

MEMORANDUM

09-12.2

TO: Board of Park Commissioners

DATE: April 17, 2009

FROM: Carol Mensinger, Director of Finance/Human Resources

Enclosure

cc: Rod Aiken, Rick Bold, Rob Ward and Cheryl DeClerck
Charlene Holtz

SUBJECT: FY2009/10 BUDGET- APPROVAL DRAFT

INTRODUCTION

This memorandum has been prepared to provide the Board with a better overall understanding of the Approval Draft FY2009/10 Budget, and to assist the Board in reviewing this document before its scheduled approval at the regular board meeting on April 21, 2009. Once again, many hours of preparation, involving all levels of staff have gone into the development of this budget document.

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 and "must do". Operational capital is shown in Appendix A and Capital Project Fund capital is shown in Appendix B. Given the need to direct all available capital monies to the Community Center Renovation Project, staff did not actually rank items as in years past. Should monies become available after the project is completed, see Appendix C for items that may be ranked at that time.

BUDGET PREMISES

The Fiscal Year 2009/10 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 Community Center as well as other facilities and parks within the District.
2. The Park District adopted a Tax Levy Ordinance this past December in the amount of \$3,401,425 for tax year 2008 (Fiscal Year 2009/10). This operating levy represents a 7.65% 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 levy also includes \$1,251,032 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. Last year, 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 future roof replacement at new Community Center, as well as other capital items that have been put on hold in recent years.
4. The proposed capital program provides for the completion of the Community Center Renovation Project, 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 **\$579,025** in projects, of which **\$64,000** are carryover projects (those not completed in Fiscal Year 2008/09), **\$110,025** are new projects, **\$5,000** is a general contingency amount, and **\$400,000** is a transfer to the Community Center Improvements Fund (67).
 - B. The **Corporate Fund** be used to fund **\$120,150** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$12,800** in **operational** capital improvements.
 - D. The **Liability Fund** be used to fund **\$8,000** in **operational** safety related capital items.
 - E. The **Community Center Renovation Project** be completely paid off in full in FY2009/10.

5. A 3.0% merit pool was approved for FY2009/10; this pool is spread to all Grade 1 (full-time) employees excluding the Executive Director position. (Staff's typical process for determining merit pool is based on recommendations by the Executive Service Corps of Chicago that the merit pool should be approximately 1.5% - 2% above CPI. The economic downturn and the ongoing Community Center Project have caused the Board to modify the historical merit pool approach this year.)
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, 2009**, the projected **Designated Operating Fund Balance in Corporate Fund** of **\$698,852** meets the reserve guideline of 15% of operating expenditures. In fact, the actual fund balance percentage is 27.7%.

As of **February 28, 2009** the projected **Designated Operating Fund Balance in Recreation Fund** of **\$858,948** meets the reserve guideline of 15% of operating expenditures. In fact, the actual fund balance percentage is 15.5%.

As of **February 28, 2010**, given that budget projections are accurate, the operating fund balance in the **Corporate Fund will decrease to \$587,562**. In the **Recreation Fund, it will decrease to \$534,831**. Both funds will still be above the 15% recommended reserve guideline. Additionally, in the Corporate Fund, there is also the flexibility for potential *additional* funding of the Community Center Renovation Project, if needed.

CAPITAL PROJECTS PROGRAM

The projects and items being recommended to the Finance Committee of the Whole for completion in Fiscal Year 2009/10 are contained on these pages. They are being presented in a format similar to past years, with the exception of Appendix C. Since no capital monies are available to do anything other than the "must do" items in Appendices A and B, staff did not actually rank items this year.

Excluding the \$400,000 transfer to the Community Center Improvement Fund (67), the six largest proposed capital projects are:

- | | |
|--|-----------|
| 1. Replace Copier Machine | \$ 25,000 |
| 2. Update Open Space Master Plan | \$ 23,000 |
| 3. Gym Floor Protective Covering – Takiff Center | \$ 14,025 |
| 4. Wireless Clock System – Takiff Center | \$ 12,500 |
| 5. Replace Kubota Tractor | \$ 12,000 |
| 6. Scoreboards – Takiff Center | \$ 12,000 |

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 2008/09) 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 first full year in the renovated Community 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 2009/10 Budget could still be amended by the Board pending the completion of the Community Center Renovation Project.

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