

TOWN FUND BUDGET HIGHLIGHTS CAPITAL OUTLAY

The Township's Capitalization Policy has been in effect since FY 07. Capitalization sets a minimum dollar value threshold for assets that have useful lives extending beyond a single reporting period. Assets above the dollar value threshold are categorized as capital assets and depreciated over a pre-determined useful life. Depreciation is the gradual conversion of a tangible capital asset into an operational expense over the asset's estimated useful life. The Policy is set forth below:

PURPOSE

The objective of this Capitalization Policy is to comply with Generally Accepted Accounting Practices (GAAP) and comply with the Governmental Accounting Standards Board (GASB) Statement 34.

PROCEDURES

The Township Board shall periodically review the Capitalization Policy for changes or modifications.

POLICY

The Capitalization Policy is as follows:

1. Minimum Capitalization Amounts: The minimum capitalization amount for individual equipment is \$5,000 and for buildings and improvements is \$10,000.
2. Maintenance: The cost for maintenance will be expensed.
3. Depreciation Methods: The following depreciation methods are established:
 - Appliances – 5 years, straight line
 - Tools – 5 years, straight line
 - Equipment – 7 years, straight line
 - Vehicles – 7 years, straight line
 - Other improvements – 20 years, straight line
 - Buildings – 40 years, straight line

PROGRAM HIGHLIGHTS

In the FY 12 budget, Capital Outlay is presented as a department within Town Fund. This presentation more accurately reflects the unique quality of expenditures for capital outlay. Capital Outlay refers to unusually large expenditures that typically benefit the Township generally rather than a single department and includes: 1) capital renovations, 2) individual equipment, and 3) technology enhancements.

Capital Renovations:

In FY 12, three major capital renovation projects are planned and budgeted at a cost of \$945,000. Revenues were added to fund balance each year for the past ten years to ensure adequate funding for these projects.

Project	FY 12 Budget Amount
New Senior Services Facility	\$850,000
Website redesign	\$15,000
Vehicle Replacement	\$80,000
Total Projects:	\$945,000

New Senior Services Facility - For more than ten years, Township officials, at the urging of staff and many users of Senior Services, have looked for facilities appropriate for serving the Township’s older citizens. The inadequacy of the current Senior Services facility at the Oak Park Arms (418 S. Oak Park Avenue) was documented in a 2003 professional space study, which concluded that meeting current and future space needs is not feasible at the current site. A major shortcoming is a non-ADA compliant elevator that cannot be improved as the primary means of transportation to the Senior Services location on the 5th and 6th floors at the Oak Park Arms.

In March of 2010, the Township purchased an existing building at 126-134 S. Oak Park Avenue to meet the need for new Senior Services facilities. The FY 12 budget includes capital outlay of \$850,000 for architectural services, renovation, and construction at the site. The project will be completed in June 2012 (FY 13).

Individual Equipment:

In FY 12, \$80,000 is budgeted for the purchase of a new Senior Services Transportation bus. Maintenance costs for the current truck, purchased in 2003, have increased within the past six months. It will be more cost beneficial to purchase a new bus in FY 12.

In the past few years, \$10,000 was budgeted each fiscal year for Senior Services Transportation and dedicated for the purchase of a new Home Delivered Meals truck and a paratransit bus to replace existing Senior Services vehicles. The amount accumulated over the years is recorded in the year-end financial statement as Assigned for Vehicle Replacement – Senior Services. The amount of \$80,000 has been included as an assignment in the financial statements for fiscal year ending March 31, 2010 and \$80,000 is budgeted for vehicles in FY 12. The \$80,000 assignment is considered sufficient at this time.

Technology Enhancements:

Expenditures for technology enhancements are used to improve information technology systems. Major upgrades to the computer network and telephone systems were completed in FY 08. The Township’s website will be completely redesigned in FY 12.

A. GOAL: Improve Township facilities to ensure that programs and services effectively and efficiently while providing a secure and safe work environment.

Objectives:

1. Identify and investigate possible alternative locations for the Senior Services department to provide for a more suitable location.
2. Purchase or lease and renovate a new space for Township Senior Services

B. GOAL: Provide for technology enhancements that increases the effectiveness and efficiency of Township operations.

Objectives:

1. Increase the effectiveness and efficiency of Township operations by providing up to date computer networking systems.
2. Ensure electronic backup of Township data.

OPERATING IMPACT OF CAPITAL OUTLAY

The new Senior Services facility and the new bus will result in reduced operating costs. By moving out of the currently leased space, senior services will save money now being spent on rent, budgeted in FY 12 for \$117,107, with operating costs that will be less than the rent. A new bus will require fewer repairs and have better fuel efficiency. Where feasible, the new Senior Services facility and the new bus will incorporate green technologies to enhance efficiencies and minimize environmental impact. Overall, the Township is committed to purchasing equipment and appliances that requires less energy to operate.

TOWN FUND CAPITAL OUTLAY PERFORMANCE MEASURES

Town Fund Capital Outlay Goals and Objectives can be found in the Budget Highlights section immediately preceding this chart. Township Goals can be found in the Introduction Section, FY 12 Oak Park Township Policy Statements, Mission, Goals and Objectives, pp. 29-33.

Performance Measure	Capital Outlay Goal/Objective	Township Goal	FY 10 Actual	FY 11 Budget	FY 11 Est. Actual	FY 12 Budget
Outputs:						
# of capital renovation projects completed	A/1	Community Needs II A	0	3	2	2
Capital equipment purchased	A/1	Community Needs II A	0	2	1	1
Outcomes:						
% of scheduled data backup completed on time (Technology Enhancements)	B/1	Communications IV B	95%	100%	98%	100%
Year-to-year energy efficiency rating improvement due to the completion of capital projects at Township Hall (105 S. Oak Park Avenue)		Financial Stability III B	New	New	20%	N/A

**TOWN FUND CAPITAL OUTLAY
BUDGET FY 12**

	FY 10 Actual	FY 11 Original Budget	FY 11 Actual	FY 12 Budget
990.150 TRANSPORTATION				
905.000 Vehicles	<u>0</u>	<u>45,000</u>	<u>27,575</u>	<u>80,000</u>
TOTAL Transportation	0	45,000	27,575	80,000
990.950 TOWN OTHER CHARGES				
972.000 Technology Enhancements	0	0	0	15,000
978.000 Capital Improvements and Renovations	<u>6,340</u>	<u>1,236,500</u>	<u>703,407</u>	<u>850,000</u>
TOTAL Town Other Charges	6,340	1,236,500	703,407	865,000
TOTAL TOWN FUND CAPITAL OUTLAY	6,340	1,281,500	730,982	945,000

