

MEMORANDUM

08-15.2

TO: Board of Park Commissioners

DATE: April 15, 2008

FROM: Carol Mensinger, Director of Finance/Human Resources

**cc: Rod Aiken, Rick Bold, Rob Ward, Cheryl DeClerck
Charlene Holtz**

**Approval Draft
Fiscal Year 2008/09 Budget**

SUBJECT: FY2008/09 BUDGET- APPROVAL DRAFT

INTRODUCTION

This memorandum has been prepared to provide the Board with a better overall understanding of the Approval Draft FY2008/09 Budget, and to assist the Board in reviewing this document before its scheduled approval at the regular board meeting on April 15, 2008. Once again, many hours of preparation have gone into the development of this budget document.

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 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 Part 3, followed by the DETAIL BUDGETS BY FUND. This memorandum concludes with CAPITAL PROJECTS PROGRAM, a review of proposed capital improvements and purchases which were identified by staff as priority 1.00 to 1.30 ranking, and highlighted in Appendices A, B, and C.

With the playground bid results now known, staff realizes there is still the possibility of yet-unknown construction issues. Staff will be prepared to amend this budget later in the fiscal year to appropriately reflect the intention of the Board with regard final Community Center project costs, including all FF&E items.

BUDGET PREMISES

The proposed Fiscal Year 2008/09 budget and capital improvement/project programs were developed based upon the following premises:

1. Continue to provide at least existing levels of service, and begin to provide the residents of the Glencoe Park District with new and increased levels of service in the newly renovated Community Center as well as other facilities and parks within the District.
2. The Park District adopted a Tax Levy Ordinance this past December in the amount of \$3,181,500 for tax year 2007 (Fiscal Year 2008/09). This operating levy represents a 6.01% 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 levy ordinance also includes \$1,249,796 in debt service for principal and interest payments on the outstanding \$1.6 million bond issue for Watts Center renovation and the outstanding \$13.755 million bond issue for the Community Center Renovation Project.
3. Continue to maintain a Board-approved level of 20% in minimum annual operating reserve fund balances within both the Corporate Fund and Recreation Fund. Last year, fund balance levels exceeded the 25% level which allowed the Board to designate additional monies toward the Community Center renovation project. Staff feels it will be important to again build up fund balance reserves for future roof replacement on the Center.
4. The proposed capital program provides for the completion of necessary maintenance, improvements and equipment purchases. Staff recommends that the capital program include the following:
 - A. The Capital Projects Fund (65) be used to fund **\$698,815** in projects, of which **\$265,315** are carryover projects (those not completed in Fiscal Year 2007/08), **\$181,500** are new projects, **\$5,000** is a general contingency amount, **\$247,000** is a transfer to the Community Center Improvements Fund (67).
 - B. The **Corporate Fund** be used to fund **\$134,500** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$6,500** in **operational** capital improvements.
 - D. The **Liability Fund** will be used to fund **\$2,650** in safety-related **operational** capital improvements.
 - E. The **Community Center Renovation Project** be specifically identified according to funding source – Park District monies, bond proceeds, and donations. Each has been assigned its “own” department with the Fund (67). Since the First Draft, staff has also included an additional Contingency expense amount to include mandated changes per the Village permit process, and also removed a potential donor amount due to its current uncertainty. As a result, a surplus of only \$3,864 would remain as of February 28, 2009.

5. A 4.0% merit pool was approved for Fiscal Year 2008/09; this pool is spread to all Grade 1 (full-time) employees excluding the Executive Director's position. The merit pool concept is based on past recommendations of the Executive Service Corps of Chicago that the pool should be approximately 1.5% - 2% above CPI. (The County Clerk used a 2.5% CPI factor for calculation of the tax cap in tax year 2007). This was included in the recently adopted 2007 Tax Levy Ordinance.
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 (Part 2)

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 29, 2008**, the projected **Designated Operating Fund Balance in Corporate Fund** of **\$1,187,508** meets the reserve guidelines of 20% of operating expenditures. The Medical Insurance Reserve has a current balance of \$34,300, and is a part of the total fund balance.

As of **February 29, 2008**, the projected **Designated Operating Fund Balance in Recreation Fund** of **\$1,035,138** nearly meets the reserve guideline of 20% of operating expenditures.

As of **February 28, 2009**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will be **\$614,573**, and in the Recreation Fund, it will be **\$647,609**, both at or near the 20% recommended reserve guideline.

CAPITAL PROJECTS PROGRAM

The projects and items being recommended as part of the Approval Budget for completion in Fiscal Year 2008/09 are contained on these pages. They are being presented in a format similar to past years.

Excluding the \$247,000 transfer to the Community Center Improvement Fund (67), the five largest proposed capital projects are:

▪ Community Room Kitchen Equipment	\$ 140,000
▪ Completion of GBA Watts Field Project	\$ 84,315
▪ Replace Playground – Milton	\$ 70,000
▪ Replace 1993 Chevy Pick-up (Parks)	\$ 26,500
▪ Replace Copier Machine	\$ 25,000

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 2007/08) budget to reflect tax revenues as approved in the Tax Levy Ordinance along with program fees, licenses, rentals, and other income. On the expense side, adjustments were made to reflect anticipated inflationary increases for goods and services or specified increases/ decreases where costs are known, such as insurance premiums, wages and NSSRA and IMRF pension contributions, to name a few.

As discussed in the "Budget Premises" section of this memorandum, almost all of the proposed capital improvements represent "nuts and bolts" projects and purchases needed to maintain the park system. Due to the funding for the Community Center Project, most of these items were carryover items from last fiscal year.

The accompanying budget document is the result of many hours of effort expended by many individuals. I would once again like to thank all who participated in the development of this budget.

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

Respectfully submitted,

Carol Mensinger
Director of Finance/Human Resources