

MINUTES OF FINANCE COMMITTEE MEETING

DATE: April 8, 2021

TIME: 3:01 p.m.

PLACE: Via Go To Meeting

PRESENT: President Susan Vanderveen, Commissioner Jay Moffat, Sheavoun Lambillotte, Christy Powell, Nicole Vickers, Jerry Culp, and Brynn Pattermann (all remote via GoToMeeting) answered present.

ADOPT TEMPORARY PUBLIC COMMENT RULE

Jay Moffat made a motion to suspend the normal rules for public comment and adopt temporary rules for public comment which allow members of the public to address the Board by emailing bpattermann@genevaparks.com or leaving a voicemail at 630-262-2202 up to 15 minutes prior to convening the meeting. President VanderVeen seconded. A roll call vote was taken with all in favor. Motion carried.

GUESTS: None

SUBJECT MATTER DISCUSSED:

Ms. Lambillotte began the meeting stating that overall it was a difficult year to budget. Staff provided their best estimate as to how the recovery would go. In all funds except the Recreation fund the recovery is more constant and easier to estimate. We cut expenditures in the General Fund where possible to save money. For the Recreation Fund it was much more difficult as some areas are recovering faster than others and so we utilized different recovery estimates versus an across the board percent. We continue to budget very conservatively especially when it comes to revenue. Ms. Lambillotte introduced Ms. Powell and stated she would cover the budget document.

Ms. Powell discussed 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. She stated that due to the COVID-19 pandemic which began in March of 2020, nearly all of our agency operations were required to temporarily suspend. While some of our agency operations have resumed since Illinois has entered Phase 4, many aspects of our operation and programming continue to be substantially impacted or eliminated altogether. This situation has caused significant changes in our operational plans and financial outlook. Since the duration and the magnitude of the crisis is unknown, the budget is being cautiously presented based on current estimates of the financial impact of the COVID-19 pandemic and the results it will most likely have on or future operations.

For FY21, the financial forecast of the impact of the coronavirus is an estimated net loss of \$500,000 (lost revenues plus expenditure savings) in the Recreation Fund. The District has reduced operating expenditures as well as severely cut the Capital Improvement Plan (CIP) to offset the loss in the Recreation Fund. The overall budget of revenues and expenditures has been reduced in almost all funds due to the financial impact of COVID-19.

The committee was presented with a balanced budget of \$11,877,775 excluding the Capital Fund. The Capital Fund budget included revenues of \$2,306,200 and expenditures of \$2,676,111. Ms. Powell stated that even during the pandemic the focus of the budget has been to continue 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 6.12% 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 and will fluctuate from year to year depending on if grants or bonds are budgeted.

Ms. Powell stated real estate tax revenue will increase 1.21% and is a function of the amount allocated under tax cap legislation and a reduction in the Special Recreation Fund tax levy. Ms. Powell stated that the District has seen its seventh year of increase, 2.3% in 2020, in the District's Equalized Assessed Valuation (EAV), after five straight years of prior declines (2009-2013). Assuming we don't see a decline in housing values caused by the financial impact of the coronavirus, it is anticipated that the EAV will continue to increase in the upcoming years as price appreciation in the real estate market is expected to continue.

Ms. Powell reviewed program/facility revenue and stated overall it is budgeted to decrease 16.34%. Ms. Powell stated that overall most programs and facilities saw decreases due to the impact of COVID-19. Program and facilities that saw the largest decrease include: SPRC, pools, general recreation, SRFC, camps, dance, preschool/toddler, tumbling/gymnastics, PH38, and general athletics. Conversely, there are program areas that have shown increases: special events, and tennis.

Sunset Pool revenue decreased 10%, Mill Creek Pool revenue decreased 16.32%, with both pools relying solely on daily fees due to the restrictions imposed by the pandemic. Swim lessons decreased 48.26% as programs will run at very small capacities due to COVID19 restrictions. Mini golf revenue decreased 4.7% with reductions in concessions and daily fees caused by the pandemic. Playhouse revenue decreased 32.5% to reflect lower participation due to mitigation rules imposed by the pandemic.

Fitness center revenue for the Sunset Fitness Center is budgeting a decrease of 34% and the SPRC a decrease of 20% as we are seeing reductions in membership revenue caused by the pandemic.

Ms. Powell reviewed investment income and stated investment income is budgeted to stay the same as the Federal Reserve continues to state they will hold interest rates at 0%-.25% thru the next few years. The District has once again purchased its own Limited Bonds in FY21 resulting in interest income for two years at a rate of .77%.

Grant revenue is budgeted in the Capital Fund of \$1.36M, in hopes of securing an IL Parc grant which would fund 80% of a planned Sunset Racquetball Renovation. The District continues to look for available grant monies for grant eligible projects. Replacement taxes are budgeted with no change. This is based on recent decreases over the prior years. This revenue source could be uncertain as the State may need to reallocate funds within their budget due to the coronavirus crisis. 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. This year's budget calls for the use of fund balance and a reduced tax levy in the Liability Fund, IMRF Fund, Audit Fund and Social Security Fund.

Ms. Powell reviewed consolidated expenditures and compared them to the 2020-21 budget. Salaries and wages show an overall decrease of 2.29%. The average merit salary increase for full-time employees was 2.45% with some positions at the District left vacant due to low demand for programs caused by the pandemic. In anticipation of an increase in the minimum wage to \$12/hr in January of 2022 staff budgeted part-time/seasonal employees accordingly. Assuming operations return to normal after the pandemic, the impact of the minimum wage increase is projected in the three-year operating budget for an increase over 6%+ in 2023 and 2024.

Ms. Powell went over the consolidated budget for contractual services which decreased 2.6% with most accounts having small budgeted decreases. The majority of this decrease incurred in public communications, advertising and printing, as the District utilizes more electronic means of marketing programs. In addition, there was a decrease in credit card processing fees as revenues are budgeted lower due to the pandemic. Also, there was a decrease in camp bus and trip fees due to covid19 restrictions. There was an increase in contractual services for the outsourcing of the marketing department but this expenditure was more than offset by a decrease in salaries.

The health insurance budget has a large increase of 8% despite an average 2.5% increase in health insurance rates. The District has seen an increase in expense for a number of reasons; employees opt into the plan due to the loss of a spouses' plan, a new employee elects more dependent coverage or an employee turning age 26 and aging out of their parents plan. 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 \$19,000 as a result of participating in the HSA plan.

Electric, water and natural gas decreased 4.5%, 3.8% and less than 1% respectively to better align actual to budget. The actual expense of natural gas has stayed 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 decreased 12.29%. The majority of commodity budgets decreased due to reduced demand for commodities used in programming caused by the pandemic.

Ms. Powell reviewed the consolidated budget for maintenance and capital equipment which decreased 39%. This large decrease is due to the completion of a large prior year capital project completed in the SRA Fund of \$350,000 for Sunset Community Center parking lot ADA improvements. Without this project, the overall budget for maintenance and capital decreased 6%. The majority of maintenance and capital equipment budgets stayed the same or decreased.

Ms. Powell stated very few capital projects are budgeted in the General and Recreation Fund due to reduced financial revenue caused by the pandemic. There are capital funds budgeted in the General Fund for necessary capital expenditures, such as, contracted spring landscape, annual and perennial flowers, tree/stump removals, fence repairs, etc. Capital funds are budgeted in the Recreation Fund for emergency purposes only.

The overall budget for debt service decreased 4.25%. Currently the District has one Alternative Revenue Bond that is 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 funds 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, IMRF Fund, Audit Fund and Social Security 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 is budgeted 2.04% higher as the District's 2021 member contribution to PDRMA for liability insurance saw an increase. The budget for unemployment expense stayed the same but is still very high as compared to past years' budgets due to the potentially large number of unemployment claims caused by the temporary lay-off of some employees due to the pandemic. The District pays actual unemployment claim costs versus a tax based on a percentage of payroll. Normally, this method has saved the District tens of thousands of dollars each year as the District has very few unemployment claims. Fortunately for 2020, the state and federal government paid all unemployment claims related to COVID-19 for the year and the District incurred no expense. It is unclear if the government will continue to cover the cost of unemployment claims in 2021.

Ms. Powell reviewed the IMRF Fund. IMRF expenditures are budgeted 9% lower due to reduced total salaries caused by the pandemic. The IMRF employer contribution rate changed very little from 9.97% in 2020 to 9.96% in 2021. With current investment gains in the financial markets it is anticipated that the IMRF rate will continue to stay low in 2022. 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 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 2.67% and 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 decrease of 9.34%. 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 the District budgets capital expenditures for ADA improvements. This year capital expenditures are down 75% as the District completed a large capital project of \$350,000 budgeted for Sunset Parking Lot and front entrance ADA improvements. In addition, the District budgets ADA accessibility improvements at various parks and playgrounds. This expense fluctuates from year to year depending on the playground replacements and ADA improvements budgeted in the Capital Improvement Plan (CIP) as well as the amount of funds available in the SRA fund. The District will continue to implement ADA improvements to its parks and facilities until all improvements are made according to the ADA transition plan. The District plans on updating its ADA transition plan in the coming years.

The second largest expenditure from this fund is the program payment to the Fox Valley Special Recreation Association (FVSRA). Program payments to FVSRA decreased less than 1% from the prior year. The District's share of membership fee is based on the various participating communities EAV. The District's inclusion services will remain the same as the prior year's budget as resident requests for these services have remained the same.

Ms. Powell reviewed the Bond & Interest Fund and noted that overall it increased 2.3% and is based on the Limited Bond repayment schedule.

Ms. Powell reviewed the larger revenue sources for the CIP. Limited Bonds of \$1,700,000 were issued in 2021. These bonds are typically issued on a biennial basis. The annual audit transfer budgeted a decrease due to an anticipated loss in the Recreation Fund cause by the pandemic. The FY21 audit transfer is anticipated to decrease from a budgeted \$1.4M to \$550,000. The audit transfer for FY22 originally estimated at \$1.5M is budgeted at \$800,000. With the anticipated reduced audit transfer the District cut \$1.8M from its FY21 CIP and \$1.2M from it FY22 CIP capital expenditure budget.

The District budgeted \$1.36M in grant funds in hopes of being awarded the IL Parc Grant to fund the renovation of the Sunset Racquetball Fitness Center. This grant would cover 80% of the expenditures for this project. The District anticipates \$50,000 in land cash revenue for various residential development projects. The interest income budget has remained the same as investment rates remain low at 0%-.25%. The District has once again invested in its own limited bonds resulting in investment income of .77% annually on this investment.

Ms. Powell stated that there were very few projects budgeted in the CIP due to the pandemic. One of the larger projects included this year is \$1.7M for the Sunset Fitness Center renovation which would only be completed if a \$1.36M IL Parc Grant was awarded. All other projects are routine maintenance projects. Funding for playground replacements and vehicles/equipment have been deferred until more financial certainty is known regarding the impact of the pandemic.

Department heads gave a quick summary of their budgets. Mr. Culp stated that the District is cutting back on Capital projects due to the pandemic. Mr. Culp reviewed several projects that the Parks Department is undertaking this upcoming year. The Island Park Drainage project will be the largest project this year. The

District applied and received grant funding for this project. Staff plans to go out to bid in May and start construction in July. Asphalt and trail work continues to be ongoing and will be addressed as needed. Staff has been utilizing the PubWorks work order system and is looking to purchase an additional module that would allow for the public to input comments or concerns allowing for better efficiencies throughout the District. Another focus will be on additional training for staff. Staff plans to continue tree pruning throughout the parks which has helped to reduce storm damage. Mr. Culp stated that additional work will be done to improve ballfields including restoration and drainage work. The District will be spending some time speculating and planning for future projects as we recover from COVID. The District will continue to look for grant funding opportunities if they become available.

Ms. Vickers stated that the District is entering into a rebuild year after the financial impact of the pandemic. Staff plans to open the pools again this year and anticipates that there will be restrictions in place surrounding COVID. Ms. Vickers stated that there has been a lot of planning surrounding how to minimize financial loss as it relates to the pool. Peck Farm Park has hired two part-time naturalists this year. This is a cost saving instead of having one full-time naturalist. Staff continues to conduct an analysis each year including historical data to obtain best projections for programming and classes to offer to participants. Outdoor fitness and programming continue to grow in popularity and staff plans to offer many varieties this upcoming year.

Ms. Lambillotte added that Preschool continues to grow in popularity and really flourished last year. The before and after school program was able to absorb additional children as schedules changed throughout the everchanging school schedules due to the pandemic. Summer camps are bouncing back and we are looking forward to another successful season. The Recreation department has brought back the Coordinator position to help prepare and plan for camps and the before and after school program. The District has eliminated the Marketing Director position and hired a Marketing firm which is a cost savings to the District. The new marketing firm has done extensive research and has analyzed our website and social media pages. They were able to provide us with a detailed report which includes recommendations for upcoming changes that the District is excited about. The computer firm that we have used for many years is going out of business. The new firm is much larger and has worked with 40 surrounding Park Districts and is familiar with our financial and registration software. The Board and staff will need to discuss details for starting and updating our ADA Transition plan.

Commissioner Moffat and President VanderVeen both stated that staff has done a great job with preparing the budget during these times. They expressed their appreciation and complimented staff for their hard work.

With no further questions or discussion, the committee recommended submittal of the budget to the entire board at the April 19th, 2021 Board Meeting. Commissioner Moffat made a motion to adjourn the meeting at 3:47 pm. President VanderVeen seconded. A roll call vote was taken with all in favor. Motion carried.

Secretary

Submitted By: Sheavoun Lambillotte / Brynn Pattermann