

MINUTES OF BUDGET COMMITTEE MEETING

DATE: April 7, 2010

TIME: 4:30 p.m.

PLACE: Geneva Community Center

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

SUBJECT MATTER DISCUSSED:

Christy Powell began the meeting discussing the meeting agenda and what would be covered. She reviewed the General Fund and Recreation Fund budgets and highlighted changes (increases/decreases) in revenues and expenditures and how it compared to the prior year. Each department head provided a general overview of highlights from their budgets. The Special Funds revenue and expenditures were discussed highlighting any changes from the prior year's budget. Finally the meeting ended with a discussion of the five year Capital Improvement Plan (CIP).

The committee was presented with a balanced budget of \$12.2M. New to the budget this year was the Capital Projects Fund. Excluding the Capital Project Fund, which was not included in last year's total budget, the entire budget increased 11.14% over the previous year. She explained that the increase was largely due to the addition of the Kinderzone program, a new part-time coordinator position added to the before/after school program, an increase in health insurance premiums, an increase in contractual service costs for cleaning services, and an increase in the 2006 GO Revenue Bond debt service payment of approximately \$100,000. In addition, in the IMRF fund a one time payoff for the Early Retirement Incentive (ERI) was budgeted.

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 \$12.2M revenue budget. Real Estate Taxes in total for tax-capped funds have a budgeted total increase of 1.8%. It is higher than the tax capped growth in the Consumer Price Index of .1% because of approximately \$17M of new construction that has been added to the tax rolls. In the first year of new construction the tax cap is not in place.

Program Fees make up 18% of the entire budget. This revenue has increased 15% as compared to last year in the Recreation Fund. This is largely due to the addition of the Kinderzone program and the addition of another preschool class.

The Stephen D. Persinger Recreation Center makes up 4% of the entire budget and has total budgeted revenue of \$538k. Within that budget there is the Fitness Center budget of \$437k with the remaining \$100k being made up of programs such as open gyms, facility rentals, nursery/indoor playground, and new general athletics. We have seen large increases in the new general athletics and men's basketball leagues as these programs continue to grow. The Sunset Racquetball Fitness Center (SRFC) makes up 2% of the total revenue budget. Over the past couple of years, SRFC has shown declines in revenue due to the opening of SPRC in 2008. However, we are seeing those declines begin to taper off. The expected decrease in SRFC membership revenue for 2010-11 is budgeted -2% less. However, with the addition of non-resident membership revenue, total revenue is expected to increase 1% over last year.

The Sunset pool makes up 4% of total budgeted revenues. The pool's revenue budget remained level as there were no memberships or daily fee revenue increases budgeted.

Replacement taxes make up 1% of the total budget and are budgeted 10.78% lower. This revenue source continues to decrease as the IDOR anticipates corporate income tax collections to continue to decrease within the next year.

Investment Income continues to make up a smaller amount of our total budget providing less than 1% this year. Investment income is budgeted 56% lower than the 09-10 budget and 31% lower than the 09-10 projected actual because of continued sustained low interest rates.

The remaining revenue budget items including mini golf, reimbursements, sponsorships/donations, rentals & leases, and concession sales have little change from last year. The real estate tax allocation for some funds decreased as excess fund balance that had built up in the fund will be used to fund expenditures. Best practices state that fund balance should not accumulate in excess of 20%-30% of annual expenditures.

EXPENDITURES:

Total expenditures are broken down as follows: the Recreation Fund accounts for approximately 39% of the total expenditures and the General Fund makes up about 28%. Smaller funds total as follows: Bond and Interest fund accounts are about 12%;, IMRF fund is 4%; Special Recreation Fund is 3%; Social Security is 2% and the Liability Fund is 1% of the total expenditure budget.

GENERAL FUND-

The Salaries expense in the General Fund, which includes Administrative and Peck Farm decreased by -1.79% despite a full-time average salary increase of 2.7%. The decrease comes from a change in management staff in mid 2009 which brought about salary savings. In addition, cuts were made in the part-time seasonal grounds maintenance expense and the overtime expense to better closely match actual expenditures.

Expenditures for contractual services increased 11.92% because of higher health insurance costs. Health insurance is budgeted 18% higher despite a premium increase of 5%. The increase is due to savings utilized in the previous budget year, as a result of the District participating in the PDRMA Alternative Funding program, were not utilized in this budget year. Savings from the Alternative Funding program were smaller compared to previous years and so savings will not be used this year to offset premiums as they have in years past.

Commodities in the General Fund increased 3% due to an overall anticipated increase in the cost of various supplies.

Maintenance & Capital expenditures decreased -1.78% because of a \$20k decrease in the 2002A Capital Appreciation Bonds debt service payment.

RECREATION FUND-

The salaries expense is budgeted 15% higher due to the addition of the Kinderzone program and a part-time before/after school coordinator. In addition, the change in the Illinois State Minimum Wage law increases the minimum wage from \$8.00/hr to \$8.25/hr effective 7/1/10.

Expenditures for contractual services increased 17% because of increases in health insurance, credit card processing fees and contracted services. Credit card processing fees increased as the use of on-line program registration continues to grow. Vice President Karas asked if we should be charging patrons an additional convenience fee to pay on-line. Ms. Powell stated that she would not recommend as she would not want to discourage patrons from using the on-line system (e-connect). E-connect is much more efficient than having front office staff manually input registration forms. In addition, if a fee was charged more patrons would then come into the main office and use their credit cards which would still result in the same credit card processing fees. The contracted services account increased as a cleaning service will be contracted out on the weekends at GCC. Contracting this service out was more cost effective than utilizing our own staff.

Expenditures for commodities are budgeted 6% higher with the addition of the Kinderzone program and the expansion of many other programs.

The Maintenance and Capital Budget has increased 31% because of an increase in the debt service payment of approximately \$100k for the series 2006 General Obligation Bonds.

DEPARTMENT HEAD PRESENTATIONS-

Larry Gabriel

Mr. Gabriel highlighted his budget saying that there was little change in expenditure budgets from this year to last year. He did state that utilities expense is slightly increased with the expansion of the Wheeler facility. Likewise, there is a new expense for fire alarm detection. He also stated that there would be a slight increase in training as an amount was budgeted for training of staff.

Vice President Karas asked if there was anything cut from the budget this year that would make it difficult to maintain the current level of operations. Larry Gabriel stated that he did not and felt that programs and services would remain up to standard.

Peggy Condon emphasized the importance of training for staff and appreciated that Larry would be providing more training next year.

Trish Burns

The only significant change for the Peck Farm Park accounts is in the Programs Fees and the support accounts. The goal for Peck Farm Park this year is to increase programming by 10%. We have many good ideas for new programs such as an environmental education after school program, homeschooling programs in partnership with the recreation department, and mini-camps. Mini-camps would be offered at 3 to 4 hour intervals on Saturday's during the school year for kids aged 6-10 and 12 and up. We intend to offer this from October through March at least once a month. The rest of the Peck Farm Park accounts are static with little or no change.

Jay Kelly

Mr. Kelly reviewed the Recreation Administration account noting that Preventive Maintenance agreements will increase next year as SPRC will need service contracts for next year. In addition, there was an increase in subscription fees as the District is now required to pay Comcast fees according to the franchise agreement reached with the City of Geneva. He reviewed the Before/After school program highlighting that a part-time person is budgeted to assist the Before/After school program. However, in the future there is a goal of making that position fulltime. He then reviewed major program areas: Dance, gymnastics, camps, preschool etc. discussing fees and how they will be reviewed and updated with a pricing strategy to be competitive yet productive to the bottom line.

Vice President Karas asked if there were any glaring areas that needed attention, programs that were not covering their costs enough to sustain. Sheavoun Lambillotte stated that programs are continuously analyzed throughout the year and if there is a program not doing well that it is closely looked at and cut if necessary. She did state concern about the Mother/ Son night which has had very low attendance as compared to the Daddy/Daughter dance. Commissioner Condon also expressed concerns about low attendance at the Concerts in the Park. Ms. Lambillotte stated that this was primarily due to the parking situation at Island Park. Commissioner Condon asked if it would be possible to offer public transportation to deal with this issue. Ms. Lambillotte stated that the use of public transportation is very low in the area and questioned whether it would be beneficial.

Mr. Karas asked about the cost/benefit to provide outdoor ice rinks given the man hours required and the difficulty sustaining a skate able rink. Ms. Lambillotte did say that staff was looking into this and that an analysis regarding this would be forthcoming to the board. It may be that we need to consolidate to one rink. A liner could be added to the rink which would better sustain the ice and require less man hours.

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

LIABILITY FUND-

The Liability Fund is funded mainly through real estate tax revenue. The fund's expenditures are for Liability Insurance payments to PDRMA and unemployment costs. Real estate tax revenues have been reduced by -16% as the district will use a \$45,000 excess fund balance that has built up in this fund over the years to offset revenue. In line with best practices, the District has a goal to maintain a fund balance in the 20-30% range of annual expenditures.

Total expenditures are up 20% with the addition of SPRC to the liability insurance. In addition, unemployment costs were increased in anticipation of more claims from seasonal employees that do not have full-time work to return to.

IMRF FUND-

Real estate taxes for the IMRF Fund decreased -67% as the district will use a \$410,000 excess fund balance that has built up in this fund to offset revenue needs. The IMRF Fund includes a budget increase of 106%. This is due to the payoff of IMRF Early Retirement Incentive (ERI) which was adopted in 2008. The district was able to pay this cost in full thus avoiding interest charges of 7.5% annually.

AUDIT FUND-

Real estate taxes for the Audit Fund increased 80% as the district's audit expense will double. The district's previous audit firm has retired and it is anticipated that a new firm will charge substantially more.

SOCIAL SECURITY-

Real estate taxes for the Social Security Fund decreased -18% as the district will use a \$65,000 excess fund balance that has built up in this fund to offset revenue needs. Social Security Fund expenditures are up 13% with the addition of Kinderzone staff, a new part-time before/after school coordinator and an increase in the minimum wage.

FVSRA-

The FVSRA Fund is up 13%. The bulk of this increase is due to capital improvements that will take place at Braeburn Park and the reimbursement of ADA expenses associated with SPRC. In addition, inclusion costs have increased 131% based on 2009-10 actual expenditures.

BOND & INTEREST-

The Bond and Interest Fund increased 1.75% due to increases in various debt service payments.

CONSTRUCTION FUND-

Significant expenditures in this fund are for Play Equipment Repairs and Replacements, a debt service payment on the Peterson Property, vehicle and equipment replacements, and the beginning of Phase III & IV of Peck Farm Park. Parks to have renovations in 2010-11 are Braeburn Park, Fargo Park, Peck Farm Park, and the Bennett Shoreline.

CAPITAL IMPROVEMENT PLAN (CIP) 2010-2015-

Ms. Powell reviewed the CIP and explained the requirements to be included in the CIP. She then highlighted the various revenues that make up the CIP. She pointed out that the audit transfer was a significant funding source and thus a five year projected fund balance for the General Fund and Recreation Fund was included. She then concluded by going over the various types of projects funded in the CIP.

Commissioner Condon commented that she was pleased that the budget document was sent electronically and that the actual manual had less pages due to formatting and double siding of pages. Discussions then lead to the possibility of having all of the board packets provided electronically as a means of saving paper and copying. A suggestion was brought up that as part of our environmental policy we should look into the benefits of having laptops for all board members and staff at board meetings. Vice President Karas and Commissioner Condon both stated they would be supportive and even willing to bring their own laptops from home.

With no further questions or discussions the committee recommended submittal of the budget to the entire board at the April 2010 meeting. The meeting was adjourned at 6:30pm.

Secretary

Submitted By: Sheavoun Lambillotte / Christy Powell