

MEMORANDUM

TO: Board of Park Commissioners

DATE: March 15, 2018

FROM: Carol Mensinger, Director of Finance/Human Resources

cc: Lisa Sheppard, Chris Leiner, Bobby Collins

SUBJECT: FY2018/19 BUDGET- APPROVAL DRAFT

INTRODUCTION

This memorandum has been prepared to provide the Board with a better overall understanding of the budget, and to assist the Board in reviewing and summarizing the Approval Draft of the Fiscal Year 2018/19 Budget which was discussed at the Finance Committee of the Whole meeting on February 6, 2018. 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. 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. Newly added last year in Tab 9 are recreation program fees and facility fees that impact revenues shown in this First Draft.

BUDGET PREMISES

The Fiscal Year 2018/19 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 in 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 \$4,343,500 for tax year 2017 (Fiscal Year 2018/19). This operating levy represents a 4.4% 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 \$1,168,250 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 the FY2018/19 budget reflects an increase in reserve levels above the minimum.
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.
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 **\$671,950** in projects, of which **\$661,950** are new projects, and **\$10,000** is a general contingency amount. (See Tab 5).
 - B. The **Corporate Fund** be used to fund **\$250,700** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$32,275** in **operational** capital improvements.
 - D. The **Special Recreation Fund** be used to fund **\$175,000** in **operational** ADA-related capital improvements.
 - E. The **Liability Fund** be used to fund **\$4,500** in **operational** safety related capital items.
 - F. The **Trust Fund** be used to fund **\$43,000** in capital improvements at the Beach.
 - G. The **Master Plan Capital Fund (69)** be used to fund **\$1,828,550** in capital improvements/projects related to the master plan. Projects included for FY2018/19 include playground renovations at Woodlawn, Lincoln/Crescent, Vernon/Jefferson and Old Elm Parks, Phase 2 of the Takiff Parking Lot Project, completion of the Beach/Lakefront Geotech Study, Old Green Bay Linear Park Project, completion of the Watts BB Court Project, and the start of the Shelton Pathway 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 3.0% merit pool is included in the Approval Draft of the Fiscal Year 2018/19 Budget. The County Clerk will use a 2.1% CPI factor for calculation of the tax cap in tax year 2017. 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, 2018**, the projected **Designated Operating Fund Balance in the Corporate Fund** of **\$2,377,151** meets the reserve guideline of 50% of operating expenditures.

As of **February 28, 2018** the projected **Designated Operating Fund Balance in the Recreation Fund** of **\$3,598,920** meets the reserve guideline of 50% of operating expenditures.

As of **February 28, 2019**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will stand at approximately **\$2,056,375**, and in the Recreation Fund, it will stand at approximately **\$3,460,897**. Note, these balances also reflect the \$1 million in “committed” fund balances that will be officially transferred to the Master Plan Capital Fund in FY2018/19.

Given these fund balance levels, and per the District’s Fund Balance Policy, staff again would propose that (in June after the annual audit has been approved) a portion of the Corporate and/or Recreation Fund balances be specifically “committed” to be used for future Master Plan projects. In the past six years, the Board has now approved a total of \$4.8 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 2018/19 are identified in Tab 5.

The ten largest proposed capital projects to be funded (in **Funds 65 and 69** as well as partial potential funding from **Fund 30** for ADA-related expenses) are shown below. Note, some of the design fees for the Fund 69 projects are being expensed in current FY17/18:

- | | |
|--|------------|
| 1. Woodlawn Playground Renovation | \$ 500,000 |
| 2. Takiff Parking Lot Renovation-Phase 2 | \$ 455,000 |

3. Lincoln/Crescent Playground Renovation	\$ 225,000
4. Old Elm Playground Renovation	\$ 225,000
5. Vernon/Jefferson Playground Renovation	\$ 225,000
6. Lead Paint Abatement/Carpentry-Takiff-Phase 1	\$ 145,000
7. Completion of Takiff Parking Project-Phase 1	\$ 107,000
8. Completion of Lakefront/Beach Geotech Study	\$ 80,000
9. Old Green Bay Linear Parks Project	\$ 65,000
10. Replacement of 2004 New Holland Beach Tractor	\$ 44,500

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 2017/18) 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 Takiff Center. 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 2018/19 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 proposed budget, especially to Liz Stowick (Accounting Manager), Bobby Collins (Director of Recreation/Facilities), and Chris Leiner (Director of Parks/Maintenance).

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