

MINUTES OF FINANCE COMMITTEE MEETING

DATE: April 7, 2025

TIME: 12:00 pm – 1:25 pm

PLACE: Sunset Community Center

PRESENT: President Moffat, Commissioner Jones, Nicole Vickers, Christy Powell, Elliott Bortner, Carl Gorra, and Hannah Sterricker

GUESTS: None

SUBJECT MATTER DISCUSSED:

President Moffat called the meeting to order. Supt. Powell discussed the meeting's 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 of their budgets.

The committee was presented with a balanced budget of \$14,798,628 excluding the Capital Fund, with an increase of .55%. The Capital Fund budget included revenues of \$4,476,000 and expenditures of \$8,983,873. Supt. 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. Included in the report is a three-year operating budget for analytical purposes. Supt. Powell informed the committee that the Board will be asked to formally adopt a one-year budget for FY2025-26.

Supt. Powell stated the overall increase in revenues is slight .55%, excluding the capital fund, in the next fiscal year. This small variance is comprised of many offsetting factors. We are also looking at an increase in real estate taxes, program fees, and facility revenues. We are looking at decreases in personal property replacement tax, and the amount of fund balance utilization. The fund balance decrease is about 73% from the previous year. We expect interest rates to stay flat.

Supt. Powell stated that real estate taxes make up 46.9% of this year's budget. That percentage will fluctuate year to year depending on whether grants, bonds, and fund balance usage are budgeted.

Supt. Powell stated that the District has seen its eleventh consecutive year of increase, 11% in 2024, in the District's Equalized Assessed Valuation (EAV), after five straight years of prior declines (2009-2013). All sectors, except railroad, are estimated to see increases in EAV, with the most growth in the residential sector.

Supt. Powell reviewed program/facility revenue and stated that overall, it is budgeted to increase 4.38%. Overall, many programs and facilities saw minimal change. Programs and facilities that saw the largest increase include: before and after school program, camps, cheerleading, pickleball programs, exercise and aerobics, and Playhouse 38. New this year, the District will be adding the Peck Farm preschool program.

The pool revenue budget overall saw very little change up 1.39%. Mill Creek Pool saw less than a percent decrease, as we expect that pass sales will be down; however, concessions are up. Swim lesson revenue is down 2%, this is down despite the increased participation in private swim lessons. Mini Golf has an overall increase of 1.75%. We expect daily fees to rise with the renovation of the mini golf hut. Playhouse 38 revenue is up 13% as we continue to see increases with program fees, ticket sales, and concessions. The Sunset fitness center is up 8.23% and SPRC is looking at a 2.18% increase in revenue as operations return to a more normal pre-pandemic levels.

Supt. Powell reviewed investment income expectations based on the Federal Reserve Rate. The District once again purchased its own Limited Bonds in FY25. This provides interest income over the next two years.

Grant revenue is budgeted in the five-year Capital Improvement Plan (CIP). In FY2025, the District received a \$600,000 OSLAD grant awarded to the Winding Creek Park development. The District continues to look for available grant monies for grant eligible projects. Replacement taxes are budgeted to decrease based on actual receipts over the past few years. Supt. 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 and the IMRF Fund. President Moffat asked if there is an update on when the EV grant funding will be released. Executive Director Vickers shared that a meeting will be scheduled to find out more information. She shared that the money is legally obligated, and they are ready to make implementation plans. She also stated that the park district staff has already budgeted engineers, architects, and the implementation of lines, etc.,. President Moffat asked which land development the park district expects land cash from. Executive Director Vickers stated the new development behind Fisher Farms.

Supt. Powell moved on to expenses, stating that the budget for salary expenses, which includes full-time, part-time, and seasonal employees, shows an overall increase of 5.47% as there was a similar offsetting increase in programs/facilities revenue. The average salary increases for full-time employees totaled 2.9% as the District focused on updating full-time salaries and wages to be in line with the market.

Supt. Powell went over the consolidated budget for contractual services, which increased 6.71%, with most accounts having no or very little change. The majority of the increase occurred in professional services with the addition of the Paycom software. In addition, as we see participation increase, we are seeing increases in bus rental for camps and Active Older Adult trip expenses. Advertising and printing are budgeted higher as the District focuses more resources on marketing campaigns. Credit card processing fees increase as the District continues to see growth in revenue and greater use of the online registration system. Commissioner Jones asked about the printing expense for the Park District's brochure and how recently staff have challenged the printer on that cost. Supt. Bortner stated that our current printer has been the most affordable. This company has been bought out a couple of times, and we are starting to experience some challenges. Executive Director Vickers stated that the staff is working on gathering information and quotes from other companies, as our community survey has proven that a physical brochure versus a digital brochure is highly desired.

The health insurance budget will see an increase of 5%, in health insurance premiums from PDRMA Health, as the District sees a larger increase after several years of small increases. 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 \$70,000 as a result of participating in the HSA plan.

Electric, water, and natural gas maintained a steady balance overall with no expected change. Natural gas, for the Park District, continues to stay lower than the market as the District secured a new low rate through November 2027.

The overall budget for commodities increased 1.95%. The majority of commodity budgets saw no change or a small increase. There was a decrease in the budget for gas and diesel fuel as the District continues to find ways to make its fleet more environmentally friendly by replacing vehicles and equipment with electric ones. Executive Director Vickers also mentioned that Supt. Gorra was able to save dollars on the new HVAC preventative maintenance contract for the district.

There was an increase in the overall budget for maintenance and capital equipment as the district allocates more resources towards capital. The grounds maintenance contract stayed level as the District enters into another yearly contract for mowing.

The District will once again include funds in the General Fund for necessary expenditures, such as contract spring landscape, mulch in the parks, fall tree removal and pruning, tree/stump removals, ball field light replacements, fencing/backstop repairs, etc. In addition, the Recreation Fund will include operating funds for maintaining facilities and updating amenities. Funds are budgeted for new BestLife fitness equipment, carpet replacement projects, ball field shade, etc. Commissioner Jones asked if there was an update on the ball field lighting grants. Supt. Gorra stated that, unfortunately, the District does not meet the state grant requirements. The alternative is the District purchasing the equipment and hiring someone to install it. If the District purchases the light fixtures, we can receive a discount through ComEd using their vendors. The more difficult part is to find someone to install the ball light fixtures.

The overall budget for debt service decreased -7%. Currently, the District has one Alternative Revenue Bond that is abated annually from the real estate tax levy and funded through the District's operating funds. The District has one limited bond issue paid from the Bond and Interest Fund. President Moffat asked how much Paycom costs. Supt. Powell stated that it is \$45,000 per year. President Moffat stated that he believes Paycom to be very cost effective as it is providing the District more efficiency and eliminating the need for an additional staff member. Supt. Powell agreed. Executive Director Vickers stated that it is also eliminating other smaller software programs.

Supt. 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 and IMRF Fund will utilize fund balance and reduce the amount of real estate taxes allocated to the fund.

Supt. Powell discussed the expenditures associated with the special funds. Liability insurance is budgeted 7.5% higher as the District's 2024 member contribution to PDRMA for liability insurance increased 10%. The budget for unemployment expense stayed level as it is anticipated that the expense will continue at normal, pre-pandemic levels. The District pays actual unemployment claim costs versus a tax based on a percentage of payroll. This method normally saves the District tens of thousands of dollars each year, as the District, under normal circumstances, has very few unemployment claims.

Supt. Powell reviewed the IMRF Fund. The 2026 employer rate is anticipated to increase. The IMRF employer contribution rate in 2025 is 5.53%. The IMRF rate charged to the District fluctuates from year to year and is greatly influenced by the return on investments the fund is yielding, as well as pensionable salaries and wages, age, and years of service of its employees.

The Audit Fund was reviewed, and there is a 4% increase. The audit expense is based on the three-year contract approved by the Board with the firm Lauterbach and Amen. The new three-year contract was solidified and increased by \$500 per year, which will now end in FY27.

Supt. Powell reviewed the Social Security Fund and noted a budget increase of 4.26% as it is adjusted with changes in salaries & wages expense, and anticipating growth in program revenue.

Supt. Powell reviewed the Special Recreation Association (SRA) Fund expenditures. They are down from the prior year. The District in the past fiscal year utilized fund balance to fund ADA improvements associated with the Mill Creek Community Park universal playground. In prior years, funds were accumulated in fund balance to allocate towards this large ADA project. That expenditure will fluctuate based on ADA improvements as they are based on the capital improvement plan, as we continue playground replacements and other ADA improvements. President Moffat asked how old the District's current ADA audit is and how often the audit is completed. Executive Director Vickers stated that the audit is conducted every 10 years, and our most recent audit was completed in 2021. She also shared that ADA upgrades can be quite costly, so as new projects and updates are made throughout the District, ADA improvements are made. Supt. Powell noted that this year's

largest expenditure from this fund is the program payment to the Fox Valley Special Recreation Association (FVSRA). The District, along with six other Districts in the Fox Valley area, provides programs for residents with disabilities. Program payments to FVSRA increased 15.16% from the prior year as the association had kept member contribution rates flat over several years. The membership contribution is based on the various communities' EAV. The District's inclusion service budget will increase slightly in anticipation that residents' requests for these services will increase.

Supt. Powell reviewed the Bond & Interest Fund and noted that overall it increased 3.4% and is based on the Limited Bond repayment schedule.

Supt. Powell reviewed the larger revenue sources for the CIP. Revenues for this fund are made up of biennial issued Limited Bond Proceeds, transfers of savings from operating funds from the previous year (annual audit transfer), land cash revenue, donations, grant revenue, and investment income.

The District received in FY25 a \$600K OSLAD Grant from the State of Illinois to pay a portion of the estimated \$2.1M in project costs for the development of Winding Creek Park. The District also hopes to secure \$1.4M in grant funds to fund 80% of the cost of additional EV charging stations within the District.

Limited Bonds are not budgeted to be received in the 2026 fiscal year. The District normally issues Limited Bonds once every two years in accordance with Illinois tax cap legislation, which allows Districts to issue limited bonds in an amount equal to their annual allotted debt service extension base plus annual increases in the CPI.

The annual audit transfer budget increased due to continued savings in debt service in the operating funds. The District anticipates an increase in the audit transfer from \$1.9M in 2025 to \$2.1M in 2026. This increase is due to the decreasing debt service payment on the Series 2014 Alternative Revenue Bond which is divided equally between the General Fund and Recreation Fund. This Bond will be paid off in FY27. With the reduced debt service, additional funds are available to be dedicated to the annual audit transfer. The annual audit transfer funds a large majority of the capital improvement fund. The annual audit transfer is net surplus 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 \$50,000 in land cash revenue for various residential development projects. The budget for interest income will remain flat.

Supt. Powell stated that projects are further outlined within the CIP document. She reviewed a listing of some of the larger capital projects: \$160K for various exterior improvements at the Sunset Community Center; \$220K for parking lot improvements, including the Wheeler parking lot; \$385K for various Sunset Pool maintenance improvements; \$150K in tennis court improvements at the Dryden tennis court; \$1.9M in environmental initiatives, which includes the 80% grant funded EV charging stations and \$100K for solar panels; \$185K in ball field improvements at Wheeler Park, Don Forni Park, Harrison Street School, and Western Avenue School ball fields; \$2.9M in playground equipment/replacement with the addition of Winding Creek/playground budgeted at \$2.1M (\$600K is funded through the OSLAD Grant) and a renovation of an additional playground; \$240K for Sandholm Woods west improvements; \$1M is budgeted for land acquisition as the District is preparing for the end of the 2026 lease of the preschool location with the school district; \$75K for Peck Farm Peterson Property design and engineering site work; \$120K for Peck Farm improvements which include the Peck well and fascia building improvements; \$225K for HVAC improvements at Harrison Street School and Western Avenue School; \$380K for vehicles/equipment replacement; and \$121K for computer/office equipment replacement and software upgrades. President Moffat asked how the number was determined for the preschool location. Executive Director Vickers shared that the dollar amount is an estimate, as the leadership team has discussed a few location ideas for preschool if needed.

Department heads gave a quick summary of their budgets. Supt. Bortner shared that Peck Farm camps increased 8% for both budgets as both age groups performed well again this past year, especially in the younger age group. A new budget was created for Peck Farm Prairie Playschool, which has been budgeted conservatively as we do not know how the program will go. Staff is hopeful the program will take off as we are seeing good registration. Traditional camps' revenue increased 18% as registration numbers are stronger than last year, with the largest growth in Explorer and Voyager Camps. President Moffat asked Supt. Bortner, if we receive any data on Geneva demographics to assist the District in planning. Supt. Bortner states that the District is a part of the Welcome Wagon program, and does not receive demographic data from them. We do receive information on how many packets are sent, etc. Supt. Bortner stated he can see if we can receive any additional information. Playhouse 38 continues to see growth in youth and adult productions, program fees, concessions, and rentals, so the budget has been increased by 13%. The AOA account, which includes senior trips and the Fit for Life program, has increased 20%. An 8% increase in revenue for the Sunset Racquetball & Fitness Center, as we have seen steady growth in youth memberships, and non-resident adult and family memberships over the last three years. Pool staff increased by 8% at Sunset and 9% at Mill Creek Pool. Sanitation and chemicals increased for the pools as well. Pool fees were not increased this year to stay competitive however, our hours for the pre- and post-season were adjusted to reduce expenses as well, and some minor adjustments were made to increase lap swim times at both pools.

Supt. Gorra shared that part-time wages have increased 18% as the development of Mill Creek Community Park is complete and the new Winding Creek Park project is beginning. The Parks Department is also hiring a painting crew this summer for SCC and at the pools. Water and Sewer has increased 11%, and electricity has increased 14% as new restrooms and an ejector pump has been added to Mill Creek Community Park. Professional Services is up 288% due to Paycom. Commissioner Jones asked Supt. Powell if the costs associated with Paycom are separated among the departments. Supt. Powell stated they are equally split between the General Fund and Recreation Fund. Subscriptions and books have increased due to more staff getting certifications and the books and study guides associated with attaining those certifications. Maintenance agreements have decreased 18% as we have secured a new HVAC provider. Gas and diesel are down 13% due to the electric vehicles and better fuel efficiencies in our vehicles as a whole. Maintenance parts, building repair parts, vehicle repair parts, and playground equipment are all up due to the District's estimate with the implementation of tariffs. Fire extinguishers were reduced by about 50% as we have a new vendor this year. Tires and Tire repair are down 25%, as last year we got caught up with needed tires. President Moffat shared that staff should keep in mind that electric-rated tires need replacement sooner. Capital equipment purchases are down quite a bit. Furnishings and fixtures were increased to help staff in getting organized in the office. Commissioner Jones asked how many full-time maintenance staff we have on staff and who can do repairs on equipment. Supt. Gorra stated 18, including himself, and most repairs would go through our mechanic on staff, aside from some smaller repairs that our staff can handle. Commissioner Jones also asked about the \$2,000 budget for the survey of parks. Supt. Gorra stated that the budget is to survey one or two parks a year until all parks have been surveyed. President Moffat discussed the topic of budgeted merit increases for the staff on top of the increases set by the CPI. Executive Director Vickers shared that the staff will evaluate this and bring back information to the Board.

With no further questions or discussion, the committee recommended submittal of the budget to the entire board at the April 21st, 2025 Board Meeting. The meeting adjourned at 1:25 pm.

Secretary

Submitted by: Hannah Sterrick / Nicole Vickers