

MEMORANDUM

TO: Board of Park Commissioners

DATE: March 14, 2014

FROM: Carol Mensinger, Director of Finance/Human Resources

cc: Lisa Sheppard, Rick Bold, David Figgins

SUBJECT: PROPOSED FY2014/15 BUDGET- APPROVAL DRAFT

INTRODUCTION

This memorandum has been prepared to provide the Board with a better overall understanding of this budget, and to assist the Board in reviewing and summarizing the proposed Approval Draft of the Fiscal Year 2014/15 Budget prior to its scheduled approval by the Board at the regular board meeting on March 18, 2014. Many hours of preparation, involving all levels of staff, have gone into the development of this budget.

Staff continues to use the same format in preparing this budget as in past years beginning with "Budget Premises" stated in this BUDGET MEMORANDUM/OVERVIEW. These premises represent the foundation upon which the budget is constructed. The BUDGET SUMMARIES section in Tab 2 gives a summary overview of operating revenues, operating expenses, net surplus/ (deficit), fund balances, and a specific look at the Corporate and Recreation Fund balances. The NARRATIVE REVIEW then follows in Tab 3, followed by the DETAIL BUDGETS BY FUND in Tab 4. The CAPITAL PROJECTS PROGRAM in Tab 5 is a review of proposed capital improvements and purchases which were identified by staff as priority projects. Operational capital is shown in Appendix A and Capital Project Fund capital is shown in Appendix B. Appendix C lists all potential capital wish list items that were ranked by staff. Tab 6 provides a SUMMARY OF THE BUDGET BY CATEGORIES of operating revenues and expenses. In Tab 7 are memorandums explaining rationale for the proposed merit increase and proposed conferences/training. And lastly in Tab 8, is the updated 5-year Budget Projection Plan.

BUDGET PREMISES

The proposed Fiscal Year 2014/15 budget and capital improvement/project program was developed based upon the following premises:

1. To continue to provide existing levels of service and begin to provide the residents of the Glencoe Park District with new and increased levels of service in the renovated Takiff Center, as well as other facilities and parks within the District.
2. The Park District adopted an *operating* Tax Levy Ordinance this past November in the amount of \$4,007,000 for tax year 2013 (Fiscal Year 2014/15). This operating levy represents a 4.68% increase over the previous year, and as in prior years is intended to capture all new growth available in the midst of the tax cap. The *total* levy also includes \$1,240,194 in debt service for principal and interest payments on the District's two outstanding bond issues.
3. Strive to maintain a Board-approved level of 25% in minimum annual operating reserve fund balances within both the Corporate Fund and Recreation Fund, per the District's Fund Balance Policy. Staff is pleased to report that the proposed FY2014/15 budget reflects an increase in reserve levels, well above the 25% minimum.
4. The proposed capital program provides for maintenance, improvements and equipment purchases. Staff recommends that the capital program include the following:
 - A. The **Capital Projects Fund (65)** be used to fund **\$756,000** in projects, of which **\$265,000** are carryover projects (those not completed in Fiscal Year 2013/14), **\$486,000** are new projects, and **\$5,000** as a general contingency amount.
 - B. The **Corporate Fund** be used to fund **\$129,150** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$31,925** in **operational** capital improvements.
 - D. The **Special Recreation Fund** be used to fund **\$10,000** in **operational** ADA-related capital improvements.
 - E. The **Liability Fund** be used to fund **\$3,500** in **operational** safety related capital items.
 - F. The **Trust Fund** be used to fund **\$22,000** in capital improvements related to the Beach Halfway House.
 - G. The new **Master Plan Capital Fund (69)** be used to potentially fund up to \$250,000 in capital improvements/projects related to the master plan process.

5. Each year, the Park Board authorizes a merit pool which is spread to Grade 1 (full-time) employees, excluding the Executive Director's position. A 3.0% merit pool was approved by the Board and is thus included in the Approval Draft of the Proposed Fiscal Year 2014/15 Budget. (Staff's typical process for determining merit pool is based on recommendations of the Executive Service Corps of Chicago that the merit pool should be approximately 1.5% - 2% above CPI.) The County Clerk used a 1.7% CPI factor for calculation of the tax cap in tax year 2013.

6. Accomplish #1-5 above, in accordance with the already adopted tax levy and the Park Board's historically expressed desire of maintaining the composite tax rate at a responsible level which is reflective of the community's preparedness to support local park and recreation services.

BUDGET SUMMARIES

This part provides a financial summary of all funds as related to:

1. Revenues (Table I)
2. Expenditures (Table II)
3. Net Surplus/ (Deficit) (Table III)
4. Fund Balances (Table IV)
5. Corporate and Recreation Fund Balance Summaries
6. Summary of Recreation Program By Program Category
7. Overview of Recreation Fund Budget

As of **February 28, 2014**, the projected **Designated Operating Fund Balance in the Corporate Fund** of **\$2,004,259** meets the reserve guideline of 25% of operating expenditures.

As of **February 28, 2014** the projected **Designated Operating Fund Balance in the Recreation Fund** of **\$2,704,842** meets the reserve guideline of 25% of operating expenditures.

As of **February 28, 2015**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will stand at approximately **\$1,910,794**, and in the Recreation Fund, it will stand at approximately **\$2,686,743** (as the \$700,000 in "committed" fund balances will be officially transferred to new Master Plan Capital Fund).

Given these fund balance levels, and per the District's Fund Balance Policy, staff again would propose that a portion of the Corporate Fund Balance be specifically "committed" to be used for future Master Plan projects. In the previous two years, the Board has approved a total of \$700,000 to be "committed" for future master plan improvements/capital projects.

CAPITAL PROJECTS PROGRAM

The projects and items being recommended to the Finance Committee of the Whole for completion in Fiscal Year 2014/15 are contained on these pages. They are being presented in a format similar to past years.

The five largest proposed capital projects are:

1. West Playground Replacement	\$ 100,000 (estimated)
2. Comprehensive Master Plan	\$ 100,000
3. Recreation Bus/Passenger Vehicle	\$ 65,000
3. Financial Software System	\$ 65,000
4. Hardware Upgrades-Servers/Virtualization	\$ 40,000

CONCLUSION

The operating portions of the proposed budget were developed in keeping with past practice. In essence, most line items were adjusted from the current (Fiscal Year 2013/14) budget to reflect tax revenues as approved in the Tax Levy Ordinance along with program fees, licenses, rentals, and other income, as well as costs associated with new increased service levels for the Takiff Center. On the expense side, adjustments were made to reflect anticipated inflationary increases for supplies and services, or specified increases/ decreases where costs are known, such as insurance premiums, wages and NSSRA and IMRF contributions, to name a few.

As discussed in the "Budget Premises" section of this memorandum, the proposed capital improvements represent projects and purchases needed to maintain the total park system. Staff acknowledges that the capital improvements/projects portion of the Fiscal Year 2014/15 Budget could still be amended by the Board pending discussion at the Finance Committee of the Whole meeting. After the completion of the master plan process, additional capital projects could be further identified to be completed in Fiscal Year 2014/15.

The accompanying budget document is the result of many hours of effort expended by staff. I would personally like to thank all who helped me in the development of this proposed budget.

As always, please don't hesitate to call if you desire a clarification or additional information.