

MEMORANDUM

TO: Board of Park Commissioners

DATE: March 11, 2021

FROM: Carol Mensinger, Director of Finance/Human Resources

cc: Lisa Sheppard, Chris Leiner, Bobby Collins

SUBJECT: FY2021/22 BUDGET- APPROVAL DRAFT

INTRODUCTION

This memorandum has been prepared to provide the Board with a better overall understanding of the budget, and specifically to assist the Board in reviewing and summarizing this Approval Draft of the Fiscal Year 2021/22 Budget. This budget is scheduled to be discussed and approved by the Board at the regular board meeting on March 16, 2021. Many hours of preparation, involving all levels of staff, have gone into the development of this budget. Due to the ongoing pandemic, this year's budget process has been quite extraordinary.

To provide consistency for comparison, 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 and Board as priority projects. Operational capital is shown in Appendix A and Master Plan Capital Project Funds (65,67,69) capital is shown in Appendix B. The District's 3-year Master Plan and Action Plan are also included. 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. In Tab 8 is the updated 5-year Budget Projection Plan. Historically, staff provides recreation program fees and facility fees that impact revenues in Tab 9, however, due to the unknowns of the continuing pandemic, they are not included in this year's document.

BUDGET PREMISES

The Fiscal Year 2021/22 Approval Budget and related capital improvement/project program were developed based upon the following premises:

1. To continue to provide existing levels of service and to provide the residents of the Glencoe Park District with new and increased levels of service at the Takiff Center, as well as other facilities and parks within the District, as directed.
2. The Park District adopted an *operating* Tax Levy Ordinance this past November in the amount of \$4,843,000 for tax year 2020 (Fiscal Year 2021/22). This operating levy represents a 4.40% 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. For tax year 2020, old growth will be capped at the 2.3% CPI. The *total* levy also includes \$1,311,515 in debt service for principal and interest payments on the District's two outstanding bond issues.
3. Strive to maintain a Board-approved level for annual operating reserve fund balances within both the Corporate Fund (50%) and Recreation Fund (50%), per the District's Fund Balance Policy. Staff is pleased to report that **despite the pandemic**, the FY2021/22 budget reflects a reserve levels **above** the minimum guideline.
4. Based on the District's ability to meet these Fund Balance Policy requirements, it is the Board's past practice and philosophy to commit a portion of these monies to future Master Plan projects. Typically, this is done by formal board action after the annual audit is approved in June. Based on the ongoing pandemic, this still can be done at any time during the fiscal year. Staff has included a \$300,000 transfer from the Corporate Fund to Fund 69 in the FY21/22 budget.
5. 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 **\$782,005** in projects. (See Tab 5).
 - B. The **Corporate Fund** be used to fund **\$292,300** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$33,500** in **operational** capital improvements.
 - D. The **Special Recreation Fund** be used to fund **\$225,000** in **operational** ADA-related capital improvements.
 - E. The **Liability Fund** be used to fund **\$83,500** in **operational** safety-related capital items.
 - F. The **Master Plan Capital Fund (69)/Bond Proceeds Capital Fund (67)** be used to fund **\$2,625,350** in capital improvements/projects related to the master plan. New projects for FY2021/22 include the Beach Pier Improvements, Watts dasher board replacement, Kalk Park Project, Boat Access/Stairs Project, Crib/Wall Project and the South Overlook Project.

6. 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 2.3% merit pool was approved by the Board and is included in this Approval Draft of the Fiscal Year 2021/22 Budget. The County Clerk will use 2.3% CPI factor for calculation of the tax cap in tax year 2020. See Tab 7 for an additional detailed memo on the proposed merit pool.
7. Accomplish #1-6 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, 2021**, the projected **Designated Operating Fund Balance in the Corporate Fund** of **\$2,681,346** meets the reserve guideline of 50% of operating expenditures. (This compares to expected ending balance per last year's budget of \$2,199,769 – an increase of over \$480,000.)

As of **February 28, 2021**, the projected **Designated Operating Fund Balance in the Recreation Fund** of **\$3,410,626** meets the reserve guideline of 50% of operating expenditures. (This compares to expected ending balance per last year's budget of \$3,386,804 – an increase of nearly \$25,000.)

Note, these balances do NOT reflect any "committed" fund balances that will be officially transferred to the Master Plan Capital Fund in FY2021/22. As of **February 28, 2022**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will stand at approximately **\$2,275,126**, and in the Recreation Fund, it will stand at approximately **\$3,314,962**.

Given these fund balance levels, and per the District's Fund Balance Policy, staff will entertain an option that (in June after the annual audit has been approved) a transfer of \$300,000 from the Corporate Fund balances be specifically "committed" to be used for future Master Plan projects. **In the past eight years, the Board has now approved a total of \$7.3 million to be "committed" for future master plan improvements/capital projects, which means no added debt for taxpayers to complete projects identified as part of the master plan process.**

CAPITAL PROJECTS PROGRAM

The projects and items being recommended to the Board of Park Commissioners for completion in Fiscal Year 2021/22 are identified in Tab 5.

The ten largest proposed capital projects to be funded (in **Funds 65 and 67/69** as well as partial funding from **Fund 30** for ADA-related expenses) are shown below.

1. Crib/Retaining Wall Project	\$ 468,500
2. Beach Pier Project	\$ 427,500
3. Watts Dasher Boards	\$ 335,000
4. Boat Access/Stair Project	\$ 307,500
5. Kalk Park Phase 2 Project	\$ 288,150
6. South Overlook Project	\$ 184,700
7. Replace Takiff Condenser/Air Handling Unit	\$ 145,000
8. Replace 2004 Skid Steer	\$ 70,355
9. Resurface Early Childhood/Front Takiff Lot	\$ 65,000
10. Baseball Field Maintenance	\$ 50,000

CONCLUSION

The operating portions of the proposed budget were developed in keeping with past practice. However, due to the ongoing pandemic, the FY2021/22 budget has been like no other before it. In essence, most line items were adjusted based on the current actuals projected in FY2020/21, and reflect tax revenues as approved in the Tax Levy Ordinance, along with program fees, licenses, rentals, and other income with *decreased service levels for the Takiff Center given the ongoing pandemic restrictions*. 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 2021/22 Budget could still be amended by the Board. Given the further prioritization of the master plan projects, additional capital projects could be identified to be completed in the near future.

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 FY21/22 budget, and dedicate this, my “last” Approval Draft Budget of my 32-year career to my mentors in this wonderful field, my fellow ATEAM members, and ALL the wonderful board, staff and co-workers I have had the privilege to work with over the years.

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