

MEMORANDUM

TO: Board of Park Commissioners

DATE: March 15, 2011

FROM: Carol Mensinger, Director of Finance/Human Resources

**cc: Don Van Arsdale, Rick Bold, Steve Nagle and Cheryl DeClerck
Charlene Holtz, Commissioner Designates Andre Lerman and Trent Cornell**

SUBJECT: FY 2011/12 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 the Approval Draft of the FY2011/12 Budget before its scheduled approval at the regular board meeting on March 15, 2011. Once again, many hours of preparation, involving all levels of staff have gone into the development of this first draft of the 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 and "must do". 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.

BUDGET PREMISES

The Fiscal Year 2011/12 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 newly 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 December in the amount of \$3,656,000 for tax year 2010 (Fiscal Year 2011/12). This operating levy represents a 4.94% 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 \$1,240,369 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 20% in minimum annual operating reserve fund balances within both the Corporate Fund and Recreation Fund. (Two years ago, 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 is happy to report that the FY2011/12 budget reflects an increase in reserve levels, well above the 20% minimum.
4. The capital program provides for "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 **\$663,025** in projects, of which **\$259,400** are carryover projects (those not completed in Fiscal Year 2010/11), **\$398,625** are new projects, and **\$5,000** as a general contingency amount.
 - B. The **Corporate Fund** be used to fund **\$131,500** in **operational** capital improvements.
 - C. The **Recreation Fund** be used to fund **\$23,950** in **operational** capital improvements.
 - D. The **Liability Fund** be used to fund **\$4,000** in **operational** safety related capital items.
5. This fiscal year, the Park Board authorized a 2.7% merit pool which is spread to Grade 1 (full-time) employees, excluding the Executive Director's position. (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 2.7% CPI factor for calculation of the tax cap in tax year 2010.
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 28, 2011**, the projected **Designated Operating Fund Balance in the Corporate Fund** of **\$975,000** meets the reserve guideline of 20% of operating expenditures. In fact, the actual fund balance percentage is 48%.

As of **February 28, 2011** the projected **Designated Operating Fund Balance in the Recreation Fund** of **\$1,226,455** meets the reserve guideline of 20% of operating expenditures. In fact, the actual fund balance percentage is 40%.

As of **February 29, 2012**, given that budget projections are accurate, the operating fund balance in the Corporate Fund will increase considerably to approximately **\$1,320,020** (61%). In the Recreation Fund, it will increase very slightly to approximately **\$1,237,582** (36%).

CAPITAL PROJECTS PROGRAM

The capital projects/improvements included in the Fiscal Year 2011/12 budget are detailed in Section 5, and are presented in a similar format to previous years.

The five largest proposed capital projects are:

- | | |
|-------------------------------------|------------|
| 1. Replace Takiff Roof-1967 Section | \$ 110,000 |
| 2. Replace Takiff Roof-1928 Section | \$ 100,000 |
| 3. Resurface Central Tennis Courts | \$ 80,000 |
| 4. Replace 1988 Beach Cleaner | \$ 48,000 |
| 5. Replace 1988 Beach Tractor | \$ 25,000 |

CONCLUSION

The operating portions of this FY2011/12 budget were developed in keeping with past practice. In essence, most line items were adjusted from the current (Fiscal Year 2010/11) budget to reflect increased tax revenues as approved in the Tax Levy Ordinance, along with program fees, rentals, and other income. On the expense side, adjustments were made to reflect anticipated inflationary increases for utilities, supplies, and contractual services, and specified increases/decreases in known costs, such as insurance premiums, wages and NSSRA and IMRF contributions, to name a few, were also adjusted accordingly.

As discussed in the "Budget Premises" section of this memorandum, all of the capital projects/ improvements represent "must do" projects and purchases needed to maintain the overall 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.

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

Respectfully submitted,

Carol Mensinger
Director of Finance/Human Resources