

MEMORANDUM

06-15.2

TO: Board of Park Commissioners

DATE: April 14, 2006

FROM: Rod Aiken, Executive Director/Secretary

**Enclosure
Approval Draft**

**cc: Carol Mensinger, Rick Bold, and Mike Kudla
Charlene Holtz**

Fiscal Year 2006/07 Budget

SUBJECT: FY2006/07 BUDGET- APPROVAL DRAFT

INTRODUCTION

This memorandum has been prepared to provide the Board with a better overall understanding of the Approval Draft FY2006/07 Budget, and to assist the Board in reviewing this document before its scheduled approval at the regular board meeting on April 18, 2006.

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 1.50 ranking, and highlighted in Appendices A, B, and C.

Given the successful referendum on March 21, 2006, staff has updated this Approval Draft to appropriately reflect the Community Center Renovation Project. However, since we are only in the early planning stages of this project, specific details on the construction timeline and costs cannot yet be specifically determined. As more information is known, specific changes to the budgeted amounts may be needed.

BUDGET PREMISES

The proposed Fiscal Year 2006/07 budget and capital improvement/project program were developed based upon the following premises:

1. Continue to provide the residents of the Glencoe Park District with, at a minimum, the same levels of service as provided during the current year.
2. The Park District adopted a Tax Levy Ordinance this past December in the amount of \$3,046,790 for tax year 2005 (Fiscal Year 2006/07). This levy represents a 7.98% 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. This year, additional monies were levied in the Special Recreation Fund in anticipation of funding ADA-related improvements to the Community Center. The levy ordinance also includes \$144,790 in debt service for principal and interest payments on the outstanding \$1.6 million bond issue for Watts Center renovations.
3. Continue to maintain a Board-approved level of 25% in minimum annual operating reserve fund balances within both the Corporate Fund and Recreation Fund. This year, fund balance levels will significantly exceed the 25% level, thus allowing for additional monies to be designated for Community Center renovation, if so needed.
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 **\$532,600** in projects, of which **\$46,000** are carryover projects (those not completed in Fiscal Year 2005/06), **\$176,600** are new projects, **\$5,000** is a general contingency amount, **\$200,000** is a transfer to the Community Center Improvements Fund (67), and **\$105,000** is an undesignated amount for potential projects in the fiscal year.
 - B. The **Corporate Fund** be used to fund **\$138,450** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$18,400** in **operational** capital improvements.
 - D. The **Special Recreation Fund** will be able to fund **\$60,000** in ADA-related operational capital improvements. This amount should be available annually through the 5-8 levy to pay ADA improvements to the Community Center.
 - E. The **Shelton Park Redevelopment Project** has been completed and the District has received its reimbursement of \$327,600 from the State of Illinois.

- F. The funding sources for **Community Center Improvements** are now known. In addition to bond proceeds and the cash reserve in the Community Center Fund, the District has received an oral commitment for a significant donation.
5. Last fiscal year, the Park Board authorized a 4.5% merit pool which was spread to Grade 1 (full-time) employees, exclusive of the Director's position. A 5.0% merit pool was approved for Fiscal Year 2006/07. As in previous years, this was 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 3.3% CPI factor for calculation of the tax cap in tax year 2005). This was included in the recently adopted 2005 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 28, 2006**, the projected **Designated Operating Fund Balance in Corporate Fund** of **\$703,277** handily meets the reserve guidelines of 25% of operating expenditures. The increase in fund balance this year is due primarily to additional tax revenues and interest income. Per the Board's consensus at the Finance Committee of the Whole Meeting, staff has increased the Medical Insurance Reserve by \$10,000 which results in a balance of \$26,850.

As of **February 28, 2006**, the projected **Designated Operating Fund Balance in Recreation Fund** of **\$863,367** also handily meets the reserve guideline of 25% of operating expenditures. Despite the deficit in the Day Care Department, the fund balance increased, primarily due to the surplus by recreation programs, as well as tax revenues and interest income.

As of **February 28, 2007**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will be **\$842,562**, and in the Recreation Fund, it will be **\$994,247**, both well above the 25% recommended reserve guideline. These large fund balances will allow for additional flexibility in regard to the funding of the future Community Center renovations.

CAPITAL PROJECTS PROGRAM

The projects and items being recommended to the Finance Committee of the Whole for completion in Fiscal Year 2006/07 are contained on these pages. They are being presented in a format similar to past years, and also include an additional schedule which outlines potential funding sources for the Community Center renovation project.

Excluding the \$200,000 transfer to the Community Center Improvement Fund (67), the four largest proposed capital projects are:

- Replace Playground – Vernon/Jefferson \$ 70,000
 - Replace Electric – Youth Services Building \$ 10,000
 - Asphalt area by Garages and Greenhouses \$ 10,000
 - New/Replacement Play Equipment \$ 10,000
- Pending the outcome of **future** Special Projects and Facilities Committee discussions on the proposed renovation of Watts Baseball Field (60/40 match with GBA), there remains an **undesignated** amount of \$105,000 in the Capital Fund budget.

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 2005/06) 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 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.

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 the proposed budget. My special thanks go to Director of Finance/HR Carol Mensinger for her valuable assistance in pulling together the various budget elements.

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

Respectfully submitted,

Rod Aiken
Executive Director/Secretary