DATE: March 22, 2016          TIME: 4:34 p.m.
PLACE: Geneva Community Center

PRESENT: John Frankenthal, 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 $13,976,108. 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 .67% 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 55% 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 1.71% and is a function of the amount allocated under tax cap legislation. Ms. Powell stated that the District has seen its second year of increase, 2.6%, 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. Commissioner Frankenthal asked Ms. Powell to briefly explain EAV & how it is calculated.

Ms. Powell reviewed program fees and stated overall they are budgeted to increase 2%. The majority of this is due to the addition of the concessions budget at Sunset Pool. In addition, Ms. Powell stated that program revenue has increased due to growth in programs areas such as: Before and After School, Playhouse 38, exercise & aerobics, teen extreme camp, gymnastics, boys basketball, and the new fitness/TRX studio. Conversely, there are program areas that have shown declines such as: dance, adult softball, girls softball, swim lessons, and Mill Creek Pool. Fitness center revenue for the Stephen D. Persinger Recreation Center is budgeted .02% higher while Sunset Fitness Center has a decrease of (-2.09%) reflecting lower membership and daily court fees. Conversely, there is a significant increase (307%) in revenue in the Racquetball/Fitness/Leagues as TRX fitness program fees are added. Ms. Powell stated that the summer camps program continues to grow each year and is budgeted 2.4% higher than the prior year. Sunset Pool revenue decreased (-.92%) as pass sales in recent years have declined. The Mill Creek Pool revenue decreased (-14.41%) to better reflect actual activity that occurred in the first year of operations. Swim lessons also decreased (-5.26%) as demand for these services are declining. The Miniature Golf revenue has budgeted an increase of 5.26% to reflect increased usage seen in the prior year. The Playhouse 38 budget increased 8.63% to reflect expected higher program demand with the relocation to a larger space.

Ms. Powell reviewed investment income and stated Investment Income is budgeted for a $13,500 increase as the District will once again purchase its own Limited Bonds resulting in an increase in interest income. Interest
rates continue to be stagnant as the Federal Reserve continues to hold interest rates at historic lows of .25%; with little commitment to raise rates in the near future.

There is no grant revenue budgeted in 2016-17, however, the District will continue to apply for grant monies for any grant eligible projects. Replacement taxes are budgeted the same as the prior year. This revenue source continues to be uncertain with the State of Illinois budget troubles. 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. Commissioner Moffat asked for clarification on the percentage at which the Park District holds the Fund Balance in the Liability Fund to protect the District & Ms. Powell reviewed the percentage, as well as any possible future adjustments, assuring the committee that what we hold is sufficient.

Ms. Powell reviewed consolidated expenditures and compared them to the 2015-16 budget. Salaries and wages show an overall decrease of (-.07%). The salary increase for full-time employees was 2.8%. The majority of the overall decline in salaries expense was due to the reorganization of the Recreation Department, whereby the facility director position was eliminated and replaced with a lower salary recreation supervisor position. In addition, we have seen a small reduction in part-time salaries in program areas with declining revenues, such as, the dance program, and SPRC nursery. In addition the pool saw a decrease in payroll expenses as there is one less week of operation this summer.

Ms. Powell went over the consolidated budget for contractual services which increased 3.98%. The majority of this increase can be attributed to an increase in health insurance and electric utilities. Health insurance saw an increase of 6.24% smaller than the prior year increase of 9.27%. Part of the savings is due to the District’s participation in PDRMA’s new program, whereby, Districts’ can fund part of their health costs through Health Savings Accounts. Districts are able to opt for a higher deductible plan paired with a HSA. Employees enrolled in the plan maintain similar benefits but the District pays a lower premium by self-funding a portion of the higher deductible through a HSA. Commissioner Frankenthal inquired as to whether or not we participate in an employee incentive program & Director Lambillotte explained that many employees do participate in the PDRMA Path program. Electric utilities continue to see increases annually and in 2016 we see another increase of 4%. Also, the District added a cleaning service for the Peck Farm house which has increased contractual services expense. Commissioner Frankenthal inquired as to who cleaned the house prior to the contractual service being hired. Ms. Burns explained that Parks staff members have in the past, however they are now inundated with additional work on the playground, as well as now there is a need for specialty cleaning in the newly renovated rooms. On the contrary, the District’s telephone budget was reduced as the District switched carriers realizing approximately 18% in savings.

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 2017 to take advantage of record lows in natural gas pricing.

The overall budget for commodities increased 3.16%. The majority of this is due to the addition of a concessions budget for Sunset Pool.

Ms. Powell reviewed the consolidated budget for maintenance, capital equipment and debt service which has decreased (-3.86%) as the capital fund expenditure budget decreased in the General Fund and Recreation Fund. She noted that debt service payments on the various Alternative Revenue Bonds paid from the District’s
operating funds increased 1.34% from the prior year. Debt service on the General Obligation Bonds paid from the bond and interest fund increased 1.34%.

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 4.53% higher. Liability insurance is budgeted lower (3.16%) as the District saw a decrease in its liability insurance premiums passed on from the District’s insurance provider PDRMA. PDRMA negotiated premiums for liability insurance at a lower rate. The budget for unemployment expense increased significantly, up $12,500, as the District expects a large claim to be paid within the next six months. 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. Commissioner Moffat verified with Ms. Powell that unemployment claims are now paid out to a maximum of 26 weeks, rather than 99 weeks in the past.

Ms. Powell reviewed the IMRF Fund and noted overall expenditures will increase 2.77%. Expenditures are higher this budget year and is adjusted with increases in salaries and wages. The IMRF rate charged to the District decreased from 10.84% to 10.62%. 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 remain the same as the prior year as the audit firm Lauterbach and Amen did not increase their fees for the coming year per the contracted price agreement.

Ms. Powell reviewed the Social Security Fund and noted an overall budget increase of 2.21%. 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 (-8.33%) 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 2016-17 expenditures are budgeted (-5.21%) lower 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 4.32% over the prior year even though the overall membership increase to all districts was 3%. The membership contribution is based on the various communities EAV and because the District’s EAV is doing better than other participating districts the District had a larger share of the overall 3% increase. Ms. Lambillotte noted that since 2009, the SRA fund had transferred $100k per year to the Recreation Fund to reimburse for ADA costs related to the construction of SPROC. This has been paid off thereby allowing more funds to go toward new ADA projects. Ms. Lambillotte talked about how we make any possible necessary changes along with the playground replacements and Commissioner Frankenthal asked if we are on a schedule to make these ADA changes. Ms. Lambillotte explained that we are working off of our ADA audit that was done in 2010.

Ms. Powell reviewed the Bond & Interest Fund and noted that overall it increased 1.34% and is a function of the debt service repayment schedules.
Ms. Powell reviewed the larger revenue sources for the CIP. Limited Bonds are anticipated to be issued in 2016-17. These bonds are typically issued on a biennial basis. The annual audit transfer of $700,000 funds a large majority of the capital improvement fund. The District anticipates an increase in the land cash revenue as the District is beginning to see an increase in new housing development projects. There is an increase in budget for interest income for the upcoming year as the District purchases its own limited bonds.

Ms. Powell went over the larger projects budgeted in 2016-17 in the CIP. She discussed the following: $425,000 for capital improvements to Peck Farm Park, this project includes $350,000 for the redesign of the parking lot and additional restroom, and $75,000 for maintenance and repairs; $465,000 for the renovation of Batavia Highlands, Don Forni, Linden, and Shannon playgrounds; $60,000 for resurfacing of high school tennis courts, this is a 50/50 shared project with the schools; $161,364 for office equipment replacement, the largest portion of this is for the upgrade of the District’s registration system at $125k; $96,964 for the replacement of various District vehicles and equipment. Commissioner Frankenthal asked if Pepper Valley Park playground replacement is included in the numbers above & Ms. Powell stated that it is, it’s just not listed above. Ms. Lambillotte explained that in past years the shared project of tennis court resurfacing has been pushed back, but it is now time to address that need.

Department heads gave a quick summary of their budgets. Ms. Vickers stated that several of the program area fluctuations, such as dance & gymnastics, end up balancing each other out. Commissioner Moffat asked, for residents who are snow birds, if there is an option other than an annual fitness membership. Ms. Vickers explained that currently we only have a monthly membership option. To increase numbers moving forward, Ms. Burns is working to shift the focus of field trips to more of a learning philosophy to get children more involved in the program. Commissioner Frankenthal questioned the corporate fund deficit for Peck Farm & Ms. Lambillotte stated that this facility always operates with a deficit, so it isn’t something new this year. Mr. Gabriel stated that the newly contracted cleaning service will be freeing up the full time staff member that typically handles the task to focus on more pertinent items during the start of a very busy season. Also, communication between departments in regard to items such as the electricity increases etc. really helps when it comes time to do the budget. Having Ms. Powell lock in the gas rates certainly helps with this as well. Mr. Gabriel also mentioned that the increase in part-time staff is due in large part in making sure to keep various facilities, such as Wheeler Park, in top notch shape. Lastly, in the capital equipment account Mr. Gabriel has requested input from his staff in regard to what they feel is needed to more efficiently do their jobs. An example of this would be the laser grader for the ballfields. Commissioner Frankenthal applauded Mr. Gabriel’s efforts in taking such consideration with safety & Commissioner Moffat added applause with the department heads leadership in establishing such standards for their staff.

With no further questions or discussions, the committee recommended submittal of the budget to the entire board at the April 18, 2016 Board Meeting. A motion to adjourn the meeting at 5:40 pm was made by Commissioner Moffat and seconded by Commissioner Frankenthal.

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Secretary

Submitted By: Sheavoun Lambillotte / Christy Powell