

MEMORANDUM

TO: Board of Park Commissioners

DATE: March 20, 2012

FROM: Carol Mensinger, Director of Finance/Human Resources

cc: Don Van Arsdale, Rick Bold, Steve Nagle and Cheryl DeClerck

SUBJECT: FY2012/13 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 and summarizing the Approval Draft of the FY 2012/13 Budget before its scheduled approval at the regular board meeting on March 20, 2012. Once again, 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 from Executive Director VanArsdale, which explain rationale for the proposed merit increase and proposed conferences/training budget. And lastly in Tab 8, are updated 5-year Budget Projection Plan, and the current Capital Asset Replacement (CARP) Plan which has not been updated (as staff awaits the Master Plan process).

BUDGET PREMISES

The FY 2012/13 budget and capital improvement/project program were 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 \$3,750,000 for tax year 2011 (Fiscal Year 2012/13). This operating levy represents a 3.85% 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 \$1,240,469 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. In January 2012, the Board approved a new Fund Balance Policy. Staff is pleased to report that the proposed FY2012/13 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 **\$514,050** in projects, of which **\$33,500** are carryover projects (those not completed in Fiscal Year 2011/12), **\$475,550** are new projects, and **\$5,000** as a general contingency amount.
 - B. The **Corporate Fund** be used to fund **\$118,550** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$20,855** in **operational** capital improvements.
 - D. The **Liability Fund** be used to fund **\$6,000** in **operational** safety related capital items.
5. Each year, the Park Board authorized a merit pool which is spread to Grade 1 (full-time) employees, excluding the Executive Director's position. A 2.0% merit pool was approved by the Board and is included in this Approval Draft of the FY 2012/13 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 1.5% CPI factor for calculation of the tax cap in tax year 2011.

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 29, 2012**, the projected **Designated Operating Fund Balance in the Corporate Fund** of **\$1,356,531** meets the reserve guideline of 25% of operating expenditures.

As of **February 29, 2012** the projected **Designated Operating Fund Balance in the Recreation Fund** of **\$1,630,912** meets the reserve guideline of 25% of operating expenditures.

As of **February 28, 2013**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will increase to approximately **\$1,659,931**, and in the Recreation Fund, it will increase to approximately **\$1,671,332**.

Given these fund balance levels, and per the District’s Fund Balance Policy, staff would propose that a portion of the Corporate Fund Balance be specifically “designated” to be used for future Master Plan projects.

CAPITAL PROJECTS PROGRAM

The projects and items being recommended to the Finance Committee of the Whole for completion in Fiscal Year 2012/13 are contained on these pages. They are being presented in a format similar to past years.

The five largest proposed capital projects are:

- | | |
|---|------------|
| 1. Comprehensive Master Plan | \$ 120,000 |
| 2. Remainder-Sprayground Project | \$ 62,655 |
| 3. Financial Software System | \$ 58,750 |
| 4. Hardware Upgrades-Servers/Workstations | \$ 50,000 |
| 5. Registration/Web Software System | \$ 45,000 |

CONCLUSION

The operating portions of this FY2012/13 Budget were developed in keeping with past practice. In essence, most line items were adjusted from the current (Fiscal Year 2011/12) 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 utilities, supplies, and contractual services, and in known costs, such as insurance premiums, wages and NSSRA and IMRF contributions, to name a few, adjustments were also made accordingly.

As discussed in the "Budget Premises" section of this memorandum, the 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 2012/13 Budget could still be amended by the Board pending the Master Plan process.

The accompanying budget document is the result of many hours of effort expended by a group of dedicated 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