

MEMORANDUM

TO: Board of Park Commissioners

DATE: April 16, 2010

FROM: Carol Mensinger, Director of Finance/Human Resources

cc: Don VanArsdale, Rick Bold, Rob Ward and Cheryl DeClerck
Charlene Holtz

SUBJECT: FY 2010/11 BUDGET- APPROVAL DRAFT

INTRODUCTION

This memorandum has been prepared to provide the Board with a better overall understanding of the budget document and to assist the Board in reviewing the Approval Draft of the FY2010/11 Budget before its scheduled approval at the regular board meeting scheduled on April 20, 2010. Once again, many hours of preparation, involving all levels of staff have gone into the development of this first draft of the 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 and "must do". Operational capital is shown in Appendix A and Capital Project Fund capital is shown in Appendix B. Appendix C lists possible capital projects that may be considered by the Board and staff after final Takiff Center Project costs are paid, and after final donation monies are received.

BUDGET PREMISES

The proposed Fiscal Year 2010/11 budget and capital improvement/project program were developed based upon the following premises:

1. To 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 Takiff Center as well as other facilities and parks within the District.
2. The Park District adopted an *operating* Tax Levy Ordinance this past December in the amount of \$3,535,000 for tax year 2009 (Fiscal Year 2010/11). This operating levy represents a 4.94% 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 \$1,251,162 in debt service for principal and interest payments on the outstanding \$1.6 million bond issue for Watts Center Renovation Project and the outstanding \$13.755 million bond issue for the Community Center Renovation Project.
3. Strive to maintain a Board-approved level of 15% in minimum annual operating reserve fund balances within both the Corporate Fund and Recreation Fund. Two years ago, the Board lowered minimum fund balance levels from 20% to 15% to allow additional monies to be designated toward the Community Center Renovation Project. Staff feels that it will be important to again build back reserves for capital items that have been put on hold in recent years. *Staff is happy to report that the FY2010/11 budget reflects an increase in reserve levels.*
4. The proposed capital program provides for the final payment of the Community Center Renovation Project costs, as well as necessary “must do” maintenance, improvements and equipment purchases. Staff recommends that the capital program include the following:
 - A. The Capital Projects Fund (65) be used to fund **\$712,000** in projects, of which **\$58,000** are carryover projects (those not completed in Fiscal Year 2009/10), **\$399,000** are new projects, **\$250,000** in yet “undesignated projects”, and **\$5,000** as a general contingency amount.
 - B. The **Corporate Fund** be used to fund **\$122,900** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$17,800** in **operational** capital improvements.
 - D. The **Liability Fund** be used to fund **\$1,600** in **operational** safety related capital items.
 - E. The **Community Center Renovation Project** be completely paid off in full in early FY2010/11.

5. A 2.0% merit pool was approved for FY2010/2011. This merit pool is spread to all Grade 1 employees excluding the Executive Director. (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 0.1% CPI factor for calculation of the tax cap in tax year 2009.
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, 2010**, the projected **Designated Operating Fund Balance in Corporate Fund** of **\$602,588** meets the reserve guideline of 15% of operating expenditures. In fact, the actual fund balance percentage is 30%.

As of **February 28, 2010** the projected **Designated Operating Fund Balance in Recreation Fund** of **\$857,219** meets the reserve guideline of 15% of operating expenditures. In fact, the actual fund balance percentage is 28%.

As of **February 28, 2011**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will increase considerably to approximately **\$898,868** (44%). In the Recreation Fund, it will increase very slightly to approximately **\$849,533** (25%).

CAPITAL PROJECTS PROGRAM

The projects and items being recommended to the Finance Committee of the Whole for completion in Fiscal Year 2010/11 are contained on these pages. They are being presented in a format similar to past years, with the exception of Appendix C. When capital monies become available, items can be considered for inclusion in the capital budget at that time.

The three largest proposed capital projects are:

- | | |
|--|------------|
| 1. Emergency Lighting-Takiff Center (Village required) | \$ 125,000 |
| 2. Replace Takiff Roof-1928 Section | \$ 100,000 |
| 3. Replace Takiff Roof-1967 Section | \$ 108,000 |

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 2009/10) 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 renovated Takiff Center. 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 contributions, to name a few.

As discussed in the "Budget Premises" section of this memorandum, all of the proposed capital improvements represent "must do" projects and purchases needed to maintain the park system. Staff acknowledges that the capital improvements/projects portion of the Fiscal Year 2010/11 Budget could still be amended by the Board pending receipt of the final donation monies.

The accompanying budget document is the result of many hours of effort expended by a group of dedicated individuals. We would once again like to thank all who participated in the development of the proposed 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