan dollars, as needed, to make future debt payments with the understanding that FHGC fund would pay back the loan. To address the deficit position in the financial statements, Staff will account for the payment of the upcoming debt via a direct transfer in the upcoming budget.

Stanko asked if the Park District has always been funding FHGC through an intercompany loan, and Krueger stated that an intercompany loan was placed on the financial statements when FHGC was unable to make the debt payment in full, which required support from the Corporate Fund.

Krueger stated that after reviewing this item further with L&A, they agreed that the choice for how to account for the FHGC fund is internal to the Park District. Based upon this feedback, as well as the fact that the Park District's previous auditors expressed no concern with the Park District accounting for FHGC as an Enterprise Fund, along with the annual review of the Park District CAFR by the GFOA without issue, the Park District will continue to account for FHGC as an Enterprise Fund.

The acquisition debt will be paid off in 2020, and at that time the Board should revisit the repayment of the intercompany loan.

Frangiamore moved to adjourn the meeting. Second by Hauck.

Voice vote: 3-0. All voting yes. Motion carried.

Adjourned at 6:45 PM.