

Jessica Vasalos

From: Jessica Vasalos
Sent: Friday, November 15, 2024 2:45 PM
To: Craig Talsma
Cc: Nicolae Gereaa; Tracey Crawford; Andrea Griffin; Darleen Negrillo
Subject: RE: Budget Questions

Importance: High

Hello Craig,

Below are the responses from staff to your questions. The Board packet will be sent today. Thank you for responding to our request to review the materials sent.

Have a great weekend!

From: Craig Talsma <ctalsma@heparcs.org>
Sent: Thursday, November 14, 2024 3:54 PM
To: Tracey Crawford <tcrawford@nwsra.org>
Cc: Nicolae Gereaa <ngereaa@nwsra.org>; Jessica Vasalos <jvasalos@nwsra.org>
Subject: Budget Questions

Hello Tracey,

Thank you in advance for addressing my questions. These are still mainly my original questions I brought up at the November 1 Finance Committee, which are all blind copied on this email.

Pursuit

We understand that the PURSUIT Adult Day Program is still relatively new and all of us are on a learning curve. This is why we had staff from Clearbrook, and our staff present a full in-depth presentation at the Board meeting in March, prior to signing the three-year contract with them. We think it is important to state that the relationship between Clearbrook and NWSRA was very strained prior to the start of the PURSUIT program. Over the years both agencies have had to build trust in each other and respect what each agency brings to the table. Clearbrook is the administrative agency for the budget because without them 80-85% of the participants would not be able to be served if NWSRA independently provided the adult day program. The participants we are referring to receive government or state funds that can only be received by a state agency. At the conception of the program, it was not to be a money maker but intended to meet the growing need of participants needing services after high school. NWSRA had a program at the time that was not sustainable, and many of our parents could not afford a program to this magnitude without using their state funds, and NWSRA could not support the part time staff expenses associated with the need of an all day 5 day a week program. We knew we had to have a partnership. Clearbrook recognized that they needed (due to changes in laws) to address the adult day needs in a workshop environment and find ways to offer the program in the community. They also needed our TR staff background to implement a community-based program. At the negotiation table, we started slow and did not plan on any net or the growth that has been experienced. This growth is due to the expertise of both agencies.

The Clearbrook budget fiscal year is July - June

We are reimbursed monthly at \$38,901.37; you will see this broken out in Non-Program Revenue - the monthly reimbursement includes

A portion of the full time Collaborative Coordinators

All of the part time driver pay

All of the rec/program supplies

Rent for the 6 sites

I still do not understand the entire Pursuit program. I cant understand why Clearbrook has all of its expenses in the budget including employee benefits, and we are capped at \$35K per coordinator with no payroll taxes, benefits or reimbursement for the two managers or all bus driver expenses.

Why do we not get to include all of our costs? (Clearbrook even receives \$218,635 annually for a management and general allocation yet we don't even get all direct costs.) The program has a state required trainings for every employee to become a Direct Service Providers (DSP) and/or Qualified Intellectual Disability Professional (QIDP). We have had at least 20 staff that have gone through this training at an estimated \$20,000 cost that is not charged to the program as well as classes to maintain the certifications. Each agency has chosen what expenses to include with the intention that all expenses will eventually covered in full by the program. We have chosen to include the expenses that were outline in the materials provided. Neither agency has all their expenses completely in the program. The program has become lucrative since COVID with a net to split. Therefore, staff negotiated with Clearbrook that each year, based on the prior year, that we would increase expenditures that would be charged to the program. NWSRA received \$466,816.44 from the PURSUIT budget annually, before the net is calculated. Our remaining costs to put the in the Clearbrook budget is the remaining coordinator salary, the PURSUIT managers, independent contractors used and field trip expenses. The rates of pay are based on Clearbrook salary's and as their rates of pay increase our reimbursement increases. We are in negotiations to increase the coordinator expenses to include all their salary.

This is over a \$2.5 million program, perhaps our Board should be allowed to approve the program budgets as well? Staff has developed and implemented from its infancy building it to the 2.5 million status, based on their experience building to other adult day programs with entities similar to Clearbrook at two other special rec associations. Based on that experience and expertise the PURSUIT program was built, negotiated, and has grown to what it is today. Staff feel confident that they can continue to negotiations and approval of the budget with the Clearbrook Executive Director and staff with the understanding that as the program continues to stabilize all NWSRA expenses will be included in the budget. Again, the program has only been this lucrative since 2022. Staff have worked to find the sites in the community, raise the constructions costs, designed each site, wrote, and negotiated the agreements for each of the 6 programming spaces.

Where is the \$27,000 for supply reimbursement as well as the additional \$18,644 reimbursement for supplies in the Clearbrook budget? It is in the budget, and we receive a monthly reimbursement.

We are receiving the \$12,500 for all six sites yet we say five sites only. We receive \$30,000 per site (except for Hanover Park, which is lower due to SLSF paying for the construction of the ramp needed to provide an accessible entrance) monthly.

We are showing a split of \$125,000 net program revenue of \$62,500. The full \$125,000 should be ours.

Interest

The 2025 budget is too high. We will have 25% less funds and at least 25% lower interest rates. There will be less earnings in 2025 than 2024; budget should be lowered \$50,000. We are hesitant to change the interest amount until we are certain of what version the board will approve. Also, we do not anticipate needing all the funds until mid-year. Nicolae is prepared to explain in greater detail at the meeting.

Health Insurance

The number for PYE 2024 was not changed, it appears \$20,000 too low.

Is your calculation based on what you believe our monthly invoice of about \$35,000? Did you calculate the \$20,000, from the \$35,000 invoices times 4 months totaling about \$140,000 then did you apply the 85% ratio to the 140,000 to represent the agency's PYE through December? We are not sure how you are calculating the \$20,000.

This is how the PYE2024 Calculations were done:

1. According to AccuFund our ACTUAL amount spent as of 8/31/24 was \$249,453.49.
2. The anticipated expenditures for the remain 4 months of the year are \$99,370.32 (see attached calculations)– This amount represents the Agency actual cost for health insurance based on individual employees actual elected health benefits.
3. Remember that we have had a revolving door of staff. Therefore, each invoice has varied a couple thousand dollars.
For example: January 2024 - \$39,361.51, February \$36,584.58, March \$36,572.92, April \$35,249.85, May \$35,251.80, June \$36,255.56, July \$35,290.73, August \$35,242.07, September \$33,293.31, October \$32,473.05.
4. At the time of the budget, we did not know that we were going to lose 2 full time staff that left in October. Which will further lower our PDRMA invoices.

The 2025 budget amount is \$20,000 too low based on staff assumptions.

Did you calculate this the same way you calculated the PYE2024? FY2025 is calculated differently than FY2024. It is calculated based on current staff and the hiring schedule throughout FY2025.

Full Time Salaries

The number for PYE 2024 was not changed, it is still too low, missing the accrual amount for year-end of \$60,000 – Craig at this point we have never done this during the budget process, therefore none of the budgeted have included this type of accrual transaction. We believe that Knutte, Lauterbach and Seldon Fox must have completed this accrual during the audit process.

The 2025 budget amount is \$200,000 too low based on staff assumptions.

After the Finance Committee Meeting, the finance team recalculated the full-time staff line item. We were over about \$90,000. After discussing the hiring schedule with admin team, it was determined that we could adjust when we can hire, and which positions we can hire at what time throughout the year. Through this process were able to cut about \$45,000 from the budget.

FICA and IMRF are low \$22,000 based on above. FICA and IMRF were recalculated based on our new full time salary projections.

Capital

The roof replacement of \$300,000 all needs to be expensed in 2025, even if payment is made in 2026. Craig we are aware – Nicolae is planning on placing this expense on the balance sheet into a Capital Work in Progress account until the replacement is complete. The new roof is counted as a capital expense under GAAP rules because we are altering a large portion of the building's structure. This expenditure will be added to the building improvements part of fixed assets part of the balance sheet once the project is complete.

FLSA proposal

Would recommend this be address by pay grad classifications, not just by title, or creation of different pay grades, also compression must be addressed in any proposal. When we created the proposal, we evaluated all the manager positions. If we do not move the proposed managers to the new FLSA salary threshold we would be spending more than \$60,000 to compensate in overtime to move all the managers to non-exempt, who are over the threshold and under the threshold. For example:

Manager 1 is at mid-level salary (\$51,837.05) - at \$27.13 hourly
40.70/ hr X 5 hours of OT weekly = \$203.50 a week in overtime
40 weeks of overtime (allowing for conferences, vacation, sick time and holidays) = \$8,140 annually

We also calculated the above using an average salary of all managers that rate was \$28.66 per hour
Average Manager (\$59,611.27) - at \$28.66 hourly
42.99/ hr X 5 hours of OT weekly = \$214.95 a week in overtime
40 weeks of overtime (allowing for conferences, vacation, sick time and holidays) = \$8,598 annually per manager

Currently, we have 10 managers on staff. Based on these calculations, we presented the proposal to move the 7 managers below FLSA, up to the FLSA salary threshold. In the memo, we discussed addressing the compression/tenure, in the calculations. The 68,000 includes the compression adjustment, FICA, IMRF and the increase of FLSA. As outlined in the budget packet, the personnel committee recommended working with HR Source to address the pay grade classifications.

Thanks, Craig

Craig Talsma, CPA, CPRE

He/Him/His

Executive Director / Board Secretary

Hoffman Estates Park District

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From: Jessica Vasalos <jvasalos@nwsra.org>

Sent: Wednesday, November 13, 2024 10:21 PM

To: Craig Talsma <ctalsma@heparks.org>; Jim Jarog (ijarog@mppd.org) <ijarog@mppd.org>; kromejko@bartlettsparks.org; Diane Hilgers <dhilgers@saltcreekpd.com>; Jay Morgan <jmorgan@sbpd.net>; brea@palatineparks.org

Cc: Jan Buchs (jbuchs@wheelingparkdistrict.com) <jbuchs@wheelingparkdistrict.com>; Tony LaFrenere <tlafrenere@parkfun.com>; Christina Ferraro (CFerraro@phparks.org) <CFerraro@phparks.org>; Tracey Crawford <tcrawford@nwsra.org>; Nicolae Gereaa <ngerea@nwsra.org>

Subject: November 1 Finance Committee Meeting Follow Up

Importance: High

Good Evening Everyone!

Please find attached the updated Budget, Capital Improvement Plan FY2026, and FLSA Information. The updated budget includes the following changes/additions based on the Finance Committee Meeting:

- Money given to part-time employees for employment referrals has been moved and has its own line item in part-time salaries.
- RMPD salary reimbursement for IT Manager has moved and has its income line item.

- Full-time staff Salaries have been recalculated and updated in the budgets, and adjustments were made to the line item.
- Health Insurance has been recalculated and updated in the budget, and adjustments were made to the line item.
- FLSA scenarios were created and included in Version 3 of the proposed budgets.
- Created a proposed five-year capital plan for FY2026-FY2030

Please review the attached documents tomorrow and provide feedback. We will send the Board Packet on Friday for the November 20, 2024, Board Meeting.

Thank you for your patience, it took us a while to compile all the information.

Jessica Vasalos

Administrative Manager

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