

MINUTES OF BUDGET COMMITTEE MEETING

DATE: April 4, 2011

TIME: 5:30 p.m.

PLACE: Geneva Community Center

PRESENT: Todd Karas, Peggy Condon, Sheavoun Lambillotte, Christy Powell, Jay Kelly, Larry Gabriel and Trish Burns

GUESTS: Frank Vaisvilas, Geneva Republican

SUBJECT MATTER DISCUSSED:

Sheavoun Lambillotte began the meeting discussing the agenda and what would be covered. She stated that Ms. Powell would review the Executive Summary and then department heads would provide further highlights on their budgets. Lastly, the Special Fund budgets and Construction Fund budget would be covered.

The committee was presented with a balanced budget of \$12,491,975. The entire budget increased 1.78% over the previous year.

ACROSS FUNDS- REVENUES:

Ms. Powell went over the various revenue sources that make up the District's revenue budget. Real Estate Taxes make up 54% of the \$12.4M revenue budget. Tax capped Real Estate Taxes will increase 2.7%, the 2009 Consumer Price Index. New growth for the District is estimated at \$12.2M. Ms. Powell explained that the District allocates real estate taxes to the General Fund, Recreation Fund and Special Funds as needed. In the prior year, the District reduced the real estate tax levy for some of its special funds because there were adequate reserves in those funds (more than 30% of annual expenditures) to cover budgeted expenditures and therefore the levy for those special funds were not extended. However, this year the District did not have any reserves over the 30% threshold and thus there is an increase in those funds real estate taxes from this year to last year.

Ms. Lambillotte pointed out that the assessed valuation of the District went down 4% from the prior year and reminded the board that lower real estate values will affect the District's tax rate.

Program Fees make up 34% of the entire budget. This revenue has increased 6% as compared to last year. This is largely due to the expansion of the District's various camp programs as well as the addition of a new 6th grade After School Program called The Zone.

Replacement taxes have increased 33% from the prior year budget. This revenue source has increased as the Illinois Department of Revenue anticipates corporate income tax collections to increase within the next year as the economy continues recovering.

Investment Income continues to make up a smaller amount of our total budget. Investment income is budgeted -50% lower than the 2010-11 budget as most of the District's long-term investments have now matured and rates on new investments continue to be at all-time lows as the Federal Reserve continues to hold interest rates at historic lows of 0-.25%; with no indication of raising rates in the near future.

ACROSS FUNDS- EXPENDITURES:

Salaries expense in total for all funds is budgeted 3.3% higher than the prior year. Full-time employees averaged an annual salary increase of 2.83%. The 3.3% increase is the result of additional part-time employees hired in connection with the expansion of programs the District offers, such as, summer camps, before and after school programs and programs at the Stephen D. Persinger Recreation Center. The additional salaries expense will be more than offset by the additional program revenue budgeted. In addition, a part-time marketing assistant will be hired to assist the marketing coordinator with the expansion of various communication technologies in an effort to better communicate program information with our participants.

The cost of health insurance is budgeted 5% higher. In an effort to reduce expenditures in health insurance the District participates in a program called Alternative Funding with the Park District Risk Management Agency (PDRMA), whereby, the District self-insures a portion of an employee's deductible; thereby paying a lower premium on a higher deductible. This has saved the District thousands of dollars over the four years it has participated in the program. Depending on the claims history, in some years the District saves more than in other years.

The overall budget for commodities has increased 8%. The District anticipates seeing cost increases in fuel and in utilities, such as, water and sewer. Fortunately the District locked in natural gas prices for three years at a historic low, and thus there are no anticipated increases in this utility.

The maintenance and capital equipment line items in total decreased -2.8% as debt service payments on the Series 2010 Alternative Revenue Bonds decreased with the refinancing of the issue that took place in 2010 saving the District \$330,000 over the life of the bond issue. In addition, debt service payments on the Series 2003 issue were reduced as that issue is nearing maturity in 2016. Ms. Powell explained that the District's debt service is structured so that while one individual debt issue's payment may go up or down in a given year, in total the District's debt service payments remain level from year to year.

GENERAL FUND-

The budget for Peck Farm Program Fees decreased -35% because of decreased participation in the Peck Farm camp programs. However, this decline is more than offset by increases we have seen in the District's traditional camp programs.

Expenditures for contractual services increased only slightly at .5% despite an increase in health insurance premiums of 5%. Many of the contractual service expenditures were reduced in the Peck Farm budget to more closely match budget with prior year actual expenditures. We have seen lower electric and telephone expenses than what was budgeted in past years.

RECREATION FUND-

The Stephen D. Persinger Recreation Center (SPRC) budget totaled \$614k. SPRC is budgeted 7% higher, however, this is somewhat offset by lower fitness center revenue budgeted for Sunset Racquetball Fitness Center of -3%. Ms. Lambillotte reminded the committee, that both fitness facilities were exceeding their budgets for this fiscal year. She also stated that we are very excited about seeing continued increases in the SPRC revenue budget. SPRC is now going into its fourth year of operation and we still continue to see growth in that facility each year.

The Sunset Pool's revenue budget increased 2% as the number of people utilizing the pool on a daily basis has risen. The Miniature Golf revenue budget has increased 3.7% to better match prior year actual revenue to budget.

Expenditures for contractual services decreased -.5% as expenditures in this area have been reduced in an attempt to cut costs. Some of the District's preventative maintenance agreements will no longer be contracted services and instead District staff will do this work in an effort to reduce costs. The decrease in contractual services came about despite an increase in health insurance premiums of 5% and despite an increase in credit card processing fees. Credit card processing fees continue to increase as the use of on-line program registration continues to grow as well as more fitness center members elect to pay their annual membership on a monthly basis via credit card. Commissioner Condon commented that she had heard positive comments regarding the ability to pay programs via a payment plan using a credit card.

DEPARTMENT HEAD PRESENTATIONS-

LARRY GABRIEL- PARKS & FACILITIES

Larry Gabriel highlighted that his budget has not changed tremendously from last year and that there are several areas where he has cut expenditures. He stated that there have not been any increases in full-time staff expenditures but that he is increasing his usage of seasonal employees.

Mr. Gabriel stated that his advertising and printing budget has decreased as the use of electronic communication (on-line employee application system) has reduced the need to place newspaper ads. Mr. Gabriel added that there were increases made in gas and diesel fuel of 20% to cover current and anticipated increases in fuel costs. Other than those items there were not any other increases added to the budget.

Vice President Karas asked if there were any big capital projects budgeted in the General Fund and Ms. Lambillotte stated that the larger ticket items are included in the Construction Fund Budget.

TRISH BURNS- PECK FARM

Trish Burns highlighted the Peck Farm budget. She stated that the biggest change for Peck Farm, unfortunately, was the reduced camp budget revenue of 35%. She stated that staff is working on increasing camp registration by adding some additional camps that they will be marketing in the summer brochure that will offer more to younger and older participants. Ms. Lambillotte stated that there were some changes made to the Peck Farm Camp curriculums and the renaming of the camps to make the programs more exciting. Whereby, in the past, the same curriculum was followed for each session, it has changed so that different activities are happening all summer long. This will make it more interesting for participants who attend multiple sessions of the Peck Farm Camps. However, she felt that with the name change it may have confused past participants who were looking for the past camp names, such as, Camp Coyote. Ms. Lambillotte stated that there were many good changes made that will eventually be successful; however, it may take a while for those changes to prove fruitful.

Ms. Burns stated that this year the Peck Farm staff has designed a new curriculum that they will be bringing to the classrooms at the schools. Ms. Lambillotte added that they have also been bringing their curriculum to the various before/after school programs as well.

JAY KELLY- RECREATION

Jay Kelly stated that there were some changes in administrative salaries as some salaries were reallocated to other salary accounts based on the reorganization of the front desk at Sunset. Ms. Lambillotte stated that no additional full-time staff was hired, that it was just a matter of changing the accounts where both part-time and full-time salaries were budgeted.

Mr. Kelly said that there was an increase in the capital account as some additional fitness center equipment, as well as some of the expense for the renovation of Sunset, is included in this line item. Mr. Kelly stated that there was an increase in salaries in the public information budget to add a part-time marketing position as was outlined in the District's short & long range plans. Mr. Kelly stated that there were minor changes in some programs. Some programs saw increases and some decreases. He stated that there were decreases in Toddler programs, however, by cutting expenses the net revenue is the same. Increases were made in Dance as well as Camps.

Camps were budgeted different this year in that three of the camps: Mighty Vikings, Adventure and Voyager were combined into one camp section called Traditional Camps. Since all of these camps share resources it was more fitting to combine them into one. Mr. Kelly stated that we are finding that the operations of the before/after school, day off trips and summer camps is providing more of a year round program for participants as many of the participants participate in all three.

Mr. Kelly stated that we are seeing some decreases in the co-op programs. For example, the company that the District contracts out for ice skating has now reached out to other park districts and thus some of our non-resident revenue has been depleted. The outdoor ice rink budget has been expanded to include funding for staff to extend their hours on a daily basis from 4pm -7pm and for longer hours on the weekends.

Mr. Kelly stated that while we are showing a -3% budget decrease at the Sunset Racquetball and Fitness Center, we are also showing a 7% increase at SPRC. He stated that the before/after school programs remain strong and are growing. He stated that the Kinderzone program has grown as this program goes into its second year of operations.

SPECIAL FUNDS- Ms. Powell explained changes in all of the special funds.

LIABILITY FUND-

The fund's expenditures are for Liability Insurance payments and unemployment costs. The District belongs to the Park District Risk Management Group (PDRMA) which is made up of park districts that have pooled their resources together to self-insure liability insurance and unemployment costs. The budget for unemployment expense has remained unchanged from the prior year. The District pays actual unemployment claims versus an unemployment tax which is 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 Karas asked if seasonal employees could claim unemployment benefits. Ms. Powell stated that anyone working for the District for more than 30 days would be eligible to claim benefits. However, through the consultation of PDRMA and Unemployment Consultants we have low instances of this happening.

ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)-

IMRF fund expenses are budgeted to increase 13% over the prior year. Expenditures are higher this budget year as the District's IMRF rate increased 6% over the prior year. The IMRF rate charged to the District fluctuates from year to year and is greatly influenced by the return on investments the retirement fund is yielding. In addition, new part-time staff was added to the IMRF plan as the District's various before/after school programs have expanded greatly over the past few years. Employees that work over 1,000 hours in a year by state law are required to participate in IMRF. To fund this additional IMRF cost, the District transfers user fees from the before/after school programs to cover this increased cost.

Commissioner Condon asked if we would be allocating these costs to all of our programs in the future. Director Lambillotte said that currently it is just for the before/after school program. Ms. Lambillotte stated that since the before/after school program is aimed at a specific audience and that the program is more day-care based than recreational based that the program is covering more of its indirect costs than other programs. She stated that the District is moving towards a pricing structure so that we may begin to better define how the District should offset indirect costs at different rates depending on the program. Currently the District has a very general pricing strategy whereby we offset indirect costs to programs but staff would like to better define this pricing method.

AUDIT FUND-

Expenditures in this fund have decreased from the prior year budget. In 2010, the District's audit firm retired and it was anticipated that there would be a significant increase in the cost of the annual audit as compared with current market rates. However, the District, through a competitive request for proposal, was able to secure a three year contract with a new audit firm with similar pricing as the previous firm.

SOCIAL SECURITY-

Social Security Fund expenditures are up 3% with the addition of part time staff used for the District's expansion of programs in the next fiscal year. Program revenues will more than offset this increase in social security expenses.

SPECIAL RECREATION ASSOCIATION (SRA)-

The SRA Fund is up 19%. The majority of expenditures for this fund are for the program payments to the Fox Valley Special Recreation Association (FVSRA). The District, along with six other Districts in the Fox Valley area, provides programs for individuals with disabilities. Program payments to FVSRA increased very little, .1% over the prior year. However, the SRA fund is up 19% in total as expenditures for inclusion services are anticipated to increase 75% over the prior year as resident requests for these services continue to increase. In addition, the District budgets capital expenditures for ADA accessibility improvements at various parks and facilities. In 2011-12 expenditures are budgeted 42% higher to cover federal mandated upgrades required to bring the majority of our parks to current ADA standards.

BOND & INTEREST-

The Bond and Interest Fund increased 2.89% due to increases in various debt service payments.

CONSTRUCTION FUND-

This fund's expenditures are up 17% over the prior year as some large projects will be undertaken this next fiscal year. Some of the larger projects funded this budget year are as follows: \$295,000 for the renovation, ADA and energy updates to the Geneva Community Center; \$140,000 for the stabilization of the Bennett Park shoreline; \$150,000 for the renovation

of Sterling Manor Park playground and equipment; \$150,000 for the establishment of a Community Garden (this project is jointly funded with the City of Geneva and the Kane County Forrest Preserve District).

Commissioner Karas stated that he felt that most of these projects were mandatory projects, such as, the federally mandated ADA improvements for the Geneva Community Center and the Bennett Park shoreline restoration.

Ms. Lambillotte concluded by highlighting some items the Parks staff was doing. She stated that during full-time staff training, they created training videos that would be used to train part-time and seasonal staff. In addition, the parks department staff has worked on creating a staff moral team, which over the past year has been intricate in decision making, problem solving and provided ideas of recognition and helped bring about better procedures.

Ms. Lambillotte highlighted the recent reorganization of the Recreation Department. In an effort to develop and rejuvenate some program areas such as family, youth, toddler, the junior gym, the department has moved these programs to different recreation supervisors.

Vice President Karas stated that he felt that the addition of SPRC has really allowed for the expansion of program offerings over the past few years. He also felt that credit should be given for the elimination of unnecessary expenses; whether it is the elimination of programs that are not succeeding, or the parks department turning off the gas if they are idle for more than 60 seconds, or even a refinance. He also stated that some of the hard decisions, although maybe painful discussions at the time, such as raising pool fees or allowing non-residents to use some of our facilities were paying off. Mr. Karas stated that the non-tax revenue contributions are starting to show and that he didn't see any instances of non-tax revenue programs subsidizing other programs.

Ms. Lambillotte credited much of the budget savings to work that was formerly contracted out now taken on by existing staff. This includes everything from preventive maintenance contracts to skate park repairs to the seeding of Peck F which amounted to 38 acres or \$100k in savings. She stated that residents should expect staff to attempt to take on any projects, such as the pricing study, which can be done in-house and save dollars yet still provide us with the ability to move forward and maintain the same level of service.

With no further questions or discussions the committee recommended submittal of the budget to the entire board at the April 2011 meeting. The meeting was adjourned at 6:50pm.

Secretary

Submitted By: Sheavoun Lambillotte / Christy Powell