

MINUTES OF FINANCE COMMITTEE MEETING

DATE: April 10, 2018

TIME: 4:00 p.m.

PLACE: Sunset Community Center

PRESENT: Susan VanderVeen (remote attendance), Peggy Condon, 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 an overall review of the budget and then department heads would provide further highlights on their budgets.

The committee was presented with a balanced budget of \$11,777,848 excluding the Capital Fund. The Capital Fund budget included revenues of \$2,979,000 and expenditures of \$2,773,498. Ms. Powell stated 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, excluding the capital fund, decreased -4% over the previous year due to the maturity of the S2012 General Obligation Bond.

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 48.8% of the District's consolidated revenue and will fluctuate from year to year depending on if grants or bonds are budgeted.

Ms. Powell stated real estate tax revenue will decrease -6.92% and is a function of the maturity of the S2012B GO Bonds and the amount allocated under tax cap legislation. Ms. Powell stated that the District has seen its fourth year of increase, 2.9%, 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 reviewed program/facility revenue and stated overall it is budgeted to increase .62%. Ms. Powell stated that overall most programs and facilities saw minor increases, decreases or no change. Program/facility revenue has increased in areas such as: Kids Zone, Camps, Sunset Pool, Mill Creek Pool, Preschool, Youth Volleyball, and Mini Golf. Conversely, there are program/facility areas that have shown declines such as: Jazz/Tap Dance, Ballet, Gymnastics, Ballet Dance Recital, Toddlers and Active Older Adult Trips.

Fitness center revenue for both the Stephen D. Persinger Recreation Center and Sunset Fitness Center is budgeted .79% and 2.93% higher to better align actual with budget.

Ms. Powell stated that both kids zone and summer camp revenue will increase 3% to better align actual revenue with budget seen in the program. Sunset Pool revenue increased 2%, Mill Creek Pool revenue increased 11%, to better reflect actual revenue from the prior year. Swim lessons increased 1% as the demand for private swim lessons is reflected. Mini golf revenue increased 6.8% and Playhouse revenue increased 2.8% to better reflect actual revenue from the prior year.

Ms. Powell reviewed investment income and stated investment income is budgeted \$25,000 higher as interest rates have increased. The District will once again purchase its own Limited Bonds resulting in interest income. In 2018-19, interest rates are expected to continue to rise as the Federal Reserve continues to increase the federal funds rate.

There is no grant revenue budgeted in 2018-19, however, the District will continue to apply for grant monies for any grant eligible projects. Replacement taxes are budgeted 25% lower than the prior year as we continue to see declines in this source of revenue from the prior year. This revenue source continues to be uncertain with the State of Illinois budget troubles. 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 (15-30% of annual expenditures). The Audit Fund, Liability Fund, and IMRF Fund will all see reduced or no change in real estate tax levies as fund balance will be utilized.

Ms. Powell reviewed consolidated expenditures and compared them to the 2017-18 budget. Salaries and wages show an overall increase of 1.88%. The average merit salary increase for full-time employees was 2.59%. This merit increase along with five professional salary adjustments and the elimination of the part-time senior coordinator position increased full-time salaries a total of 2.8% over the prior year. In addition, in anticipation of a possible increase in the Illinois minimum wage rate and to remain competitive with other employers the District has budgeted seasonal hourly rates for pool, camps and maintenance starting at \$9 per hour.

Ms. Powell went over the consolidated budget for contractual services which increased 1%. Included in this year's maintenance agreements in the General Fund was maintenance expense for GPS software to account for the inventory of trees, memorials and park benches. There was an increase in the public information budget for advertising "BestLife Fitness" and the new Mill Creek Pool spray ground. Health insurance stayed flat with no increase as compared to the prior year decrease of -.6% as projected actual expenditures stay well under current budget. The health insurance budget will not change despite an average 3.8% increase in health insurance premiums from PDRMA for 2018. The District will continue to participate in PDRMA's new Health Savings Account (HSA) program, whereby, Districts' can fund part of their health costs through Health Savings Accounts paired with a higher deductible. This past year the District saved \$16,560 as a result of participating in the HSA plan.

Electric utilities are budgeted 2% lower to better align actual to budget. On the contrary, water utilities will increase 6% with both pool budgets seeing large increases to better align actual to budget. The budget for natural gas expense decreased -7% to better match budget to actual expense. The actual expense of natural gas is estimated to stay low as the District in late 2017 locked into a two year gas contract with even lower pricing to take advantage of record lows in natural gas pricing.

The overall budget for commodities decreased -4% as gasoline budgets decreased to better align actual with budget. The majority of commodity budgets stayed the same.

Ms. Powell reviewed the consolidated budget for maintenance and capital equipment which increased 36% as the District increased its Special Recreation Fund budget \$144,000 to fund ADA improvements as outlined in the District's ADA transition plan. Ms. Powell reviewed the list of capital projects included, such as, \$20,000 for contracted tree removals; \$25,000 for LED gym light replacements; \$15,000 for ice rink liners and materials; \$6,200 for a portable screen for kids' zone sites; \$6,000 for two new sound systems; \$6,000 for a floor scrubber; \$5,000 to replace flooring in two new rooms at SPRC; \$5,000 to replace flooring in two rooms at SPRC; \$5,000 for upstairs hallway carpeting at SPRC and various pool equipment.

The overall budget for debt service decreased -21% with the maturity of the Bond & Interest Fund General Obligation S2012B bonds. Currently the District has two Alternative Revenue Bonds that are abated annually from the real estate tax levy and funded thru the District's operating funds. The District has one limited bond issue paid from the Bond and Interest Fund.

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 Audit

Fund, Liability Fund, and IMRF Fund will utilize fund balance and reduce the amount of real estate taxes allocated to their respective fund.

Ms. Powell discussed the expenditures associated with the special funds. The Liability insurance budget will increase 2.89% from the prior year budget. Liability insurance is budgeted higher at 5.16% as the District saw an increase in its liability insurance premium passed on from the District's insurance provider PDRMA for workers compensation and property insurance. The budget for unemployment expense decreased -16.67% as the District does not anticipate any large claims to be paid. 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 expenditures will increase 3.39%. This expenditure is adjusted with changes in the IMRF actuarial rate and changes in pensionable salaries and wages. The IMRF rate charged to the District increased from 10.25% to 10.42%. The preliminary rate for 2019, as provided by IMRF, is 7.54%. This represents a significant decrease as the District's rate has never been below 10.25%. The IMRF rate charged to the District fluctuates from year to year and is greatly influenced by the wages, age, and years of service of its employees as well as the return on investments IMRF is yielding.

The Audit Fund was reviewed and the budget will increase 2.75% from the prior year. The audit expense is based on the three year contract approved by the Board with the firm Lauterbach and Amen.

Ms. Powell reviewed the Social Security Fund and noted a budget increase of 1.56%. The Social Security expenditure budget is adjusted and follows changes in salaries and wage expenses.

Ms. Powell reviewed the Special Recreation Association (SRA) Fund and noted the total expenditure budget will increase 34.62% from the prior year as the budget for capital expenditures related to ADA accessibility improvements at various parks and facilities increases. The District's budget for inclusion services remained unchanged.

Program payments to FVSRA increased .31% from the prior year even though FVSRA did not change its membership fee. The District's share of membership fee is based on the various participating communities EAV and because the District's EAV increased more than other districts the District had a higher share of the fee.

The District budgets capital expenditures for ADA accessibility improvements at various parks and facilities in the SRA Fund. In 2018-19 expenditures are budgeted 135% higher as compared to the prior year due to the additional dollars to be allocated in the coming years to the ADA transition plan. This expense fluctuates from year to year depending on the playground replacements and ADA improvements budgeted in the Capital Improvement Plan (CIP).

Ms. Powell reviewed the Bond & Interest Fund and noted that overall it decreased 50% with the maturity of the General Obligation S2012B bond. Currently, the District's Bond & Interest Fund is made up of one Limited Bond.

Ms. Powell reviewed the larger revenue sources for the CIP. Limited Bonds of \$1,600,000 are anticipated to be issued in 2018-19. These bonds are typically issued on a biennial basis. The annual audit transfer of \$550,000 funds a large majority of the capital improvement fund. This amount has decreased over the past year as the District's net surplus in the General and Recreation Fund at year end have decreased. However, for 2017-18 we are seeing a recovery and projecting a transfer amount of \$650,000. The net surplus is yielded from cost savings in the General Fund and Recreation Fund as well as net revenue generated from various recreation programs and facilities.

The District anticipates continued improvement in land cash revenue. In years 2010 thru 2014 the District received \$0-\$4k per year. Beginning in 2015 the District saw an increase in housing development projects receiving approximately \$57k in 2015, \$259k in 2016, \$203k in 2017, and an estimated \$270k in 2018. There is an increase in budget for interest income for the upcoming year as interest rates continue to rise and the District purchases its own limited bonds.

Ms. Powell went over the larger projects budgeted in 2018-19 CIP. Ms. Powell highlighted the following projects: \$550,000 for HVAC and roof replacement at Sunset Community Center (this is year one of a three year project at \$550k per year); \$500,000 for the Sunset Pool spray ground addition; \$90,000 for the renovation of the tennis courts at Dryden Park; \$415,000 for various improvements at Peck Farm Park which includes repairs to the basement walls at the Peck house (\$90k), interpretive panels (\$75k) and addition of a restroom at Peck Farm Park (\$250k); \$265,000 for the renovation of Burgess, Elm and Preston parks and playgrounds; \$150,341 for the replacement of various District vehicles and equipment.

Commissioner Condon asked how we compare budget wise with other districts. Supt. Powell stated that our tax rate is very low compared to other park districts. Ms. Lambillotte added that we have a low tax rate and are able to maintain a large number of parks and facilities.

Department heads gave a quick summary of their budgets. Ms. Burns stated that due to increased marketing, camps, building rentals and Community Garden plots have already seen a slight increase. A discussion was had regarding future endeavors at Peck Farm. Ms. Burns stated they will be continuing to do more STEM based programming. Ms. Burns stated that school field trips to Peck Farm continue to be on the decline so plans are being made to provide mobile programming whereby staff travel to the schools to provide the programs. Environmental education is growing in popularity and we continue to look for ways to improve our programs offered at Peck. Discussion was had regarding adult programming at Peck Farm and Ms. Burns stated that the demand in that area remains strong with the KCCN program having very high participation.

Mr. Gabriel stated that the Parks Dept. budget is consistently kept in line due in large party to Director Lambillotte & Supt. Powell's assistance, as well as his staff's understanding of the budget. Mr. Gabriel discussed the water utility accounts and how they budget conservatively as they are never sure when they will have a drought summer or a cold winter whereby the ice rinks will need water. The cost of natural gas is down about \$1,000 and gasoline is down \$10,000. Mr. Gabriel stated that there will be an increase in sanitation expenses as the District will be adding heavy duty trash can liners and trash can lids to the trash receptacles in many of our parks in an effort to keep up on park cleanliness. Also, there will be checklists in each of our outdoor restroom facilities to ensure scheduled cleaning has been completed. This is all in effort to satisfy part of the Community Survey Action Plan generated from our most recent Community Survey. Mr. Gabriel also stated that the District is in need of higher quality radios and additional gear for all staff to safely complete our prescribed burns. Staff works with contractors to keep costs down and have successfully done so. Items such as ball field backstops and fencing, artificial turf for the disc golf course; and ice rink liners for the west side rinks have all been added to next year's budget. Commissioner Condon asked about the quality of the disc golf course and about what other improvements could be made moving forward. Mr. Gabriel expressed that there has been an overall positive response from the disc golfers in regards to the new brick tees. Once the artificial turf goes in around the baskets staff will be focusing on turf restoration throughout the park in high traffic areas. Mr. Gabriel was happy to report that auctioning off our old fleet vehicles has been very successful. Discussion was had in regards to when the Mini-golf Hut was going to be replaced. Commissioner Condon inquired as to why additional burn gear was necessary for executing prescribed burns and Mr. Gabriel explained that as our crew expands and equipment comes to its expiration date we need to make those necessary purchases.

Ms. Vickers stated that although there was not a lot of change in the overall recreation budget, there was a lot of time and analysis that went into the budget to ensure that goals for programs were challenging but realistic.

Staff has been working more creatively to accommodate our Geneva families with the days and times of programming. While we have seen increases in facility revenues and usage, we continue to budget conservatively. Kids' Zone and Camps are both on the rise, as they are high demand programs in our community. We anticipate the new spray ground at Mill Creek Pool to be a popular attraction this summer and expect to see more usage during this season. Staff has been more cognizant and continues to focus on controlling our expenses at the pools. Discussion was had regarding the general commodities as it pertains to the girls' and boys' basketball expenses.

Ms. Lambillotte highlighted that staff continues to be focused on the implementation of the Natural Areas Maintenance Plan, as the removal of invasive species has become a high priority. The number of prescribed burns that we have been able to do has gone up significantly. Staff is also in the process of updating and replacing the interpretive signage at Peck Farm. Many of the above items go back to our last round of Community Survey results from 2016. Ms. Lambillotte also highlighted Playhouse and its successful turn-around. This year will bring more well-known adult productions, as well as, more musicals for the children's productions.

With no further questions or discussions, the committee recommended submittal of the budget to the entire board at the April 16, 2018 Board Meeting. President VanderVeen made a motion to adjourn the meeting at 5:25 pm. Commissioner Condon seconded. All ayes. Motion carried.

Secretary

Submitted By: Sheavoun Lambillotte / Christy Powell