



BOARD MEMORANDUM

November 1, 2011

To: Board of Commissioners
From: Jan Buchs, Executive Director
Re: 2012 Wheeling Park District Budget: Executive Summary

Staff is pleased to present the proposed 2012 Wheeling Park District Budget for the Park Board's consideration. This budget represents the fiscal priorities for 2012 operations, while continuing to meet the Park District's mission to "provide memorable experiences in parks & recreation that enrich our communities." The proposed budget complies with the provisions of the Park District Code, as well as the Budget Philosophy and Guidelines of the Board-approved, Fiscal Operations and Business Policies.

The Process

Staff began the process of developing the 2012 budget on August 1, 2011. The goal was set to complete and pass the 2012 Budget by the end of the calendar year. Although this accelerated the time frame typically associated with the process, the fact that District staff is experienced in this process, combined with the fact that the 2012 budget does not present significant changes from prior years, allowed for successful completion of this process.

The budget process is a collaborative effort. Each division is responsible for preparing its own budget and then presenting it to Finance staff. Finance staff assists in correcting any inconsistencies within the presentation so that it can be reviewed by the Director responsible for the budget, along with Finance staff and the Executive Director. The budget is then returned a final time to implement the recommendations from that meeting.

When the entire budget has been entered, it is reviewed at a global level to determine priorities for the year and whether or not resources exist to support them. Upon completion, the final document is prepared in compliance with Illinois State Law regarding Park Districts, and in a format that is consistent with the professional standards developed by the Governmental Finance Officers Association (GFOA). Upon Board approval, this document will be submitted to GFOA for consideration in its award program.

The Philosophy

Staff has built the 2012 budget based on the assumptions that economic conditions will continue to be depressed, with high unemployment levels and little disposable income. Although District staff continues to investigate new opportunities to provide memorable experiences, those ideas are not requested in the proposed budget as to do so would be presenting a budget without reasonable assurance that its goals will be realized. Likewise, the 2012 proposed budget

reflects minimal growth in all revenue-generating areas. Staff is confident that the goals presented are challenging but within the reach of the District.

The 2012 proposed budget continues to support the District's philosophy of maintaining existing assets prior to taking on new projects. To ensure that resources are available in the future, the District began allocating surpluses from the Corporate and Recreation Funds to the Capital Projects Fund in 2008. The proposed budget recommends that \$1,125,000 be transferred in 2012. If 2011 projected transfers and 2012 proposed transfers meet budget expectations, the total transferred into the Capital Projects Fund since 2008 will exceed \$4.5 million.

In order to maintain existing assets, resources have been allocated for improving the Community Recreation Center, upgrading the District's neighborhood parks, and the Grand Ballroom at Chevy Chase Country Club. The focus on Heritage Park's Development will begin to receive a greater share of the District's allocation of capital resources.

This year's proposed budget is less detailed with respect to capital in order to allow the District greater flexibility with respect to how it allocates resources. A detailed listing of what represents the current anticipated capital outlay for 2012 will be a part of the budget presentation on November 15.

Strategic Plan Initiatives and Budgetary Goals

The Park District's mission, to "provide memorable experiences in parks and recreation that enrich our communities," is articulated in the Strategic Plan Initiatives. This plan is an actionable document that supports the mission through its strategic initiatives, goals and objectives.

The Strategic Plan continues to include the following initiatives:

- Quality Guest Services and Experiences
- Improvements in Processes & Systems
- Long-term Financial Strategies
- Developing Community Relationships
- Continuous Learning Environment

It is important to review budgetary accomplishments, as approved in the 2011 budget.

Quality Guest Services and Experiences

- Redeveloped Northside Park
- Installed lightning detection system at Traditions at Chevy Chase.
- Finalized construction bid documents for Heritage Park.
- Purchased a 15-passenger van.
- Provided capital replacements at the Family Aquatic Center.
- Celebrated Park District's 50th anniversary through activities and awareness.
- Began Grand Ballroom improvements.

Improvements in Processes & Systems

- Responded to state energy audit by installing Energy Management System at Chevy Chase Country Club.

- Replaced and designed a parks building to meet the District's needs.

Long-term Financial Strategies

General Goals

- Generated a transfer of \$600,000 from the Corporate Fund into the Capital Projects Fund.
- Generated a transfer of \$300,000 from the Recreation Fund into the Capital Projects Fund.
- Generated surpluses in the major funds as follows:

Corporate	\$ 59,402
Recreation	\$ 81,883
Chevy Chase	\$116,886

Fitness Center Goal

- Generated a surplus, net of capital, of \$95,111.

Aquatic Center Goal

- Generated a surplus, net of capital, of \$18,834.

Developing Community Relationships

- Continued to partner with School District 21 to generate \$10,000 for the Family Learning Program, as well as generated a \$10,000 surplus for the Family Learning Program from the golf outing.

Continuous Learning Environment

- Continued to build Wheeling Park District University (WPDU), focusing on staff development in key skill sets, maintained Board training, and continued to expand part-time offerings.
- Expended resources to continue staff's commitment to Agency leadership training.

This plan continues to provide a direction for the Board and staff to ensure that the park and recreation needs of the communities are met. Park District budgetary goals established in 2012 align with the strategic initiatives and are as follows:

Quality Guest Services and Experiences

- Upgrade Grand Ballroom audio/visual component at a cost of \$100,000.
- Install an outdoor patio at Chevy Chase Country Club, accommodating up to 250 guests, at a cost of \$100,000.
- Offer adjusted pricing for all guests wishing to use the indoor walking track.
- Begin phase-in of recommended ADA improvements.
- Install a backup generator at the CRC at a cost of \$225,000.
- Upgrade the Community Recreation Center at a cost of \$500,000.
- Improve school field sites, to ensure programs continue to operate during Heritage Park Development process, at a cost of \$50,000.
- Engage a consultant to assist the District in branding (signage, gateway, etc.) at a cost of \$25,000.

Improvements in Processes & Systems

- Improve marketing effectiveness through expansion into, and the monitoring of, social media.
- Complete Phase II of the new Parks and Facility Maintenance Building.
- Re-key Chevy Chase Country Club at a cost of \$6,500.
- Install a security system at the CRC at a cost of \$45,000.
- Upgrade ThorGuard System at Chevy Chase Country Club at a cost of \$14,000.

Long-term Financial Strategies

General Goals

- Generate transfers of \$550,000 and \$264,104, respectively, from the Corporate Fund into the Capital Projects and Build America Bond Funds.
- Generate transfers of \$575,000 and \$400,000, respectively, from the Recreation Fund into the Capital Projects and Build America Bond Funds.
- Generate surpluses in the major funds as follows:

Corporate	\$43,075
Recreation	\$30,144
Chevy Chase	\$12,100 (\$238,000 exclusive of capital)

Traditions at Chevy Chase Goal

- Generate \$1,236,574 in net operating income, exclusive of capital.

Food and Beverage Goal

- Generate \$801,401 in net operating income, exclusive of capital.

Fitness Center Goal

- Generate a net operating surplus of \$133,881.

Aquatic Center Goal

- Generate a net operating surplus of \$36,132 (\$75,832, exclusive of capital).

Program Goal

- Generate a surplus of \$334,637 in recreational programs.

Developing Community Relationships

- Continue to partner with School District 21 to generate \$10,000 for the Family Learning Program, as well as generate a \$10,000 surplus for the Family Learning Program from the golf outing.
- Successfully conduct at least ten communitywide events throughout the year, including three new events directed at teens and families.
- Work with VOW Senior Center to offer programming directed at senior adults.

Continuous Learning Environment

- Continue to build Wheeling Park District University (WPDU), focusing on staff development in key skill sets, maintain Board training, and continue to expand part-time offerings.

2012 Proposed Budget Summary

For all funds, total budgeted revenues – exclusive of transfers – are expected to increase by

\$963,060 (6.2%) to \$16,563,568. The proposed budget request reflects that operating expenditures for all funds are expected to increase by \$468,897, or 3.9%.

In 2012, staff will work to maintain fund balances equal to the targeted amounts, as stated in the 2011 Board-approved, Fund Balance Policy. A report detailing the 2011 budget, 2011 estimates, and the 2012 request follows.

ALL FUNDS			
	<u>2011 Budget</u>	<u>2011 Estimate</u>	<u>2012 Budget</u>
Undesignated Fund Balance January 1,	10,506,010	14,848,139	11,264,771
Sources:			
Revenues	14,013,860	14,250,851	14,720,779
Transfers In:			
Corporate, Recreation, Capital Project Fund	641,914	641,914	664,104
Chevy	44,734	44,734	53,685
Corporate, Recreation	<u>900,000</u>	<u>1,350,000</u>	<u>1,125,000</u>
Transfers In	<u>1,586,648</u>	<u>2,036,648</u>	<u>1,842,789</u>
Total Sources	15,600,508	16,287,499	16,563,568
Uses:			
Expenditures:			
Operations	12,003,366	11,918,068	12,522,263
Capital	5,299,473	5,916,151	2,519,909
Transfers Out:			
Debt Service Fund	641,914	641,914	664,104
IMRF/FICA Funds	44,734	44,734	53,685
Capital Projects (Other) Fund	<u>900,000</u>	<u>1,350,000</u>	<u>1,125,000</u>
Transfers Out	<u>1,586,648</u>	<u>2,036,648</u>	<u>1,842,789</u>
Total Uses	<u>18,889,487</u>	<u>19,870,867</u>	<u>16,884,961</u>
Sources Less Uses	<u>(3,288,979)</u>	<u>(3,583,368)</u>	<u>(321,393)</u>
Undesignated Fund Balance December 31,	<u>7,217,031</u>	<u>11,264,771</u>	<u>10,943,378</u>
Fund Balance % of total uses excl transfers out	41.71%	63.16%	72.75%

Property Tax Revenue

The proposed 2012 tax levy is based on an increase of 1.5%, which is equal to the rise in the Consumer Price Index. Additionally, the Special Populations Fund, which is not subject to the cap, is budgeted at its maximum of 4 cents to reimburse the Corporate Fund for approved dollars loaned to it to complete Northside Park's redevelopment and the athletic field at Wheeling High School. The total proposed tax increase as a percentage for the 2011 levy – which will result in 2012 property tax receipts – is 3.28%. The Agency anticipates that 97% of the levy will be collectible, based upon past history, and expects little growth.

A change from the previous year's budget is reflected in TIF revenues received from the County for the Crossroads TIF and the River Mill Development. In the past, these funds were budgeted

in the Capital Projects Fund; however, the 2012 budget allocates these revenues in the same percentages as the tax levy in order to comply with current legislation.

Human Resources

The Park District continues to adjust to the changing services and maintain its facilities to meet the expressed park and recreation needs of its communities. These issues continue to increase the complexity of services provided to both the Park District's external and internal guests. Managers critically evaluate staffing levels in order to consistently provide a high level of quality services and experiences, while simultaneously operating efficiently from a business standpoint. In 2012, staff is proposing the addition of a Communications Manager who will be responsible for the planning, organizing, and management of the Park District's public communications. Although the proposed budget continues to offer employees competitive benefit packages, economic realities have placed a premium on measuring and evaluating staffing levels and needs.

Salaries and Benefits: Attracting and retaining employees is essential to the Park District's success in providing quality park and recreation services, preparing for the future, and operating efficiently and effectively. The proposed budget represents the commitment to provide fair and equitable compensation and benefits competitive with the marketplace. Full- and part-time employee wage increases are budgeted at 2%.

Health Insurance: 2012 is the third year that PDRMA Health has been transitioning away from age/gender-based rates towards a "blended" solution. During the transition, the District's health insurance is in a hybrid form and it will be that way for several more years. Once again, staff is recommending that the District and its staff share in the increase of approximately 3%. Total health insurance cost for the Agency is budgeted at \$574,000, or \$18,000 over 2011. Given that trends in the industry reflect double-digit increases, the District's relatively-minimal overall increase points to the benefit of being part of a health insurance pool.

Continuous Learning: Funds allocated for continuous learning are an investment in the employee, Board member and the Park District. It is imperative that employees stay abreast of current trends and expand their skills to understand the changes occurring in the parks and recreation industry in order to provide the complexity of services and tasks required of today's workforce. The proposed 2012 budget includes \$61,956 to provide continuous learning opportunities for staff and Board members. Each request for continuing education support will be evaluated as opportunities present themselves.

Community Outreach and Events

Community Relations: The Park District will continue to expand its efforts to develop, strengthen, and foster relationships with local community groups, business leaders, elected officials, the Village of Wheeling, and Park District residents. These ongoing efforts are done in order to increase support and interest in activities and offerings; thus providing a higher quality of service to the District's constituents.

The Park District will continue to increase its exposure at the local and state levels as the provider of choice in parks and recreation. Efforts to communicate the message of the Park District will focus on the media and languages most often utilized by the Park District's constituents. Specifically, staff will work to focus communication efforts on program guides, the

website, promotional items, and community events. The proposed 2012 budget includes \$65,244 to provide three program guides, and \$16,000 to produce the *In the Know* newsletter.

Events: Communitywide events are specifically identified events that are provided as a service to the community and residents at minimal or no charge. These events continue to be reevaluated as programs are added or retired based on community interest. For 2012, staff used as a base not to exceed spending \$1 per resident for expenses associated with communitywide events. The total investment in communitywide events for 2012 is \$36,404 and is consistent with prior years. Separate from this activity, the proposed budget anticipates that the Scholarship Golf Outing will generate net revenue of \$10,000.

Fund Balance Targets

As previously stated, the tax levy was prepared with the Fund Balance Policy in mind. The Fund Balance Policy, which was approved by the Board of Commissioners in fall 2006 and revised in 2011, set targets for fund balances as a percentage of expenses. Provided 2011 projections are accurate and the 2012 proposed budget is met, fund balance target projections at December 31, 2012, are as follows:

<u>Fund</u>	<u>2011 Projection</u>	<u>2012 Budget</u>	<u>Policy Target</u>
Corporate	42.68%	43.69%	25-33%
Recreation	33.47%	34.78%	20%
Museum	23.92%	11.75%	25%
IMRF	25.09%	27.42%	25%
FICA	26.88%	22.12%	25%
Paving & Lighting	28.89%	26.33%	25%
Police	25.66%	5.11%	25%
Special Populations	6.82%	-3.53%	5%
Audit	28.03%	27.08%	25%
Tort	27.18%	25.33%	25%
Bond & Interest	19.88%	18.20%	5%
Bond & Interest ARS	NA	NA	NA
Cap Projects-O	305.37%	312.63%	NA
Cap Projects-B	141.47%	121.27%	NA
Chevy Chase	32.96%	33.59%	35%

Staff has met its fund balance target in all cases, with the exception of the Museum Fund, which is slightly (\$531) under target. In order to comply with the fund balance targets, the operation fund deficits included in the proposed budget are intentional. The other fund that does not meet the policy target is Chevy Chase; however, at 32.96%, the fund balance represents the highest percentage of expenses since the renovation of the golf course. As there will no longer be any debt at Chevy following 2012, the fund should exceed its target in 2013.

Debt Service

In 2011, the District made its final payment and retired the debt on the \$5,365,000 debt refunding from 2005. In 2012, Chevy Chase will retire its only outstanding debt. As a result, the only debt remaining at the Wheeling Park District will be those issues related to the rollover debt and the Build America Bond debt from 2010. The District continues to work on shortening the maturities of its annual rollover debt and will be on a one-year maturity schedule by 2016.

Economic Outlook

To protect the financial health of the District, staff vigilantly monitors economic trends and the leading economic indicators to understand their impact on long-term financial strategies. Reports from the U.S. Commerce Department, the Federal Reserve Bank (the Fed), and local reports from financial analysts help provide economic forecasts based on indicators.

Despite the best efforts of the Fed and other Federal and State Agencies to improve the depressed economy, most efforts have been met with unpredictable and disappointing results. For example, earlier in 2011, the Fed announced that in order to increase spending and consumer confidence, it would guarantee that interest rates would remain near zero through 2013. The results of this effort have been slight at best. Should the economy continue to progress at this rate, a smooth recovery will be unlikely, and uncertainty in the marketplace will persist.

Other economic trends that affect the Park District include the following:

The Real Estate Market: Real estate investment in Wheeling continued to be slow in 2011, as tight credit markets make the acquisition of new homes difficult despite lowered interest rates. As the inventory of homes increases, the likelihood of successful Tax Rate Objections or Property Tax Appeals increases, thereby reducing the District's property-tax revenues over the next several years.

Employment: Nationally, the unemployment rate remains just over 9.0%, and Wheeling reflects that environment. To lessen the impact of unemployment, the Federal government has increased the number of weeks an individual can claim benefits; thereby increasing the burden to employers. In 2011, the District reacted to this situation by offering work to seasonal employees during their offseason. This had the dual benefit of saving the District significant dollars in claims while completing significant maintenance projects during off-peak times of operation.

Inflation: The Fed continues to monitor key economic indicators, such as inflation. When inflation increases, the price of goods and services goes up and less spending occurs. For instance, in the Chicago area, food prices for the twelve-month period ended September 30, 2011, increased by 4.3%. This has a major impact on food and beverage operations at Chevy Chase Country Club, especially since events, with fixed pricing, are planned well in advance of these increases. Of even greater significance are gasoline prices, which rose 34.1% over the same time period. The increase in gasoline prices will affect all commodities from postage to supplies to general food costs, and have put greater pressure on the District to provide the same services at affordable prices.

The increase in prices has also hit the consumer, as evidenced by a steady increase in requests for scholarship support at the program level.

Revenue and Expenditure Analysis

As the 2011 budget was prepared, heavy emphasis was placed on historical, rather than anticipated, activity in the three major funds. Accordingly, both revenues and expenditures are relatively flat, as compared to the 2010 budget.

Fund Analysis - Revenue

	Revenue Analysis				
	Actual 2010	Budget 2011	Proposed 2012	Difference 2012 v. 2011	% Difference
Corporate Fund	\$ 2,478,909	\$ 2,750,323	\$ 2,900,150	\$ 149,827	5.4%
Recreation Fund	\$ 4,228,719	\$ 4,097,326	\$ 4,395,855	\$ 298,529	7.3%
Museum Fund	\$ 48,232	\$ 45,638	\$ 39,701	\$ (5,937)	-13.0%
IMRF	\$ 336,754	\$ 309,108	\$ 297,670	\$ (11,438)	-3.7%
FICA	\$ 344,474	\$ 334,814	\$ 276,235	\$ (58,579)	-17.5%
Paving & Lighting Fund	\$ 50,372	\$ 11,778	\$ 21,904	\$ 10,126	86.0%
Police Fund	\$ 73,202	\$ 10,305	\$ 36,963	\$ 26,658	258.7%
Special Populations Fund	\$ 223,304	\$ 377,000	\$ 547,624	\$ 170,624	45.2%
Audit Fund	\$ 48,299	\$ 45,638	\$ 52,022	\$ 6,384	14.0%
Tort Fund	\$ 424,045	\$ 420,651	\$ 427,223	\$ 6,572	1.6%
Chevy Chase Country Club Fund	\$ 3,857,478	\$ 3,781,518	\$ 3,790,168	\$ 8,650	0.2%
Subtotal w/o Debt Service and Capital	\$11,731,835	\$12,184,099	\$12,785,515	\$ 601,416	4.9%
Bond & Interest Fund	\$ 2,147,383	\$ 1,555,696	\$ 1,259,667	\$ (296,029)	-19.0%
Capital Projects Fund (Other)	\$12,692,966	\$ 1,063,000	\$ 1,193,503	\$ 130,503	12.3%
Capital Projects Fund (Bonds)	\$ 800,000	\$ 375,000	\$ 500,000	\$ 125,000	33.3%
ARS Series 2010 Debt Service	NA	\$ 422,813	\$ 824,883	\$ 402,070	95.1%
Total Budget	\$27,372,184	\$15,600,508	\$16,563,568	\$ 962,960	6.2%

Corporate: Revenues in the Corporate Fund have increased from the prior year's budget by 5.4% entirely as the result of an increase in property-tax revenues represented by an increase in CPI of 1.5%.

Recreation: Recreation Fund revenues are up just over 7%. This increase is primarily the result of increases in property taxes, as well as proposed budget increases in Fitness and Aquatic Center revenues based on trends noted over the last two years.

Museum: All of the revenues from the Museum Fund come in the form of property taxes. The Agency levies and budgets for taxes based upon the legal limitations, and the requirements necessary to meet its fund balance goals. In 2012, the Agency will budget \$39,701 in property taxes, a decrease of \$5,937 from 2011.

IMRF and FICA Funds: These funds were reestablished in October 2009 to provide consistency between the tax levy, the budget, and the financial statements. Exclusive of a transfer from Chevy Chase for 24% of its costs – a 4% increase from 2011 – all revenues in this fund are from property taxes. Increases or decreases in this fund are directly related to qualifying wages.

Police: Revenue from the Police Fund comes in the form of property taxes, and the Agency levies and budgets for taxes based upon the legal limitations and the requirements necessary to meet its fund balance targets. In 2012, the Agency increased this levy by \$26,658, or 258.7%, to comply with the Fund Balance Policy.

Paving and Lighting: Revenue from the Paving and Lighting Fund comes in the form of property taxes, and the Agency levies and budgets for taxes based upon the legal limitations and the requirements necessary to meet its fund balance targets. In 2012, the Agency increased this levy by \$10,126, or 86%, to comply with the Fund Balance Policy.

Special Populations: The limitation for Special Populations (which falls outside the tax cap) is \$.04 and may only be used for specific purposes that relate to the joint agreement. The District levies just enough to meet its anticipated expenses while maintaining a minimal fund balance of 5%. The levy in 2012 is at \$.04 to reimburse the Corporate Fund for a loan taken in 2011 to fund approved expenditures related to Northside Park and the Wheeling High School Field Turf.

Audit: In order to maximize its flexibility, the Agency levied for taxes in this fund only to the extent necessary to maintain the Fund Balance Policy. Thus, property taxes (the only revenue in this fund) were budgeted and levied at \$52,022, an increase of 14% relative to 2011.

Tort Immunity: Revenues in the Tort Immunity Fund come from three sources: property taxes, an honorarium the Park District has received annually from PDRMA, and a reimbursement for shared services from the Buffalo Grove Park District. Staff continues to monitor this fund carefully, making sure that fund balance targets are closely adhered to, and only qualifying expenditures are included. The proposed budget indicates that revenues will be essentially flat in 2012.

Bond and Interest: Revenue for this fund comes from two sources. Although the Bond and Interest Levy is outside of the tax cap, it also increases with the change in the CPI. This is called the Debt Service Extension Base. In 2012, the District can and will levy \$1,230,628. While the Fund receives its share of the River Mill and Crossroads TIF distributions, revenue in this fund is down nearly \$300,000 (19%) because it was previously funded by transfers from the Corporate and Recreation Funds to pay the Debt Service on the 2005 Bond Refunding.

ARS Series 2010 Debt Service Fund: There are two sources of revenue in this fund: transfers from the Corporate and Recreation Funds to pay the debt service, and the 35% rebate received annually from the IRS on the interest paid on this debt. As this is the first **full** year under the debt repayment schedule, the revenues have nearly doubled.

Capital Projects (Other): This fund receives revenues from the interest in the investments the District holds relative to the bond proceeds, and transfers from the Corporate and Recreation Funds to secure resources for future growth. The proposed budget indicates that \$1,125,000 will be transferred from the two Funds in 2012. This transfer is the largest amount ever proposed since this Fund's creation in 2008.

Capital Project (Bonds): The only item in revenue each year is the amount of proceeds from the non-referendum (rollover) debt. Staff is proposing \$500,000 for the amount of the bond issuance, an increase of \$100,000 from 2011. After sharply reducing the rollover debt in 2011 to begin to reduce maturity length on this debt, the District will slowly increase its annual rollover debt, thereby increasing resources available for capital needs. By 2016, the maturity on rollover debt will be one year.

Chevy Chase Country Club: The Chevy Chase Country Club draws the bulk of its revenue from golf operations, and food and beverage service. More than any other fund, this budget was prepared based on historical activity. Revenue in this fund is flat, as compared to the 2011 budget.

Fund Analysis – Expenses

	Expenditure Analysis				
	Actual 2010	Budget 2011	Proposed 2012	Difference 2012 v. 2011	% Difference
Corporate Fund	\$ 2,417,261	\$ 2,690,921	\$ 2,857,075	\$ 166,154	6.2%
Recreation Fund	\$ 4,161,660	\$ 4,015,443	\$ 4,365,711	\$ 350,268	8.7%
Museum Fund	\$ 50,624	\$ 49,303	\$ 49,225	\$ (78)	-0.2%
IMRF Fund	\$ 287,786	\$ 320,759	\$ 335,026	\$ 14,267	4.4%
FICA Fund	\$ 328,822	\$ 336,021	\$ 350,249	\$ 14,228	4.2%
Paving & Lighting Fund	\$ 40,927	\$ 59,320	\$ 29,320	\$ (30,000)	-50.6%
Police Fund	\$ 31,393	\$ 52,837	\$ 52,262	\$ (575)	-1.1%
Special Populations Fund	\$ 313,367	\$ 366,039	\$ 332,000	\$ (34,039)	-9.3%
Audit Fund	\$ 45,718	\$ 48,787	\$ 50,070	\$ 1,283	2.6%
Tort Fund	\$ 459,505	\$ 383,849	\$ 442,139	\$ 58,290	15.2%
Chevy Chase Country Club Fund	\$ 3,537,721	\$ 3,664,632	\$ 3,778,068	\$ 113,436	3.1%
Subtotal w/o Debt Service and Capital	\$11,674,784	\$11,987,911	\$12,641,145	\$ 653,234	5.4%
Bond & Interest Fund	\$ 2,128,814	\$ 1,564,950	\$ 1,257,014	\$ (307,936)	-19.7%
ARS Series 2010 Debt Ser		\$ 422,813	\$ 824,883	\$ 402,070	95.1%
Capital Projects Fund (Other)	\$ 656,441	\$ 4,612,850	\$ 1,763,620	\$ (2,849,230)	-61.8%
Capital Projects Fund (Bonds)	\$ 744,120	\$ 300,963	\$ 398,300	\$ 97,337	32.3%
Total Budget	\$15,204,159	\$18,889,487	\$16,884,962	\$(2,004,525)	-10.6%

Corporate: The 6.2% increase in Corporate Fund expenditures is primarily the result of its share of the Communications Manager position, salary increases, and upgrading of the ball fields at neighborhood parks to make them playable while Heritage Park is unavailable.

Recreation: The indicated \$350,277 increase is the result of an increase in transfers from the Recreation Fund to the Capital Projects Fund, for Recreation's share of payments towards the Build America Bonds, and for increases in wages and related benefits for staff, including the addition of a half-time staff member.

Museum: There is minimal activity in this fund, as costs mirror the budget for 2011.

IMRF: Expenditures in IMRF have increased by \$14,267 relative to 2011 due to a higher employer rate being charged to the District and increased eligible salaries. The proposed budget assumes that the District will fund its entire actuarial contribution of 10.32% in 2012, rather than phasing in the increase over five years.

FICA: Costs are directly related to wages. Districtwide wages increased approximately \$145,000.

Paving and Lighting: Expenditures have been reduced by \$30,000 in this proposed budget, reflecting a lack of capital projects in the 2012 proposed budget. Operating expenditures are flat.

Police: Expenditures in the Police Fund are flat relative to 2011.

Special Populations: Expenditures in this fund are expressly for the assistance of individuals who are limited in their ability to use traditional recreation services. The primary expense in this fund is the Agency's participation in the NWSRA. In 2012, the proposed budget indicates a reduction of \$34,000 in this fund, reflecting a decrease in planned capital outlays.

Audit: There are no significant changes in expenditures in this fund.

Tort Immunity: Staff continues to carefully scrutinize expenditures in this fund and has greatly reduced total expenditures paid for by tort resources in the last two years. Costs in the proposed 2012 budget have increased to reflect the installation of a security system at the CRC at a cost of \$45,000.

Bond and Interest: The District continues its efforts to reduce debt. Expenditures in this fund are budgeted to be reduced by \$307,936 in 2012.

ARS Series 2010 Debt Service Fund: This fund accounts for activity relative to the Build America Bonds. Expenditures are for principal and interest payments. In 2012, debt payments for the Build America Bonds, with interest, total \$824,883, an increase of nearly 100% from 2011, as this is the first full year of payments being made.

Capital Project (Bonds): Available resources for Capital expenditures increased, as the amount of the rollover debt issue is anticipated to increase. Expenditures for the retrofitting of the Parks and Facilities Maintenance Building account for much of the expenditures in this fund.

Capital Project (Other): This fund covers all new capital projects and is offset by grants, impact fees, and transfers. This budget has decreased by nearly \$3,000,000, as expenditures in 2011 included the purchase of the Parks and Facilities Maintenance Building and the Field Turf at Wheeling High School

Chevy Chase Country Club: With the exception of supplies – due to increasing food costs – and contractual services required, Chevy has seen a decrease in most of its operating expenditures. Staff anticipates decreases of 15% in both utilities and benefits due to improvements made to increase efficiencies.

A complete list of proposed capital projects will be provided at the budget presentation.

Conclusion

In 2012, the Wheeling Park District will continue to budget conservatively by running a “lean” operation and increasing expenditures only as they relate to increased need. District staff will continue to respond to economic conditions by adjusting program offerings, staffing levels, and priorities, while still providing “memorable experiences in parks and recreation that enrich our communities.”

The District continues to judiciously spend the proceeds from its 2010 debt issuance and this budget continues to take advantage of the economic environment by obtaining extremely competitive bids due to a distressed marketplace. Staff is confident that the District will continue to be able to meet its annual debt burden and continue to transfer resources to the Capital Projects Fund as it moves forward on its five-year plan developed in fall 2010.

The District strives to generate sources of revenue required to provide memorable experiences in parks and recreation. The 2012 budget reflects the objective of efficiently executing Strategic Plan Initiatives, which assists in maximizing the Park District's return on investment. The tax-per-capita spending on park and recreation services equates to \$438 – an amount consistent with a typical budget proposal.

The level of non-tax resources generated by the District is critical, as the Park District would never be able to offer programs or services, or operate its facilities, with tax support alone. The District continues to focus efforts on lowering its dependence on property-tax revenue by increasing expectations of those areas that are meant to generate revenues in excess of expenditures (in order: Chevy Chase Country Club, the Fitness Center, and the Aquatic Center). The proposed budget indicates that, as was the case in 2011, 47% of revenues will come from property taxes. However, it is a reflection of the conservative nature of this budget that the actual percentages (adjusted for anomalies such as large debt issues) have ranged from 37% to 41% from 2007 to 2010. Although the year is not yet complete, staff anticipates that the 2011 budget, with property-tax revenues budgeted to be 47% of revenues, will fall within the range described above.

Finally, as this budget is reviewed, note that the District shows a surplus in its three major funds. Of equal importance, it proposes a continued commitment to the future, as it includes a transfer of \$1,125,000 into the Capital Projects Fund. Districtwide, the budget, despite a significant investment in the development of Heritage Park in 2012, shows a surplus in excess of \$4,000,000. It is anticipated that in 2013, with an increased focus on the park's development, the District may be looking at a deficit on a districtwide basis. Further, the District must begin to look at showing planned deficits in both the Corporate and Recreation Funds to ensure that their fund balances are consistent with the targets. Should it move in that direction, it is anticipated that those funds will continue to support the Capital Projects Funds through increased transfers.

As has been stated throughout this document, the proposed 2012 budget reflects the current economic realities. Board and staff must be mindful of the current economic state, and recognize the uncertainty of future conditions, so that the Park District continues to meet park and recreation needs while determining future opportunities. In 2012, the Park District continues to work towards its vision of **becoming the provider of choice in parks and recreation within the communities that it serves.**

The entire staff should be recognized for its contribution to this budget process. Staff's knowledge and expertise were invaluable in ensuring that the budget reflects the needs of the guests that the Park District serves, while maximizing resources to their fullest potential.

Staff looks forward to discussion during the budget presentation that is scheduled for November 15, 2011. Should any Board member wish to discuss any of the information provided in this document prior to the Budget meeting, please feel free to contact me.