DATE: April 17, 2015  
TIME: 12:00 p.m.  
PLACE: Geneva Community Center  

PRESENT: Peggy Condon, Jay Moffat, Sheavoun Lambillotte, Christy Powell, Nicole Vickers, Larry Gabriel and Trish Burns  

GUESTS: None.  

SUBJECT MATTER DISCUSSED:  
Christy Powell began the meeting discussing the agenda and what would be covered. She stated that she will provide a review of the budget and then department heads would provide further highlights on their budgets.  

The committee was presented with a balanced budget of $13,883,325. Ms. Powell stated that the focus of the budget continues to be to provide quality parks, programs, and facilities at a high level while continuing to look for cost saving efficiencies in our operations. The entire budget increased 1.04% over the previous year.  

Ms. Powell covered the consolidated revenues by type as well as how it compared to the prior year. She stated that tax revenue makes up 54% of the District’s consolidated revenue. Ms. Powell stated that the District’s goal is to continue to diversify revenue streams and to find alternative revenue sources to reduce the reliance on real estate taxes.  

Ms. Powell stated real estate tax revenue will increase 1.85% and is a function of the amount allocated under tax cap legislation. Ms. Powell stated that the District has seen its first year of increase, ½%, in the District’s Equalized Assessed Valuation (EAV), after five straight years of prior declines. This occurred as finally the recovery in the real estate market is being reflected in the EAV. Ms. Powell stated it takes about three years for current market values to be reflected in the EAV. This price appreciation is slow to reflect in the EAV as real estate taxes are paid one year in arrears. In addition, property values assessed are based on prior year comparable home sales.  

Ms. Powell reviewed program fees and stated overall they are budgeted to increase 8.7%. The majority of this is due to the expansion of the preschool program. Commissioner Condon asked if the expansion to Western Ave School was required because of the space lost at the Geneva Middle School. Ms. Lambillotte stated no, the space at GMS will stay and that the use of WAS is due to the expansion of offerings. In particular there will now be a five day a week preschool program offered.  

Ms. Powell stated that program revenue has increased due to growth in programs areas such as: Playhouse 38, tiny sports, exercise & aerobics, youth volleyball and Peck Farm summer camps. Conversely, there are program areas that have shown declines such as: dance, general youth and toddlers. Fitness center revenue for the Stephen D. Persinger Recreation Center is budgeted 1% higher while Sunset Fitness Center has a slightly higher increase of 1.6%. Ms. Powell stated that the summer camps program continues to grow each year and is budgeted 2.2% higher than the prior year. Sunset Pool revenue decreased 5.43% as pass sales in recent years have declined. The Mill Creek Pool revenue increased 10.26% to better reflect actual activity that occurred in the first year of operations. Swim lessons also increased 5.56% as demand for these services are expected to rise. The Miniature Golf revenue has budgeted an increase of 2.7% to reflect increased usage seen in the prior year. The Playhouse 38 budget increased 39% to reflect program demand seen in the prior fiscal year.  

Ms. Powell reviewed investment income and stated Investment Income is not budgeted for any increases in 2015-16. Interest rates continue to be stagnant as the Federal Reserve continues to hold interest rates at historic
loos of 0-.25%; with little commitment to raise rates in the near future. Commissioner Moffat asked if the interest earned in the purchase of our limited bonds is reflected in this budget. Ms. Powell stated it was not that it was really an accounting entry since the district didn’t really receive any bond proceeds nor will it pay any debt service on those funds. However, once the accounting transaction is recognized there will be a higher amount of interest income recognized in the CIP Fund then would have otherwise.

The $95,000 Museum Grant will be re-budgeted as that project, although complete, has not yet received the grant funds from the state. Replacement taxes are budgeted 4% lower as this revenue source continues to be more uncertain with the State of Illinois budget cuts. Commissioner Moffat asked Ms. Powell if she could go over again what Replacement Taxes were. Ms. Powell explained that Replacement taxes are revenues collected by the state of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away. Ms. Powell stated that once again the District will reduce the tax levies on various special funds that have accumulated fund balance above amounts recommended per the District’s Fund Balance Policy (>30% of annual expenditures). The Liability Fund and Social Security Fund will all see reduced real estate tax levies as fund balance will be utilized.

Ms. Powell reviewed consolidated expenditures and compared them to the 2015-16 budget. Salaries and wages show an overall increase of 4.15%. The salary increase for full-time employees was 2.8%. The larger increase was due to the expansion of the preschool program and growth in other program areas whereby salary expenses were increased. This increased expense is offset by program revenue. The District also included an anticipated hike in the IL minimum wage effective 7/1/15 to $9.00 per hour. This law if passed would increase the minimum wage by $.50 each July 1 thereafter until July 1, 2019, at which point the minimum wage would be fixed at $11.00 per hour.

Ms. Powell went over the consolidated budget for contractual services and commodities which changed very little. Contractual services saw little change despite a 9.27% increase in health insurance costs. Health insurance premiums are set by the Park District Risk Management Agency (PDRMA) health insurance program.

Ms. Powell discussed the health care reform law (the Patient Protection and Affordable Care Act, now called the "ACA" by regulators) which requires certain large employers to provide health plan coverage for those employees who work over 30 hours per week or pay a penalty tax to the federal government. The new health insurance legislation went into effect January 1, 2014. Currently the District offers health insurance benefits to those working 40 hours per week and has reduced part-time employees’ hours to under 30 hours per week. There will be no increase in health insurance costs associated with ACA aside from the annual increase passed from PDRMA.

Ms. Powell reviewed the utilities budget in contractual services. The budget for natural gas remains flat as pricing has not changed from the prior year as the district locked into a three year gas contract which expires in early 2017 to take advantage of record lows in natural gas pricing. However, there is anticipated a 2.5%-3% increase in electric utility rates as we have seen large rate increases over the past couple of years.

Ms. Powell reviewed the consolidated budget for maintenance, capital equipment and debt service which has decreased -1.71% as the capital fund expenditure budget decreased -5.5% from the prior year budget. She noted that debt service payments on the various Alternative Revenue Bonds paid from the District’s operating funds increased .5% from the prior year. In 2014, the District refinanced the Series 2006 Alternative Revenue Bond which provided the District with approximately $600,000+ in net savings. A portion of the savings has been reflected in this budget and will also be reflected in future debt service expenditure budgets. Debt service on the General Obligation Bonds paid from the bond and interest fund increased .5%. She noted that dollars were allocated in the General Fund and Recreation Fund for investment in new technologies and replacement
equipment. She went over a listing of those projects in both accounts. Vice President Condon asked if SPRC would be painted the same color. Ms. Lambillotte stated yes and that it was the interior that would be painted.

Ms. Powell reviewed the special fund revenue sources and explained that the majority of revenue for these funds comes from real estate taxes. As in prior years, special funds with an accumulated fund balance above the fund balance policy will utilize excess fund balance that has accumulated in the fund. This year, the Liability Fund and Social Security Fund will utilize fund balance and reduce the amount of real estate taxes allocated to the fund.

Ms. Powell discussed the expenditures associated with the special funds. Liability insurance is budgeted 1.28% higher as the District will see a small increase in liability insurance premiums passed on from the District’s insurance provider PDRMA. Ms. Powell explained that normally this fund sees a very small increase in premiums, however, the prior year did have a large increase. Commissioner Condon asked if that was because of anything the District had done. Ms. Powell stated that it was an increase passed on to all Districts as the market for re-insurance increased dramatically. The total increase in the market was 20+%, however, thru the rate stabilization program; PDRMA reduced that overall premium increase to 9%. Ms. Powell confirmed that the large rate increase incurred last year had nothing to do with changes in the way the District was operating. The budget for unemployment expense remains the same as the prior year as the District anticipates no change in overall claims experience. The District pays actual unemployment claim costs versus a tax based on a percentage of payroll. This method has saved the District tens of thousands of dollars each year as the District has very few unemployment claims.

Ms. Powell reviewed the IMRF Fund and noted overall expenditures will decrease .34%. Expenditures are lower this budget year as the IMRF rate charged to the District decreased from 11.56% to 10.84%. The IMRF rate charged to the District fluctuates from year to year and is greatly influenced by the age and years of service of its employees as well as the return on investments the fund is yielding.

The Audit Fund was reviewed and the budget will increase slightly per the contracted price agreement with the audit firm Lauterbach and Amen.

Ms. Powell reviewed the Social Security Fund and noted an overall budget increase of 2.92%. The Social Security Fund expenditure budget is adjusted and follows increases in salaries and wage expenses.

Ms. Powell reviewed the Special Recreation Fund and noted that the total expenditure budget will remain the same as the prior year. The District’s budget for inclusion services decreased $20,000 as requests for these services have declined from the prior year’s budget. In addition, the District budgets capital expenditures for ADA accessibility improvements at various parks and facilities. In 2015-16 expenditures are budgeted 10.15% higher as compared to the prior year. This expense fluctuates from year to year depending on the playground replacements and ADA improvements budgeted in the Capital Improvement Plan (CIP). Program payments to FVSRA increased 4.2% over the prior year even though the overall membership increase to all districts was 2%. The membership contribution is based on the various communities EAV and because the District’s EAV did not decline as much as other participating districts the District had a larger share of the overall 2% increase. Ms. Lambillotte noted that we have kept the SRA tax rate level to keep the overall tax rate down. She noted that the District is not close to the 4 cent maximum levy and that by keeping the levy level it has caused the District to stretch out ADA projects over a longer period of time.

Ms. Powell reviewed the Bond & Interest Fund and noted that overall it increased .59% and is a function of the debt service repayment schedules.

Ms. Powell reviewed the larger revenue sources for the CIP. Limited Bonds are not anticipated to be issued in 2015-16. These bonds are typically issued on a biennial basis. During the off years when limited bonds are not
issued the District uses fund balance to fund expenditures. The annual audit transfer of $650,000 funds a large majority of the capital improvement fund. Ms. Powell stated that in 2015-16 we will re-budget the $95,000 museum grant from the Illinois Department of Natural Resources (IDNR) for the reconstruction of the front porch of the Peck Farm House to its original historic design and the update of museum exhibits and welcome area. Although this project is complete the release of funds from the state has not yet occurred. The District anticipates an increase in the land cash revenue as the District is beginning to see an increase in new housing development projects. Commissioner Moffat asked about the redevelopment of various projects and Ms. Lambillotte updated on what had been received and what was outstanding. There is no change in interest income for the upcoming year.

Ms. Powell went over the larger projects budgeted in 2015-16 in the CIP. She discussed the following: $275,000 for capital improvements to the Sunset Pool to include additional play features and renovations ($200,000 of this annual expense has been carried forward from the prior year as the project is set to complete in the first month of the new fiscal year); $135,299 for the reconstruction of the North Island Park Bridge, (although this project is complete the state has not yet billed us for our cost share of the project); $425,000 for the renovation of Wheeler, Weaver and Terney playground and equipment; $170,808 for repaving of lots at Wheeler Park, Sunset, and a shared project with the school for the repaving of Western Avenue School and Harrison Street School; $163,205 for office equipment replacement, the largest portion of this is for the upgrade of the District’s registration system at $100k; $127,900 for the replacement of various District trucks and mowers.

Department heads gave a quick summary of their budgets. Superintendent Gabriel discussed increases in the water and electric line items as well as increases in maintenance agreement for providing furnace and filter preventative maintenance at the Wheeler Maintenance facility and Greenhouse. Mr. Gabriel discussed grass cutting contracts and future increases kept at a minimum for fuel and wages. Costs have been held down as the District diligently obtains multiple price quotes to obtain best pricing. Mr. Gabriel reviewed the capital equipment account in the general fund (8-26 account) and stated that 50% of the total improvements are for maintaining current equipment and facilities. Mr. Gabriel discussed the success of the utilization of Obenauf auction and how the District has now expanded to include smaller equipment items such as, power washers, to generate revenue which in the past would have been considered scrap. Mr. Gabriel also discussed the utilization of his staff for more capital projects, such as laser grading, that in the past would have been contracted out. Mr. Gabriel discussed performing future projects in-house, such as, concrete work, and patio/brick paving work which would assist with disc golf pad replacements.

Manager Trish Burns stated there were minor changes in expenditure budgets except for increases in utilities. She stated that the revenue budget for camps has increased to reflect increased attendance. Likewise, there have been increases in birthday parties due to the nature playground. She stated that general programs are up as they have added two after school programs and toddler programs to meet demands in that area. She stated that many schools have reduced the number of field trips to the District so the District has been reaching out to school/scout groups to bring programs to their locations. This has changed the way we are marketing our programs to these groups.

Superintendent Vickers reviewed the construction that was ongoing at the pool. She stated although the revenue in that budget is lower we are hopeful that these renovations will increase membership revenue in the coming year. She stated there was very little change in the fitness facilities budget other than the removal of one of the racquetball courts at Sunset Fitness to be converted into additional stretching space. Ms. Vickers highlighted the decrease in revenue for youth, dance and tumbling programs and noted likewise expenditures decreases and stated net revenue margins would be maintained. She discussed the growth in PH38 and preschool enrollment. She also discussed growth seen in Lacrosse, boys basketball leagues and exercise and aerobics. She highlighted that the Kinderzone budget has been removed and the Kidszone budget increased.
Director Lambillotte stated that all projects $20k or higher, even if budgeted in operating funds, will be brought forward to the board for approval. Ms. Lambillotte stated that projects, such as, the removal of one of the racquetball courts to be replaced by a stretching area and the removal of the batting cage at SPRC will be brought forward to the board for approval. Ms. Lambillotte discussed the future use of in-house staff to provide landscape design. She discussed how the District after receiving a quote thought too high for design and planting of Old Mill Park was instead successfully completed in-house to save dollars. Ms. Lambillotte highlighted the Wheeler Park playground replacement and the NASA educational theme that would be used. Ms. Lambillotte discussed her concern that both fitness centers are past their membership life cycle and that until a major renovation or expansion is complete growth would not continue at the same pace as seen over the last several years. Commissioner Condon asked if there was any one big thing that could be done to increase membership. Ms. Lambillotte stated that some of our disadvantages are that we do not include classes as part of the fitness center membership, which we would not want to do; we are not open 24 hours a day as some private fitness centers are; we do not have an indoor pool to compete with places like Delnor. Things we can do are expand the stretching areas to allow for more room with bands and balls; follow the trend of moving from strength equipment to free weights. Commissioner Moffat asked if the drop off in growth in membership was due to the maturing of the membership or the facilities itself. Ms. Lambillotte stated it was the maturing of the facilities. Ideas such as ways to bring in new non-resident users and capturing more use during non-peak times were discussed.

With no further questions or discussions, the committee recommended submittal of the budget to the entire board at the April 20, 2015 Board Meeting. A motion to adjourn the meeting at 1:30 pm was made by Commissioner Condon and seconded by Commissioner Moffat.

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Secretary

Submitted By: Sheavoun Lambillotte / Christy Powell