GLENCOE PARK DISTRICT
999 Green Bay Road
Glencoe, Illinois 60022

MINUTES
FINANCE COMMITTEE OF THE WHOLE
Tuesday, September 20, 2011
6:30 p.m.

Minutes

The meeting was called to order at 6:30 p.m. and the roll was called. Present were Bob Kimble (Chair), Trent Cornell (President), Max Retsky (Vice President), Hilary Lee and Andre Lerman. Staff present included Executive Director/Secretary Don Van Arsdale, Director of Finance/Human Resources Carol Mensinger, Director of Recreation Cheryl DeClerck, and Executive Assistant Nancy Symonds.

Matters from the Public There was no one present wishing to address the Committee at this time.

Staff Recommendation – Audit Services Chair Kimble stated there are items which must be discussed as the District begins the process and prepares for its next budget. Mr. Kimble said that one of the important steps is recommending a firm for auditing services. He then recognized Director of Finance/ Human Resources Mensinger to explain the audit services Request for Proposal process. She indicated the District has completed its third and final year with its current auditing firm.

She sent Requests for Proposal to twelve auditing firms, and was pleased that she received responses from seven firms. The firm staff was recommending was Lauterbach & Amen, LLP from Warernville, Illinois. This bid was the lowest. She also checked recommendations and all were positive. Ms. Mensinger stated Lauterbach & Amen already has many North Shore governmental entities and park districts as clients, including the Village of Glencoe. The contract would be a three-year commitment, beginning with fiscal year 2011-2012 audit and ending with fiscal year 2013-2014.

She also requested that the auditing firm provide a cost estimate for services related to the Government Finance Officers Association (GFOA) Certificate of Achievement Award in Financial Accounting.

Commissioner Lerman inquired if a representative of Lauterbach & Amen would be available to come to a future meeting. Ms. Mensinger indicated she had already asked Mr. Amen from the firm to attend a future meeting.

Vice President Retsky thanked Ms. Mensinger for doing all the work.
Committee Chair Kimble asked if the Commissioners had any questions. Vice President Retisky asked if the Board votes now or at the regular meeting; Committee Chair Kimble indicated the Board approves at the regular meeting.

President Cornell mentioned the GFOA recognition. Ms. Mensinger said this recognition is something staff has looked at in the past, but due to other issues it had has been deferred. She recommends we look at this in the second year with Lauterbach & Amen. She stated more than half of Lauterbach & Amen's governmental customers have GFOA certification.

Vice President Retisky inquired if there were additional fees in connection with the GFOA certification. Ms. Mensinger stated yes, an additional $1,500.

After discussion, it was the consensus of the Committee to recommend for Board approval the hiring the firm of Lauterbach & Amen for a total fee of $32,500 for the next three fiscal years.

Discussion of Final 2010 Tax Extension and Proposed 2011 Tax Levy  Committee Chair Kimble said the next items for discussion are the Final 2010 Tax Extension and Proposed 2011 Tax Levy. He then asked Ms. Mensinger to lead this discussion. Director of Finance/ Human Resources Mensinger gave an overview of the levy process and receipt of final 2010 final extension. She indicated that in a preliminary report provided by Cook County indicated the equalized assessed valuation (EAV) will decrease 15.68%. Other North Shore communities are also had decreased EAVs. There are two primary reasons for the decrease which are it was a re-assessment year for all property in the District, and there appears to be a high number of tax appeals filed with the County Board of Review regarding assessed values within the past year or so. She said when EAV drops $100,000, the County notifies the District.

She continued by stating EAV and tax rates are inversely related; the total tax rate increased from .3978 to .4832. She stated that until actual tax bills are received, the true impact of the total tax increase to taxpayers of the decrease in EAV cannot be known as it is not yet known how much of the decrease is felt across the board due to this year being a re-assessment year. She continued by stating the information shared is for Committee informational purposes only.

Commissioner Lerman asked if any action was required at this meeting. Ms. Mensinger said no. Commissioner Lerman estimated there could be a $25 - $40 increase for home homeowners. Ms. Mensinger stated that property taxes are based on home size and the exact increase would not be known by the homeowner until he/she receives the bill from Cook County.

Commissioner Lerman stated a press release might be appropriate to show all assumptions and possible increases. Ms. Mensinger thought developing a pie chart to show the residents the District's percentage of the taxes so they know how their tax dollars are dispersed was appropriate. Commissioner Lerman said he has seen tax information in local newspapers from other communities.
Ms. Mensinger said a chart could be developed comparing this year’s taxes to last year’s taxes. She continued by stating taxpayers don’t necessarily look at the District’s percentage of taxes. Commissioner Lerman stated for transparency it might be important to have a press release.

Ms. Mensinger continued by stating the next item for discussion is the 2011 Tax Levy process and overview. Last year the District approved an operating levy increase of 4.94%, which allowed for 2.7% Consumer Price Index (CPI) plus estimated new growth of 2.24%. For the final extension for 2010 that was recently received, the actual new growth increased only 0.58%, meaning the District met its full potential to collect all “new growth” dollars.

She continued by stating the total aggregate levy is made up of both the operational levy and the debt service levy. The operational portion is determined by the amount of the District’s levy request and numerous unknown variables. The debt service portion is determined by the County Clerk and is based solely on the amount of principal and interest due for all outstanding bond ordinances on file with the County. The County automatically adds a 3% “loss in collection” factor to all operating funds levies and a 5% “loss factor” to the debt service levy.

Ms. Mensinger continued by stating it was staff’s recommendation to continue to proceed with a proactive approach by levying an amount which would ensure the District is capturing all new growth tax dollars. Capturing all new growth tax dollars becomes important when considering the following: the District does not have other revenue sources; it relies primarily on property taxes (55%) and user/program fees (45%); operating expenses have increased over and above the CPI increase in recent years; the Board has directed staff to keep the minimum fund balances at 20%; staff has created a Capital Asset Replacement Program (CARP) as a working tool to track the replacement of large capital items; and specific funding for the annual capital program is dependent on the Corporate Fund levy.

She continued by indicating there may or not be a need for a public hearing and the public hearing could be held in October or November. She stated that while the levy process can be confusing, it is the legal prerequisite to a governmental entity receiving money from taxation; it is not an appropriation, which is the authorization for the expenditure of monies from taxes and other revenue sources. It is the authority to collect tax revenue to finance the District’s expenses.

She continued by stating each year the District is required to estimate the amount of money to be raised by taxation for use in the following fiscal year. The District has to file an aggregate levy amount and then the Tax Levy Ordinance has to be filed by the last Tuesday of December each year.

The Property Tax Limitation Act of 1994 (“tax caps”) changed the levy process. The tax cap limits tax growth on the existing EAV base, “old growth,” to an increase of 5% or the CPI, whichever is lower. For the 2011 levy, this cap will be 1.5%; old growth will be capped at this level. Ms. Mensinger explained that under the tax cap taxing bodies must levy for all potential new growth to actually receive it and if it is not levied, the District will not receive
the full potential of all tax monies entitled to the District in the initial year, but it also has a computing impact because the following year's tax extension is based on the prior year's tax extension, and so on. She continued by stating it becomes increasingly important to make sure the levy amount includes estimation for all new growth anticipated within the District.

Ms. Mensinger continued by stating old growth (or existing EAV base) will be capped at 1.5% of CPI and it has been past Boards' philosophy that new homeowners and business owners should pay their fair share for parks and facilities already existing in the District. It is important to levy an amount to capture all new growth potential. Based on these considerations, staff recommends an operating levy amount of $3,750,000, which is 3.85% greater than last year's tax extension of $3,611,010. Because old growth will be capped at 1.5% (CPI) this year no matter what the levy amount is, it is the District's intent in levying 3.85% is only to ensure new growth tax dollars (up to 2.35%) are received.

Director of Finance/Human Resources Mensinger continued by stating the District's debt service levy amount has remained at an increased level since the bond issue in 2006. The total debt service levy amount of $1,240,369 includes principal and interest for both the 2010 Refunding Bonds ($128,975) and for the 2006 Series Bonds ($1,111,494).

Commissioner Lerman inquired about the CARP program. Ms. Mensinger there is a section in the annual budget anticipating the 5-year capital expenditures are listed. She indicated that CARP is a part of the budget process.

Discussion ensued. After discussion, it was the consensus of the Committee to formally approve the amount to be levied at the October regular Board meeting, approve the Truth and Taxation Resolution also at the October regular Board meeting, with the public hearing and approval of the Levy Ordinance at the regular November Board meeting.

Commissioner Kimble stated one of the concerns which needs to be addressed with the levy ordinance and budget process is the District's software. He indicated that could cost upwards of $100,000. Director of Finance Mensinger indicated Executive Director Van Arsdale and she would be attending a meeting with Village staff regarding shared services and possibly incorporating some of the District's software capabilities with those of the Village.

This concluded the discussion of the 2010 Tax Extension and 2011 Tax Levy

Financial Legal Timeline  Ms. Mensinger shared with the Committee the financial legal timeline. She stated this is a snapshot from now until through September 2012. She indicated that this follows legal requirements as well as fiscal year planning for this District. This for informational purposes only.

Outstanding Check Policy  Ms. Mensinger stated this proposed policy gives the District procedures to write off outstanding or uncashed checks. She continued by stating annually the part-time accounting clerk writes a letter to a payee at the last known address of the payee. The proposed policy moves an uncashed check to a liability account 24 months after it was issued where it will remain until it must be remitted to the State of Illinois, Office
of the Treasurer. Each annual report submitted to the State by the District will reflect outstanding items seven years prior to the last calendar year.

Vice President Retsky asked if unused gift certificates issued by the District for class cancellations were included in the liability account. Ms. Mensinger the Outstanding Check Policy would only apply to uncashed checks. Unredeemed gift certificates are accrued in a liability account.

After discussion, there was Committee consensus to recommend approval of the Outstanding Check Policy at the regular Board meeting.

Fund Balance Policy Committee Chair Kimble indicated that a Fund Balance Policy is required for GFOA certification. The District has never had a formal Fund Balance Policy. She would like to discuss with the new auditing firm its recommendations with regard to the levels. Currently the District maintains 20% balances in accounts and staff would like to increase these to 25%. This would include all the operating funds.

Commissioner Lerman inquired about the rationale to increase the fund balances. Ms. Mensinger stated the 25% level is recommended for GFOA recognition. She continued by stating tax receipts from Cook County have been delayed and there is a bond payment due. She stated that now the County collects 55% of the taxes that are due rather than only 50%.

Commissioner Kimble agreed with the recommendation of the Fund Balance Policy and felt the new auditing firm would confirm the recommendation as well.

President Cornell concurred with the recommendation and wanted to have the new auditing firm also concur with the recommendation.

Commissioner Kimble stated the policy can be discussed further if necessary.

Other Commissioner Kimble mentioned that the Finance Committee of the Whole will be very active in the next few months. He asked other Commissioners if there are items that a Commissioner would like to be discussed at an upcoming Finance Committee of the Whole meeting to let Ms. Mensinger or him know. He said that working with other Committees a pie chart could be developed of how homeowners taxes are distributed among the governmental entities in the township and Village and showing what a small portion of the total taxes go for the District. He thought a small document would work rather than a voluminous document; he wanted a snapshot available to residents.

Commissioner Kimble indicated that it was important to make residents aware of the upcoming meetings regarding the public hearings which are needed for the levy ordinance and other required information.

Adjourn With no further business to discuss, the meeting adjourned a 7:10 p.m. on a motion from Vice President Retsky and a second from Committee Chair Kimble.
Respectfully submitted,

[Signature]

Donald P. Van Arsdale
Secretary