

MINUTES OF FINANCE COMMITTEE MEETING

DATE: April 9, 2019

TIME: 4:05 p.m.

PLACE: Sunset Community Center

PRESENT: Susan VanderVeen, Pat Lenski, Sheavoun Lambillotte, Christy Powell, Nicole Vickers, Jerry Culp, Trish Burns and Linda Fox

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 \$12,055,069 excluding the Capital Fund. The Capital Fund budget included revenues of \$2,046,760 and expenditures of \$3,732,155. 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, increased 2.35% 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 52% 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 increase 2.75% and is a function of the amount allocated under tax cap legislation. Ms. Powell stated that the District has seen its fifth year of increase, 3.8%, 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 2.47%. Ms. Powell stated that overall most programs and facilities saw minor increases, decreases or no change. Program revenue has increased in areas such as: Kids Zone, Preschool, SPRC General Athletics, Peck Farm Camp Coyote, Playhouse 38, Tumbling and Sunset Dance. Conversely, there are program areas that have shown declines such as: Gymnastics, Chicago Bulls Camp (discontinued by contractor), and Exercise and Aerobics.

Fitness center revenue for both the Stephen D. Persinger Recreation Center and Sunset Fitness Center is budgeted 2.32% and 5.4% higher to better align actual with budget.

Sunset Pool revenue increased 1%, Mill Creek Pool revenue increased 20%, as usage of the Mill Creek Pool increased. Swim lessons showed no change. Mini golf revenue increased less than 1% as little change is expected from the prior year and Playhouse revenue increased 8.25% to reflect higher anticipated program participation.

Ms. Powell reviewed investment income and stated investment income is budgeted \$40,000 higher as the Federal Reserve increased interest rates in 2018. In 2019, no further interest rate increases are expected. The District purchased its own Limited Bonds in FY2018-19 resulting in interest income.

There is \$400,000 in grant revenue budgeted in 2019-20 as the District was awarded OSLAD funding for the Peck Farm North Master Plan Project. The District continues to look for available grant monies for grant

eligible projects. Replacement taxes are budgeted 7% 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 as the State reallocates these funds to other budget areas. 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. The IMRF Fund will use fund balance of \$31,000 and reduce the real estate tax levy 5% as fund balance will be utilized.

Ms. Powell reviewed consolidated expenditures and compared them to the 2018-19 budget. Salaries and wages show an overall increase of 1.88%. The average merit salary increase for full-time employees was 3%. In 2018-19 in anticipation of a possible increase in the Illinois minimum wage rate staff budgeted part-time/seasonal employees at no less than \$9/hr. This year staff budgeted part-time/seasonal employees at no less than \$10/hr. The first in a series of 7 increases to the minimum wage will occur on January 1, 2020 with minimum wage increasing from \$8.25/hr. to \$9.25/hr. The impact of the minimum wage increase is projected in the three year operating budget where by salaries increase over 6% in 2021 and 2022.

Ms. Powell went over the consolidated budget for contractual services which decreased 1%. Included in this year's maintenance agreements in the General Fund was additional dollars in travel expense as the Supt. of Parks will receive a vehicle stipend instead of a vehicle provided by the District. There was an increase in credit card processing fees to better align budget with actual as more transactions occur online. The before and after school program budgeted an increase in rental fees paid to the School District as more kids attend the program. Health insurance budget decreased 7% as compared to the prior year as projected actual expenditures stay well under current budget. In addition, the District has seen a decrease, particularly in the General Fund, as more employees opt out of the plan onto a spouse's or parent's plan. The health insurance budget decreased despite an average 4% increase in health insurance premiums from PDRMA for 2019. 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 \$12,000 as a result of participating in the HSA plan.

Electric utilities are budgeted 3% lower to better align actual to budget. On the contrary, water utilities will increase 7% with both pool budgets seeing large increases as a result of the current and new spray ground. The budget for natural gas expense decreased 2.4% to better match budget to actual expense. The actual expense of natural gas is 6.5% lower than market as the District locked into a contract with lower pricing until 2021 to take advantage of record lows in natural gas pricing.

The overall budget for commodities increased 4% as the price of gasoline increased and the sale of concession/vending supplies increased with an increase in sales. The majority of commodity budgets stayed the same.

Ms. Powell reviewed the consolidated budget for maintenance and capital equipment which increased 1.43%. The most significant changes include an increase in building repairs in the General Fund of \$3,500 and an increase in ADA structural improvements in the Special Recreation Fund of \$4,500 to fund ADA improvements as outlined in the District's ADA transition plan.

Ms. Powell reviewed the list of capital projects included in the General and Recreation Fund, such as, \$20,000 for contracted tree removals; \$20,000 for a new marquee sign at Sunset; \$7,500 for annual/perennial plants; \$8,000 for SPRC HVAC software upgrades; \$10,000 for ice rink liners and materials; \$10,000 for links disc golf tee improvements; \$10,000 for bleacher/guardrails for ballfields; \$27,000 for various ball field drainage work and \$10,000 for various fence repairs.

The overall budget for debt service decreased 27.5% with the upcoming maturity of the Bond & Interest Fund General Obligation S2010 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 IMRF Fund will utilize fund balance and reduce the amount of real estate taxes allocated to this fund.

Ms. Powell discussed the expenditures associated with the special funds. The Liability insurance budget will increase 2.25% from the prior year budget. Liability insurance is budgeted .61% lower as the District's 2019 member contribution to PDRMA for liability insurance decreased. The budget for unemployment expense increased 33.33% as the District does anticipate a few large claims within the next 12 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.

Ms. Powell reviewed the IMRF Fund and it will remain unchanged from the prior year budget. IMRF expenditures remain the same as the IMRF employer contribution rate decreased from 10.42% in 2018 to 7.54% in 2019. This expenditure is adjusted with changes in the IMRF actuarial rate and changes in pensionable salaries and wages. The preliminary rate for 2020, as provided by IMRF, is 9.97%. 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 remain unchanged 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 3.08%. 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 that it will remain unchanged from the prior year budget. The budget for capital expenditures related to ADA accessibility improvements at various parks and facilities increased 1.81%. The District's budget for inclusion services remained unchanged.

Program payments to FVSRA decreased 1.76% 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 less than other districts the District had a lower share of the fee.

Ms. Powell reviewed the Bond & Interest Fund and noted that overall it increased 2.1% and is based on the 2019 Limited Bond repayment schedule.

Ms. Powell reviewed the larger revenue sources for the CIP. Limited Bonds of \$1,600,000 were issued in 2018-19. These bonds are typically issued on a biennial basis. The annual audit transfer increased from \$550,000 in 2018-19 to \$1.4M in 2019-20. This amount increased due to the payoff of the Series 2010 Alternative Revenue Bond which was paid from the General Fund. With this reduced debt service more funds are available to be dedicated to the annual audit transfer. 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 budgeted \$400,000 in OSLAD grant revenue for the Peck Farm North Trail Master Plan Expansion Project which it was awarded in 2019. The District anticipates continued improvement in land cash revenue. Beginning in 2015 the District saw an increase in housing development projects. There is an increase in budget for interest income for the upcoming year as interest rates increased in 2018 and the District purchases its own limited bonds.

Ms. Powell went over the larger projects budgeted in 2019-20 CIP. Ms. Powell highlighted the following projects: \$1.365M for the Peck Farm North Trail Master Plan Project of which \$400,000 is funded thru an OSLAD grant; \$500,000 for HVAC and roof replacement at Sunset Community Center (this is year two of a three year project); \$200,000 for the Wheeler Maintenance Facility roof replacement; \$150,000 for soccer fields in the future development of Hughes Road Park; \$300,000 for the renovation of Bricher and Dryden parks and playgrounds; \$75,000 for the renovation of tennis courts at Lions Park; \$153,756 for the replacement of various District vehicles and equipment.

Commissioner Lenski asked about the audit transfer and the 2010 alternative revenue bonds. Supt. Powell explained that the General Fund pays the debt service and that it does not impact the tax rate at all.

Department heads gave a quick summary of their budgets. Mr. Culp reviewed several projects that the Parks Dept. is undertaking this upcoming year. Those include implementing the Pubworks asset management/work order system; the Peck Farm North Trail project; and Phase II of the Roof/HVAC project here at Sunset Community Center. Staff continues to look for ways to reduce energy costs by converting to LED lighting we have already been able to do so. We are researching solar power options for the district as well. There is a significant amount of drainage work budgeted for this next year. We will work to get the ballfields drained more quickly after rain events so that they may recover faster for less downtime and cancellations of fields. The budgeted drainage also addresses the flooding at Island Park. The completion of the trail from Route 31 to Route 38, as well as, other trail connection sites continue to be an item that staff is focused on. Commissioner Lenski asked about how we plan to address the drainage issues at Island Park and Supt. Culp explained the process and preliminary plan. Director Lambillotte added that another concentration for the upcoming year is to increase the quality of the core parks in the downtown area by securing more seasonal employees so that we may devote more resources to those parks. Also, turf restoration and repairing the paths at Wheeler Park will also be a major focus moving forward.

Ms. Burns reiterated that a major focus of hers will be the Peck Farm North Trail project. Due to the large increase in Camp Coyote participation, more seasonal staff will need to be hired. The capital projects for Peck Farm include replacing the windows in the Peck House and also repairing the basement walls in the house. Director Lambillotte explained that we are devoting a lot of effort to improving the health of our prairies by performing prescribed burns and contracting the removal of invasive plants, in addition to the in-house removal work that staff does.

Ms. Vickers stated that there was not a lot of fluctuation overall in the recreation budget. Staff made adjustments where necessary and took the time to conduct an entire five year analysis of every line item including historical data to better estimate where we should be putting our dollars. Some additional areas that we saw minor decreases in were Tap/Jazz, Gymnastics, Martial Arts and the Toddler programs. Areas that we saw a significant increase in were Adult general programming, Playhouse 38, and Friendship Station Preschool due to our new full day option and enrichment program. Dance Company, Tumbling and Cheer programming all saw increases, as well as our Personal Training, Kids' Zone, Open Gym and Summer Traditional Camps. Overall both fitness centers and both pools saw an increase in revenues. Two upcoming projects that will continue into this next fiscal year are the completion of our LED light conversion and replacement of fixtures and the removal of paper towels from our restrooms replaced with hand dryers.

Director Lambillotte mentioned that Jay Moffat was re-elected to the Park Board and that Bre Cullen was elected for her first term. Bre will be attending the April board meeting, even though she is not officially elected until the May meeting. At the April meeting we will be recognizing those four board members that have served for 10 and 20 years. A more formal recognition ceremony for these board members will be done this fall.

With no further questions or discussions, the committee recommended submittal of the budget to the entire board at the April 15, 2019 Board Meeting. President VanderVeen made a motion to adjourn the meeting at 4:45 pm. Commissioner Lenski seconded. All ayes. Motion carried.

Secretary

Submitted By: Sheavoun Lambillotte / Christy Powell