



Palatine Park District

Annual Budget

January 1, 2018 – December 31, 2018

Park Board of Commissioners

Nick Sawyer, President
Jennifer Rogers, Vice President
Susan Gould, Treasurer
John Cozza, Commissioner
Terrence Ruff, Commissioner

Palatine Park District
250 E. Wood Street
Palatine, IL 60067
847.991.0333

Our mission is to provide a variety of safe, enjoyable, and affordable parks, programs, and recreational facilities that will enhance the quality of life by promoting good health and well-being for all residents and visitors while being fiscally responsible stewards of community assets and tax dollars.

Palatine Park District
2018 Proposed Budget
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Palatine Park District
Leadership Team

Michael Clark, Executive Director

Trish Feid, Executive Assistant

Keith Williams, Superintendent of Recreation

Steven Nagle, Superintendent of Facilities

Ed Tynczuk, Superintendent of Parks and Planning

Cheryl Tynczuk, Superintendent of District Services and Projects

Elliott Becker, Superintendent of Finance

Donelda Danz, Assistant Superintendent of Recreation

Joshua Ludolph, Assistant Superintendent of Facilities

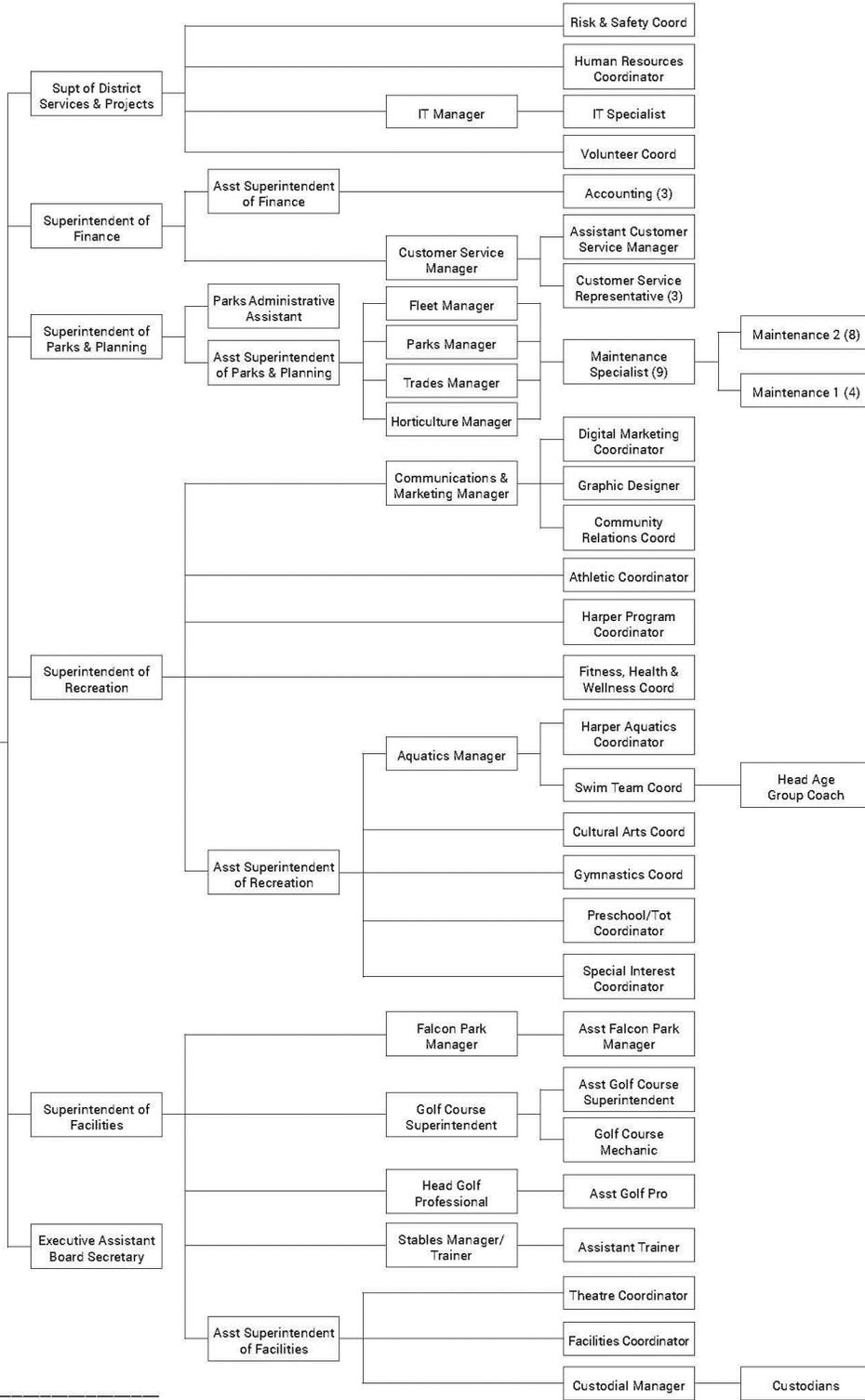
Jim Holder, Assistant Superintendent of Parks and Planning

Tina Becke, Assistant Superintendent of Finance

Palatine Park District Organizational Chart



Palatine Park District Residents
Park Board of Commissioners (5)
Executive Director



Park Board Approved: _____

District Profile

History:

Palatine Park District was founded in 1945 and is principally located in the Village of Palatine. At that time, the population was 3,000. Two years later, in 1947, the District acquired its first park, Community Park, and offered five recreation programs/classes. In 1962, the District employed its first full-time director and by 1964 had adopted its first master plan.

However, it was the eight-year period from 1966 through 1974 where park growth was really established. During that period, projects included Palatine Hills Golf Course and Birchwood Recreation Center, fourteen parks, the Palatine Trail and the second pool at Community Park.

After consolidating with the Palatine Rural Park District in 1975, the District purchased and renovated its present location on Wood Street (previously Palatine High School) in 1977.

Over the last several years, the District has seen its population grow to slightly over 83,000. The major highlights during that period include the execution of an Intergovernmental Agreement with the Village of Palatine to develop the Combined Service Facility which houses the District's Parks Department and the Village's Public Works Department. Additionally, during the same time period, the District built its third recreation center, Falcon Park, which began to serve the community in 2010.

In 2015, the Park District completed its Comprehensive Master Plan and soon thereafter executed an Intergovernmental Agreement to utilize Harper College's Wellness Center, primarily its pools, as a partner in a joint venture. Funding for the facility is in place and construction appears ahead of schedule with the opening scheduled for September 1, 2018. As a result, this year will be the first year it is included in the budget.

Governance:

A five-member volunteer Board of Commissioners establishes Park District policy and strategic direction, and creates the ordinances that govern the Park District. Commissioners serve staggered terms of six years with elections every two years. The Board determines the long-term direction of the Park District, elects Board officers, and appoints the Executive Director as well as the District's attorney and auditor. With occasional exceptions, the Park Board meets on the second and fourth Tuesday of each month.

The present Park Board is led by President Nick Sawyer, Vice President Jennifer Rogers, Treasurer Susan Gould and Commissioners Terrence Ruff and John Cozza.

Population:

As there is not an official census taken for the Park District, based upon the most recent available information, the Park District serves a population of approximately 83,000.

Boundaries:

The District is located in north suburban Cook County, Illinois approximately 30 miles northwest of Chicago. In addition to the Village of Palatine, the District serves portions of the Village of Arlington Heights, the City of Rolling Meadows, the Village of Schaumburg, the Village of Deer Park, the Village of Hoffman Estates, and the Village of Inverness.

Palatine Park District District Profile

Demographics:	The Park District serves an educated community with a median household income of \$75,329 and a median home value of \$312,400 (Palatine only) both of which are above the County and State Averages. Palatine Park District has approximately 37,000 housing units. The composition of the Community is 73.1% Caucasian, 12.8% Asian, 8.4% some other race alone, and 3% Black. The remaining 2.7% is multi-cultural.
Real Estate:	The 2017 Equalized Assessed Valuation (EAV) of real estate is \$2,243,923,289 which reflects an increase of 16% from the prior year. Approximately 75% of the Assessed Valuation comes from Commercial and Industrial Property. Much of this increase is due to the triennial reassessment that was performed in 2016.
Tax Rate:	The 2016 tax rate (last available) was \$.648 per \$100 of assessed value representing slightly less than 6.0% of the total tax bill.
Fiscal Year Budget:	The fiscal year begins on January 1 and concludes on December 31. The total budget for 2018 is \$32 million with an operating budget of \$22 million, a capital improvement and repair budget of \$8.3 million, and a debt retirement budget of \$1.9 million. Transfers between funds total \$1.9 million. Those amounts are included in both the revenue and expenditure totals.
Debt Rating:	The Park District occasionally issues General Obligation Bonds or Debt Certificates for capital improvements and holds an Aa1 bond rating from Moody's Investor Services on its outstanding debt. The District proposes to issue its annual non-referendum debt in 2018 but no other debt issuances are anticipated.
Park Resources:	The District owns 425 acres of land and leases an additional 296 acres from various agencies including the Metropolitan Water Reclamation District. The District operates and maintains over 52 parks and facilities, including an 18-hole championship golf course with pro shop, clubhouse and driving range (Palatine Hills Golf Course); a fitness center; three recreation centers (Community Center, Birchwood Recreation Center, and Falcon Park Recreation Center); three aquatic facilities; horse stables; bicycle, hiking and nature trail (Palatine Trail); 430-seat auditorium (Cutting Hall Performing Arts Center); an outdoor amphitheater (Fred P. Hall Amphitheater); and a historic museum (George Clayson House Museum and Library). While the District does not own the pool at Harper College it is making a capital contribution of \$9 million towards its completion.
Programs/Facilities:	Annually, the District offers over 2,500 recreational, arts, and community programs for all ages. Programs include summer camps, community and family events, music and art lessons, and a variety of athletic programming.

Palatine Park District District Profile

Additionally, the Park District works with several affiliates to provide additional recreational opportunities in many sports programs such as baseball, football, lacrosse, biking, rugby, and soccer. The District also supports the Palatine Historical Society and the Palatine Township Senior Citizens Council.

Other Recreational opportunities that are not primarily program-driven include golf (Palatine Hills Golf Course), horse riding (Palatine Stables) and entertainment at its auditorium (Cutting Hall Performing Arts Center) and amphitheater (Fred P. Hall Amphitheatre).

The Park District is a vital part of the community and invests effort and resources to meet the needs of its residents. As the population ages, the Park District's focus on suitable program offerings and customer service will establish and increase goodwill within the community.

The Park District is a member of the Northwest Special Recreation Association (NWSRA) to provide recreational activities for residents with special needs.

Community Outreach

For the benefit of the community and to increase efficiencies, the District has entered into Intergovernmental Agreements for shared resources and facilities. The District further supports community groups and serves on the Chamber of Commerce, International Rotary Club, Kiwanis, Palatine Jaycees, and Lion's Club among others. Perhaps the largest of these agreements is for a shared facility with the Village of Palatine's Public Works Department and the District's Parks Department..

Staff:

The Park District has an appointed Executive Director responsible to the Board of Commissioners for the administration of the District along with a full-time (over 1,560 hours annually) staff. The District employs several hundred part-time, seasonal and temporary employees as well as many volunteers in four departments; Administration, Parks, Recreation Programs, and Facilities.

Affiliations:

The Palatine Park District is a member of the National Recreation and Parks Association (NRPA), the Illinois Association of Park Districts (IAPD), and the Metro Risk Management Association (MRMA).

Contact:

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Phone: 847.991.0333. Fax 847.991.2127.
Email ppd@palatineparks.org.
Website: www.palatineparks.org

January 13, 2018

Board of Commissioners
Palatine Park District
Palatine, IL 60067

Honorable Commissioners:

It is with great pride that the 2018 annual budget is presented for your review. As has been the case in recent years, the Park District budget is focused on fiscal responsibility and sustainability. 2018 promises to be another year filled with change for the Park District and the budget ensures that adequate resources exist to successfully implement those changes while providing the services our residents have come to expect from Palatine Park District. It is anticipated that the biggest focus for the 2018 year will be the finalization of the business plan and the opening of the new facility with Harper College.

With this budget, leadership believes the Park District is taking a significant step forward in how it monitors operations. Although this process will continue to develop, staff is excited to share the new format which was only made possible by a full three years of effort by the entire District to update both its Registration and Financial software products. Some of the highlights for the 2018 budget draft appear below:

- Budgeting and accounting for each individual program
- A more accurate breakdown of Stables operations
- Division of Golf operations between operations, driving range, short course, lessons, and foot golf
- The Tier System for capital projects divided in a manner that will allow management to set priorities
- The ability to understand the complete cost of operating the District's recreation centers

Much of the software design is based on the development of a Cost Recovery/Cost of Service model discussed with the Board in fall of 2017.

As in the past, the process begins with a review of the District's capital needs. However, this year, the District developed new policies for both the budget process and how it will prioritize its capital projects making sure that resources are spent first on those items for which it has a legal obligation and those projects that were started but not completed in the prior year. The District's final Capital Plan for 2018 is included with this document. The plan is fluid and can be reprioritized as needed, even after the budget is approved, to accommodate new opportunities. An example of this is the ability to meet Board requests, such as the improvements to Hamilton Park, that are included in this draft.

Likewise, with an eye toward fiscal responsibility, the District has identified projects that could be deferred if anticipated revenue opportunities do not materialize. While this plan reflects anticipated expenditures for 2018, the Parks and Facilities departments recently completed a 10 year repair and replacement plan which will be incorporated into the District's multi-year forecasting model to be developed in 2018. The list is also included with this document.

This document is a summary of all individually prepared operating budgets. Inclusion of each of these budgets in this document would have created an unwieldy document. However, all support is maintained within the District's finance software.

2018 Budget Overview

Budget Summary:

- Anticipated revenue for the twelve months ending 12/31/18 is at \$26 million.
- Anticipated expenditures for the twelve months ended 12/31/18 is \$32.3 million.
- Capital expenditures are estimated to be \$8.3 million.
- Tax support for the budget represents 57% of total operating revenues.

The District is budgeted to generate a surplus in its operating funds of just over \$1.6 million. From that surplus, it will transfer \$1,000,000 from the Recreation Fund to the Capital Projects Fund in a manner consistent with the District's Fund Balance Policy.

Organization

Palatine Park District divides its governmental operations and component units into separate funds and account groups based on financial accountability. This budget document only includes those funds and account groups specific to Palatine Park District. The District participates in the Illinois Municipal Retirement Fund (IMRF), the Northwest Suburban Special Recreation Association (NWSRA), and Metro Risk Management Association (MRMA), but does not exercise control over financial accountability for these agencies; therefore, their annual budgets are not included in this report.

Economic Condition and Outlook

Given favorable proximity to the City of Chicago and suburban Cook County economic centers, the District's tax base is expected to remain healthy despite recent valuation declines.

The commercial/industrial sector comprises 25% of the tax base and includes corporate entities such as Motorola, Target, and Wal-Mart. The remaining tax base is residential with home values above the state and county averages. The District's unemployment rate compares favorably with the rest of the State of Illinois.

The District saw an increase to its EAV in 2016 as a result of its triennial reassessment. The District anticipates additional revenue streams due to the expiration of TIF Districts in Palatine. These districts expire in 2018 and 2020 respectively and, as a result, properties eligible to be included in the District's tax base will be able to be taxed.

However, the state's economy and political environment is unstable. A proposal to freeze property taxes for two years was considered by the State's legislature but was never brought to a vote. The state's bond rating further challenges local governments to acquire premium rates from investors.

Heading into 2018, the District faces some formidable challenges given the uncertainty of the State's finances, the incorporation of Harper operations into the District, and a proposed capital replacement plan in the next three years that averages well over the District's previous annual capital plans. It is incumbent upon both Board and Staff to be cognizant of these challenges as it develops its operating plans not only for 2018 but beyond. Fortunately, the District is well positioned to meet these challenges.

Acknowledgements

The department budgets and their supporting detail in this document are prepared as a management tool and are not legally required documents. Management uses this baseline to evaluate activities during the year to provide a balanced program of leisure activities for Park District residents. The Budget and Appropriation Ordinance, the legally required document, will be discussed and presented along with this document. Upon receiving board approval for the proposed budget, the Budget and Appropriations Ordinance, along with this document will be laid down for a period

of thirty days for public inspection. The ordinance will then be voted on by the Board of Commissioners at a public hearing scheduled for February 27, 2018.

The 2018 Annual Budget was assembled with the help of supervisors, managers, superintendents, and support staff. The Finance Department is responsible for preparing and presenting the budget, and preparing, distributing and filing the Budget and Appropriation Ordinance. The Annual Budget is formally reviewed every trimester through the use of benchmarking reports and informally throughout the rest of the year, to ensure that operating ratios are as expected. It further reviews Capital projects many times per year. The preparation of this document would not be possible without the efforts of the Park District staff and the support of its Board of Commissioners.

Respectfully submitted,

Michael G. Clark
Executive Director

Elliott F. Becker
Superintendent of Finance

Palatine Park District Budget Overview Guidelines and Processes

Introduction

The narrative and objectives in this document align with the Park District's mission to provide a variety of safe, enjoyable and affordable parks, programs, and recreational facilities that will enhance the quality of life by promoting good health and well-being for all residents and visitors while being fiscally responsible stewards of community assets and tax dollars. This entire document is meant to explain the Budget and Appropriation Ordinance, which appropriates all funds and is adopted after a public hearing and board vote both of which are scheduled for February 27, 2018. Up to thirty days prior to the hearing, the Park District will announce the time and location and make copies of the ordinance available for public inspection at the Park District's Administrative Offices, 250 E. Wood Street, Palatine, Illinois as well as on its website. The Budget and Appropriation Ordinance is adopted before the end of the first quarter of each year and filed with the Cook County Clerk within 30 days of adoption.

Along with a certified copy of the Budget and Appropriation Ordinance, the District includes anticipated revenue during the fiscal year covered by the ordinance. The District's chief fiscal officer is responsible for certifying the revenue estimate. The ordinance outlines any probable expenditure of grant or development impact fees.

State law prohibits further appropriation at any time within the same fiscal year. After the first six months of the fiscal year, the Board of Commissioners has the authority to transfer items in any fund in the appropriation ordinance, with a two-third majority vote. Transfers cannot exceed 10% of the total amount appropriated for the fund or item that is having funds reallocated. The Board of Commissioners can amend the Budget and Appropriation Ordinance, using the same procedures followed when the ordinance was adopted and in fact did so in 2017.

The Park District uses a detailed line item budget for accounting, expenditure control, and financial reporting with a modified accrual basis of accounting. Specific detail supporting this document is maintained within its finance software.

Budget Planning Process

The preparation of the 2018 budget is different than in the past as a result of the software transition. For the first time, much of the detail could be entered directly into the system. When that was not an option, the software was able to accommodate attaching supporting documentation to the budgeted item.

The District has improved the process uses to prioritize its capital needs. This process commenced with the development of a 10-year repair and replacement plan that will allow the District to prudently manage its resources and assist in the development of the forecasting model. The Budget and Capital Improvement Plan will be utilized jointly to ensure the District's long-term goals are met. Additionally, the District has divided capital into four tiers ensuring that it has resources first and foremost for those projects that were not completed in the prior year and secondarily for those items that are legally or contractually committed. It is only after these two obligations are met that the District will consider replacement of existing items and acquisition of new items. Finally, the Project Accounting module will track the costs of projects, including those that go over

Detailed budgeting for program and operational budgets was accompanied by a significant time devoted to training staff not only on the software but also to provide a more realistic approach to budgeting. This topic will be discussed at various points throughout the document but the results of these efforts reflect significant reductions in costs to many line items. The District, reflecting best practices, appropriates at a level 10% over the budget to stay in compliance with legal requirements. With this budget, the District is changing the method used for budgeting for its marketing and IT needs. Superintendents and their staff must go to the appropriate department to ensure the request is consistent with the message marketing wishes to convey to the public and that any new technology can be supported by current resources.

Palatine Park District Budget Overview Guidelines and Processes

Accounting System and Budgetary Control

Budgetary control is provided by verification and approval of appropriation amounts prior to expenditures and monthly review of all individual account expenditures compared with budgeted appropriations. Management receives monthly reports detailing actual expenditures versus the budget on a monthly and year to date basis to monitor budget performance.

Program fees and taxes are proposed each year to exceed general operating expenses. The resulting operating surplus, one time or non-operating revenues, affiliate user fees, excess unrestricted reserves and debt management are sources of funding for the Park District's Capital Improvement Program. Capital improvements are discretionary spending, while operating expenses are driven by programs desired by the community.

A combination of user fees, retail sales, small miscellaneous revenues, investment income, and taxes provide funds for services. Property tax is the primary source of revenue for general operations. Historically, the property tax levy for operations traditionally has increased annually by approximately the rate of inflation.

Financial Policies

A series of financial policies and procedures outlines processes for financial planning, treatment of revenue streams, and control of expenditures. Each year the Park District is required to adopt an Annual Budget which is prepared, reviewed and presented to the Park Board. Facilities and other fixed assets are assessed regularly to protect major capital assets.

Balanced Budget

Park District policy requires the District to adopt a balanced operating budget. Under normal conditions, operating expenditures are less than the non-debt related real estate taxes and fees for services. Surplus from operations primarily funds capital improvement needs. The District continues to move annual surplus funds to the Capital Projects Fund to insure compliance with the District's Fund Balance Policy and to ensure future sustainability.

Long-Range Planning

The Park District values long-range planning. Each year the District reviews and revises its three-year capital plan that supplements the yearly budget and determines future funding that is needed for the Capital Improvement Plan. The ten-year plan will be another tool to better prepare for the District's future. Staff meets regularly with its municipal advisor to manage debt to its best advantage.

Asset Inventory

The Park District annually updates and maintains its records of personal and real property owned. Major capital assets, including recreation facilities, support facilities, open recreation venues, and vehicle fleet are reviewed annually for repair proposals. Older facilities are reviewed to develop long-term plans for renovation or expansion. When the District deems real property no longer usable, it follows State guidelines to declare said property as surplus. The Board, by ordinance, must declare the property surplus before it may be disposed.

Palatine Park District Budget Overview Guidelines and Processes

The Park District is primarily funded through real estate taxes and fees for services. The District has little or no control over the diversity of the tax base, except to participate in tax incentives from the Village or County to attract or retain business. Taxes are assessed twice per year - in the late winter and early fall. The District's goal on an annual basis is for operating revenues to come as close as possible to equaling the amount received via property taxes. With concerns about potential property tax freezes this goal becomes even more important.

Fees for Services

The Park District subscribes to a policy of varied fees for services. The Park District charges user fees for recreation activities. In most instances, non-residents are charged a higher rate for participation. Program and activity fees are reviewed and adjusted as necessary to meet changing operating costs and/or market conditions. To that end, staff is constantly monitoring its local competition to ensure that the programs are priced fairly. Staff may set fees higher if there are additional indirect costs, such as operating maintenance, administrative overhead, and use of capital assets. Fees for programs that do not equal or exceed their direct costs are reviewed regularly by staff.

Diversity of Revenue

The Park District occasionally receives revenue that cannot be relied upon for ongoing funding. Examples include grants, contributions to capital projects, cell tower fees, and development impact fees. The District explores grant opportunities to defray costs of eligible projects. If grants or contributions are designated for a specific project, they are held for that project in fund balance.

Operating Revenue

The District uses many methods to determine program fees. The District looks at each offering based on the expected level of subsidy needed to support it. This level goes anywhere from 100% subsidies provided for such things as special events to offerings whose expectations reflect near complete cost recovery such as Golf Lessons or personal training. Most programs fall between those extremes and are partially subsidized by tax dollars with the expectation being that each program group realizes a 30% gross profit. That gross profit is used to help offset indirect costs and overhead. Supply and demand and competition also figure heavily into the pricing of programming. A goal for 2018 is to develop a cost of service/cost recovery model for its programs.

Cash Management

The District has developed a cash management system based on a rolling analysis of the last three years activity. The purpose of the system is to understand the normal pattern of expenditures and maximize investment return. The District has developed a two-year ladder so that investment maturities approximate large expenditures such as bond payments. The result of this program becomes apparent in this budget with a significant increase in investment income.

Palatine Park District Budget Overview Guidelines and Processes

Debt Issuance

The real estate tax base supports facility improvements, while program fees support recreation activities. Therefore, the costs associated with acquiring and improving long-term, fixed assets are normally funded with the issuance of debt and/or surplus from operations. As part of its due diligence, the Park Board reviews its existing obligation structure and future liability levels before making decisions to issue new debt. Staff regularly reviews existing debt issues for potential refunding opportunities. Beyond the annual “rollover” issuance, the District anticipates no further issuances of debt in 2018.

Fund Balance

The Park District intends to maintain a prudent level of financial resources, when possible, to protect against revenue shortfalls or unanticipated expenses. The level of reserves is outlined in the District’s Fund Balance Policy. As it relates to the policy, as of December 31, 2017 the District will be carrying significant balances above what the policy dictates. The District transfers, as part of the 2018 budget, excesses from the Recreation Fund to the Capital Projects Fund of one million dollars.

Expenditure Accountability

The Park District regularly compares financial results to the budget. Program information, year-to-date revenues and expenses, and projected year-end results are discussed at the Senior Management level and brought to program coordinators and other staff as necessary. Staff is accountable for immediately notifying management if large variances exist. Tracking of capital improvement project expenditures is provided periodically throughout the year and no new projects are undertaken without the approval of the Executive Director after evidence that funds have been saved elsewhere or projects have been deferred has been obtained.

Overview

Each year, the District invests its capital resources in projects that will help maintain and/or improve existing infrastructure. The Board of Commissioners adheres to a policy that facility improvements will be provided from the real estate tax base, and program fees will support costs of operating the recreation activities. Therefore, costs associated with acquiring and improving long-term fixed assets are met primarily with the issuance of debt and surplus from operations. The Park District reviews existing obligation structure, current and projected surplus from operations, and future liability levels before making decisions to issue new debt. The Board may review the statutory debt limit (shown below) as part of any referendum considerations. Allocated real estate taxes received and debt retirements pass through the Debt Service Fund. A summary of the annual debt service through 2023 and details of the issuances appear on the following page.

**Palatine Park District
Budget Overview
Debt Position**

FISCAL	Series	Series										
YEAR	2011A	2011A	2012A	2012A	2015B	2015B	2015C	2015C	2015 D	2015 D	2017	2017
	Principal	Interest										
2018	190,000	67,438	330,000	70,650	620,000	22,200	220,000	152,225	x	125,663	x	318500
2019	200,000	61,263	340,000	60,750	630,000	11,970	225,000	145,625	x	125,663	x	318500
2020	205,000	54,763	370,000	50,550	x	x	185,000	138,875	685,000	125,663	x	318500
2021	210,000	46,563	380,000	37,600	x	x	190,000	134,250	705,000	105,113	x	318500
2022	220,000	38,163	395,000	24,300	x	x	500,000	129,500	390,000	83,963	x	318500
2023	230,000	29,088	415,000	12,450	x	x	525,000	117,000	390,000	72,263	x	318,500
Post 2023	490,000	29,600	x	x	x	x	3,060,000	199,050	1,955,000	166,825	8,820,000	2,945,900

FISCAL	Series	Series	Series								
YEAR	2011A	2011A	2012A	2012A	2015B	2015B	2015C	2015C	2015C	2015 D	2015 D
	Principal	Interest	Principal								
2018	190,000	67,438	330,000	70,650	620,000	22,200	220,000	152,225	x	125,663	125,663
2019	200,000	61,263	340,000	60,750	630,000	11,970	225,000	145,625	x	125,663	125,663
2020	205,000	54,763	370,000	50,550	x	x	185,000	138,875	685,000	125,663	125,663
2021	210,000	46,563	380,000	37,600	x	x	190,000	134,250	705,000	105,113	105,113
2022	220,000	38,163	395,000	24,300	x	x	500,000	129,500	390,000	83,963	83,963
2023	230,000	29,088	415,000	12,450	x	x	525,000	117,000	390,000	72,263	72,263
Post 2023	490,000	29,600	x	x	x	x	3,060,000	199,050	1,955,000	166,825	166,825

Debt Limit

The District's financial condition continues to remain healthy based on both its debt position and bond rating (Aa1 per Moody's.)

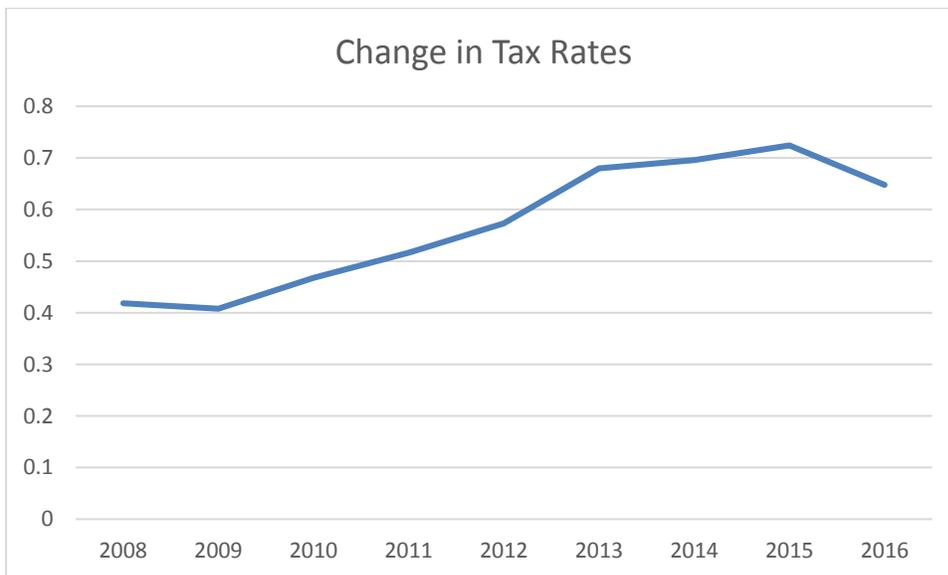
The Park District's statutory debt limit is 5% of the Equalized Assessed Valuation of all taxable property located within the District's boundaries. Bonds are not included in the computation of statutory indebtedness unless taxes levied to pay for such obligations are extended.

	<u>Amount</u>	<u>Percent</u>
2016 Equalized Assessed Valuation (EAV)	\$2,243,923,289	
Debt Limit @ 5% of EAV	112,196,164	100%
Outstanding Debt	<u>21,960,000</u>	<u>20%</u>
Debt Margin	90,236,164	80%

Palatine Park District Budget Overview Tax Funding

The chart in Appendix B provides a history of the District's equalized assessed valuation (EAV), tax levy, and tax rates. The District's property tax collection rate averages about 99%.

The Levy Ordinance, which details the property tax request by fund, represents the property tax income proposed with this budget. The estimated levy, which was supported by the Truth In Taxation Resolution, was passed on October 24, 2017. The Board voted and passed the levy on November 28, 2017. The levy amounts for each tax rate are extended against the Equalized Assessed Valuation each year. The District is subject to two sets of tax limits: rate limits on the maximum rates that can be levied for specific purposes, and tax caps, which limit the total dollar increase in the levy to the lesser of 5% or the Consumer Price Index (CPI) as published by the Illinois Department of Revenue, excluding new construction/annexation. If the levy exceeds the rate limitation, the extension is reduced to the statutory limit. New construction is not subject to the limitation imposed by tax caps. The CPI for 2017 is 2.1%. To capture new growth, the Park District levies for an increase of just short of 5% but has only budgeted for the 2.1% in tax revenues to reflect the CPI as it is uncertain whether there will be any growth during the period.



Much of the reason for the movement in rates as presented in the chart above comes from the relationship between the rate of growth or contraction in property values and the annual change in the rate of inflation as measured by CPI. Because the District's annual aggregate tax extension is capped (excluding Special Recreation and Debt Service extension), if property values contract (or if the growth rate is less than CPI) and CPI is positive for the given tax year, the tax rate for the District likely will increase. The opposite scenario (higher growth rate than the change in CPI) will yield a decrease in tax rates. This was the case for most communities up to the financial collapse in 2008. With a slight decrease in the EAV moving forward, it is anticipated this graph will "flatten out." As can be seen from the graph above, that is what has happened the last few years. The tax rate, due to the reassessment, has decreased from 72.5 to 64.8.

Palatine Park District Budget Overview Budget Narrative and Detail

General Budget Comments

To get a better understanding of this document, the reader should be aware of some of the changes that have taken place in the way the District accounts for its activity.

Budget Preparation and Background

- Budgets are prepared based on actual activity from the previous year combined with current trends and economic conditions. Staff is expected to provide detail to support each line item. This will reduce the likelihood that budgets will be prepared by reflexively increasing or decreasing line items suggested (i.e., reduce expenses across the board by 5%). While in place for several years, this process received greater focus as part of this budget process.
- Senior leadership encourages each coordinator to have revenues for each budgeted program type to exceed direct costs by at least 30%. With the new software, each program is budgeted for separately so this information becomes readily available.
- Late in 2017, the Park District joined over 120 other municipal entities by becoming a member of the Illinois Public Benefit Cooperative (IPBC) without significantly changing the nature of their offerings. In addition to the belief that the District finally has a long-term health insurance solution, this transition provides the District more cost certainty with respect to its health insurance costs and could in fact build additional reserves as a part of this program.
- This budget is based on a full-time staffing model that contains 79 people, an increase of three over the prior year. The graphic designer position is anticipated to be filled early in the year while the two full-time Harper positions will be filled in late spring.
- 2018 is the first year that Harper operations are included in the operating budget. This budget will reflect resources dedicated to personnel and obligations under its agreement. The assumption is that program revenue will at least equal program costs. If better and material information becomes available later in 2018, leadership will consider the value of a Supplemental Budget and Appropriations Ordinance. The current operational impact relative to Harper is a negative \$253,287 for 2018.
- Recreation Programs regularly pay a 6.5% surcharge to the Facilities Department to help cover costs of utilities and other overhead at these locations. Although it is an internal transfer, it is the first step towards the development of cost of service and cost recovery models. The 2018 proposed budget reflects just over \$153,000 of revenues in facilities and expenditures in various recreation programs.
- The Park District has allocated resources of \$110,000 towards Special Events. This is exclusive of the thousands of volunteer hours provided by the Park Board of Commissioners, full-time staff, and hundreds of volunteers recruited through the District's volunteer program. Although most events are free some of the costs are offset by user fees and sponsorships.
- Recognizing its duty to best serve the public, the budget has been prepared with sensitivity to the tax rate.

Palatine Park District Budget Overview Budget Narrative and Detail

- The impact of the Compensation Study, completed in 2017 will impact the 2018 budget by approximately \$100,000 including wages and benefits. It's important to remember that this amount will continue to increase with annual merit increases.

2017 Budget Highlights

- Investment ladder fully implemented reflecting an increase in investment income.
- Closed on Bond Issue 2017A for \$8.8 million for the funding of the Harper IGA.
- Bank consolidation completed. Positive pay implemented to prevent future fraud attempts.
- A complex but more streamlined payroll system was developed. System now allocates wages and benefits immediately to the proper programs.
- Achieved greater degree of cost certainty with respect to health insurance by joining IPBC.
- Saved tens of thousands of dollars by successfully bringing key projects such as crack filling activities for asphalt parking lots, pathways, and bike trails in-house rather than paying contractors while not diminishing the quality or the service to the community.
- Reduced costs and increased security with respect to credit cards through the implementation of chip card readers and a new processing firm.
- Reduced staffing costs by replacing building attendants with customer service representatives at Birchwood and Community Center gym offices. In addition to reducing staffing costs, the District was able to increase registration hours at the Birchwood Recreation Center.
- The Ten-Year Capital Replacement Plan was completed.
- Completed compensation study and implemented the recommendations (effective with the 2018 budget) assuring that the Park District is paying competitive wages to its staff. This could not have been accomplished without revamping the District's full-time staff job descriptions.
- Through the efforts of the Customer Service Committee engaged the services of a consultant to develop a Customer Service Delivery System assuring a quality of service consistent throughout the District and increasing the opportunity for retention and additional revenue opportunities.
- The Parks Department, through a combination of proper planning, a greater focus on bring work in-house where possible, and some good fortune with respect to pricing completed several projects in 2017. The following page provides a summary of the projects completed and how the cost compared to the budget.

**Palatine Park District
Budget Overview
Budget Narrative and Detail**

Project	Budget	Actual	Difference
Asphalt-East Path Hamilton	20,000	27,769	(7,769)
Asphalt- Bike Trail GC to Hamilton	45,000	35,981	9,019
Asphalt-Replace Basketball Court Ashwood/ADA	70,000	40,261	29,739
Asphalt-Replace Bball CT BW	48,000	53,283	(5,283)
Asphalt Replace Bball Ct Oak	48,000	46,040	1,960
Asphalt Replace Tennis CT BW	85,000	62,116	22,884
Asphalt Replace Birchwood Tennis Fence	26,500	19,617	6,883
Ost Field Bleacher Pad	26,000	46,262	(20,262)
Asphalt ADA Path improvements Mallard	18,000	25,208	(7,208)
Asphalt ADA path improvements Dutch Schultz	35,000	26,859	8,141
Asphalt ADA path improvements-Amphitheatre	63,000	57,603	5,397
Community Park Irrigation	90,000	88,523	1,477
Parkside water main	62,000	54,250	7,750
Cutting Hall AC Replaceent	52,000	46,100	5,900
Clubhouse Siding'	80,000	64,460	15,540
Oak Park Playground	141,000	134,670	6,330
Oak Park Shelter	24,000	27,665	(3,665)
FAC Pool Painting	200,000	103,000	97,000
Stable Wash :Bay	25,000	27,000	(2,000)
Community Center HVAC Screens	51,000	0	51,000
Totals	1,209,500	986,667	222,833

**Palatine Park District
Budget Overview
Budget Narrative and Detail**

Financial Summary

Palatine Park District
District Wide Budget
For Budget Ending December 31, 2018

	General	Recreation	Special	Debt		
Description	Fund	Fund	Recreation	Service	Capital	Total
Revenues						
Property Tax	7,963,236	4,011,511	799,668	1,917,912		14,692,327
Replacement Tax	132,295					132,295
Fees and Charges		7,291,678				7,291,678
Loan Repayments	147,345					147,345
Fund Raising/Sponsors		253,440				253,440
Other Income	50,316	519,524			152,883	722,723
Investment Income	40,673					40,673
Rentals		745,777				745,777
Due From Other Funds	749,400				1,155,915	1,905,315
TIF Payments					58,000	58,000
Total Revenues	9,083,265	12,821,930	799,668	1,917,912	1,366,798	25,989,573

Expenses						
Personnel	5,419,497	7,365,138				12,784,635
Contract Services	1,840,979	2,510,176	484,102			4,835,257
Supplies	584,402	1,117,695				1,702,097
Utility Chargeback		155,452				155,452
Capital	71,000	174,516			8,297,199	8,542,715
Debt Service	945,133			1,168,512		2,113,645
Other		30,000				30,000
Due To Other Funds		1,152,164	155,915	749,400		2,057,479
PPD Charges		79,098				79,098
Total Expenses	8,861,011	12,584,239	640,017	1,917,912	8,297,199	32,300,378

Surplus/(Deficit)	222,254	237,691	159,651	0	(6,930,401)	(6,310,805)
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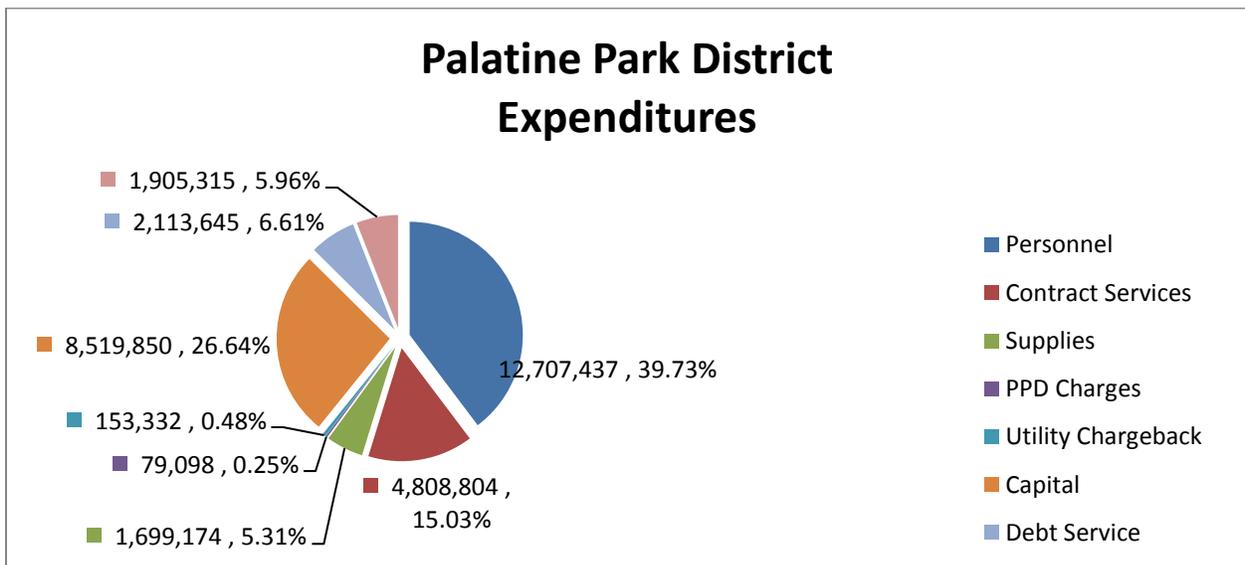
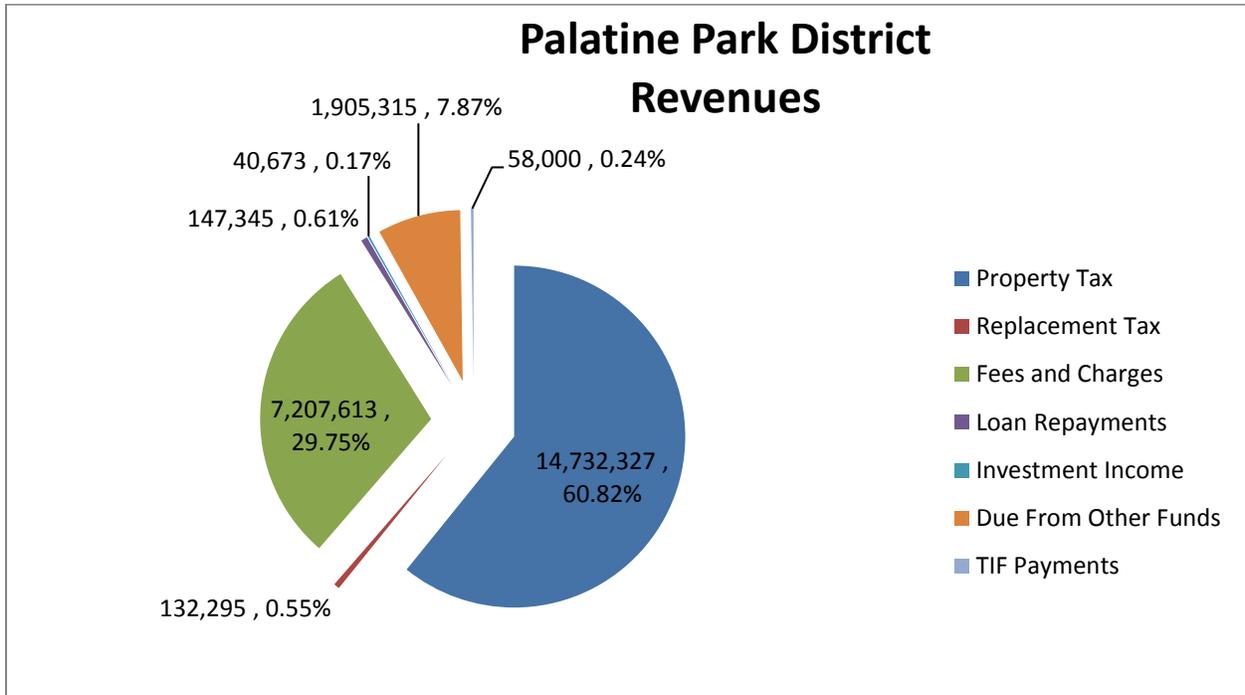
Budget Narrative and Detail

District wide, the proposed budget reflects a deficit of \$6,310,805. However, from an operational standpoint, the proposed budget indicates a surplus of \$1,619,596 before \$1,000,000 is transferred to Capital Projects. Four million dollars of the indicated deficit pertains to anticipated expenditures necessary to complete the Harper projects. Early in 2017, the District issued debt and thus has already received and invested those funds to pay for the Harper expenditures.

Budget Highlights:

- **Tax Levy:** This year's levy included a 2.1% increase to the cap for corporate services which translates into an increase of \$242,000. Although the District did not budget this amount, its levy included 3% growth guaranteeing that the District captures any new growth. The District has proposed a levy of \$799,668 which is equal to 4 cents per \$100 of Equalized Assessed Valuation in the Special Recreation Fund. This is higher than in the past due to the number of upcoming capital projects in place that have an ADA component. As last year's budget showed a deficit, the 2018 proposed budget suggests a slight surplus to account for future ADA needs reflected in its 10-Year Capital Replacement Plan. The levy also includes \$1,917,912 in debt service. This levy pays off the Principal and Interest for all General Obligation Debt. Any excess is transferred to the General Fund where it will pay off the principal and interest of any Alternate Revenue Source Debt. Generally, that excess covers the Alternate Revenue Source debt but in 2018 there will be a shortfall of \$61,000.
- **Staffing:** At present, the District has 76 full-time staff with three new positions scheduled to be added in the upcoming budget year. Two of the positions will support the Harper operations. It is anticipated that these staff will be hired in late spring. The third position, a graphic designer, is anticipated to be hired in February and will replace the position currently working approximately 30 hours per week. Additionally, the position of the Sponsorship Coordinator has been replaced by the Community Relations Coordinator. These positions are budgeted based on the Compensation Study parameters and at their anticipated start dates.
- **Salary Increases:** The Park Board approved a merit pool for 2018 of 3% AFTER adjustments were made for the compensation study. The compensation study impact adjusted wages for specific staff is \$72,000 districtwide. In those cases where staff had exceeded their wage range, their salary was frozen. However, for budget purposes, they were also included in the merit pool.
- **Benefits:** In 2018, the District's IMRF rate will be 12.46%, a decrease of .36% from 2017 and a two year decrease of .86%. These reductions dramatically reduce the cost to the District. However, as much of this rate is dependent on market conditions, the District has no control over their movement. The Park District staff monitors employee eligibility frequently to insure there is no staff unnecessarily receiving IMRF. As a result, the District will consider buying down its unfunded liability to the minimum of 8.69%.
- **Health Insurance:** For 2018, the District will begin its first full year in the IPBC. Despite the change, the model remains the same as does the health insurance carrier. However, the ancillary insurance (dental, life, and AD & D) has seen a reduction in costs and a slight improvement to benefits. Most importantly from a budget standpoint, the District has fixed costs through June of 2019 and will know its entire year's costs well before the budget must be prepared. IPBC will also offer opportunities to build reserves based on its usage.
- **Investment Income:** Although interest rates remain very low, evidence of the District's cash flow plan are beginning to pay dividends.
- **Facility Costing** To better understand the true cost of programs, the District assesses all recreational programs that use facilities a surcharge of 6.5% of revenues to cover the cost of utilities and other overhead. The amount in 2018 is budgeted to be slightly above \$155,000.

Budget Narrative and Detail



Palatine Park District Budget Overview General Fund

General Fund

General (Corporate) Fund-The General Fund is divided into two components; Administration and Parks.

The Administration Department houses the District's leadership and assists in the planning of all major park and facility additions and improvements, establishes and maintains a system of strong financial controls, manages and maintains the District's technology infrastructure, administers human resource policies and procedures, creates and maintains risk management policies, and supports the District's registration department and volunteer program. Administration also provides support to other Park District departments.

The purpose of the Parks Department is to provide safe, well-maintained recreation areas to meet the needs of Palatine Park District residents and support operations.

The Administration component is further broken up into nine smaller units (Board and Executive Director, Finance, Registration, District Services, IT, Human Resources, Risk Management, and Volunteer). Leadership in each unit is responsible for preparing and managing their budgets through the course of the year.

88% of budgeted revenue in the general fund comes from **property taxes**. The District also receives **replacement taxes** from the State of Illinois. However, there has been a precipitous decline in the amounts being received due to the state's budget troubles. This year's replacement tax is budgeted to decrease 25% from last year. **Paybacks** from related third parties such as Celtic, the Senior Center, and PAFA generate additional revenue of \$200,000 annually. Finally, **investment income**, is expected to double in 2018 as a result of the cash flow plan.

What's New in 2018?

- This budget was prepared completely using its updated finance software program.
- Resources have been allocated to address team building within the District's leadership.
- Year 3 of the Comprehensive Master Plan informed the development of the budget.
- There will be a shortfall of \$61,000 between the amount levied in the Bond and Interest Fund and transferred to the General Fund and resources expended by the Fund to pay principal and interest on its Alternate Revenue Bonds.
- Resources have been allocated to allow critical staff to attend out of town conferences to better support both Finance and Registration software.
- Budgeting practices with respect to Marketing and IT have changed. Staff wishing to develop and include marketing plans in their budget must seek the approval of the Communications and Marketing Manager to insure consistency with the District's message. Likewise, the IT Manager is responsible for approving all IT purchases (software and hardware) to insure compatibility with the Park District's existing infrastructure.
- When logical, expenses were accounted for in a central location. This includes staff background checks, new employee orientation apparel, legal notices, and postage.
- Staff reviewed phone and cable bills and reallocated them to the specific area where the costs are incurred. This has been a two-year process. In 2015, 100% of telephone costs were charged to Recreation. Last year it was divided equally between Administration, Parks, Facilities, and Recreation. This is a far more accurate accounting.

**Palatine Park District
Budget Overview
General Fund**

- The Tier system for Capital Projects was fully implemented. This allowed management to prioritize and recommend to the Board which projects should be completed in 2018. This topic will be addressed again during the review of the Capital Projects Fund.
- The District is again dedicating 20% of an existing Recreation staff member's time to provide Rec Trac expertise to the District.
- A greater focus on Risk helped contribute to the best claims year (both worker's compensation and property) in at least three years.
- Implemented Chip Card Reader system. This had the dual benefit of significantly lowering credit card fees and improving compliance with PCI. The value of this accomplishment has been reflected in Recreation's 2018 budget.

Goals for 2018

- Develop and implement District Work Plan Goals as they relate to Year three of the Comprehensive Master Plan
- Develop Gift Card Program.
- Complete basic finance software implementation and develop projection model and HR module.
- A P-Card program will be implemented to increase efficiencies and reduce costs.
- Continue to tweak the Harper business plan in preparation of its September 2018 opening.
- Complete Capital Projects as indicated in the Capital Improvement Plan.
- Continue to devote resources to training (\$110,000) districtwide.
- Research, and implement if viable, buying back the District's unfunded IMRF liability.
- Begin development of a Board approved cost recovery system for the District.

**Palatine Park District
Budget Overview
General Fund**

Financial Summary

Budgeted Revenues 2018	\$ 9,083,265
Budgeted Revenues 2017	<u>\$ 8,531,026</u>
Difference	\$ 552,239
Percent Change	6.5%
Budgeted Expenditures 2018	\$ 8,861,011
Budgeted Expenditures 2017	<u>\$ 8,974,172</u>
Difference	(\$ 113,161)
Percent Change	(1.4%)
Fund Balance Estimate	
Audited Fund Balance 12/31/16	\$ 7,908,149
Budgeted Surplus/Deficit (2017)	(\$ 443,146)
Budgeted Surplus/Deficit(2018)	<u>\$ 222,254</u>
Anticipated Fund Balance 12/31/17	\$ 7,687,257

A budget listing of each department within the General Fund is included in the appendix section of this document.

The General Fund's total revenues account for 40.2% of the District's total operating revenues and 40.3% of its operating expenditures respectively.

The Park District Fund Balance Policy requires that the Corporate Fund's Unassigned and Assigned Fund balance be equal to 30% of annual expenditures.

Anticipated Unassigned Fund Balance 12/31/17	\$ 7,687,257
30% of Expenditures projected	<u>\$ 2,306,177</u>
Excess Fund Balance	\$ 5,381,080

As is District policy, should this excess continue, the District will continue to recommend transfers from the General to the Capital Projects Fund. However, staff is not recommending a transfer from the General Fund due to the degree of uncertainty relative to the Harper project

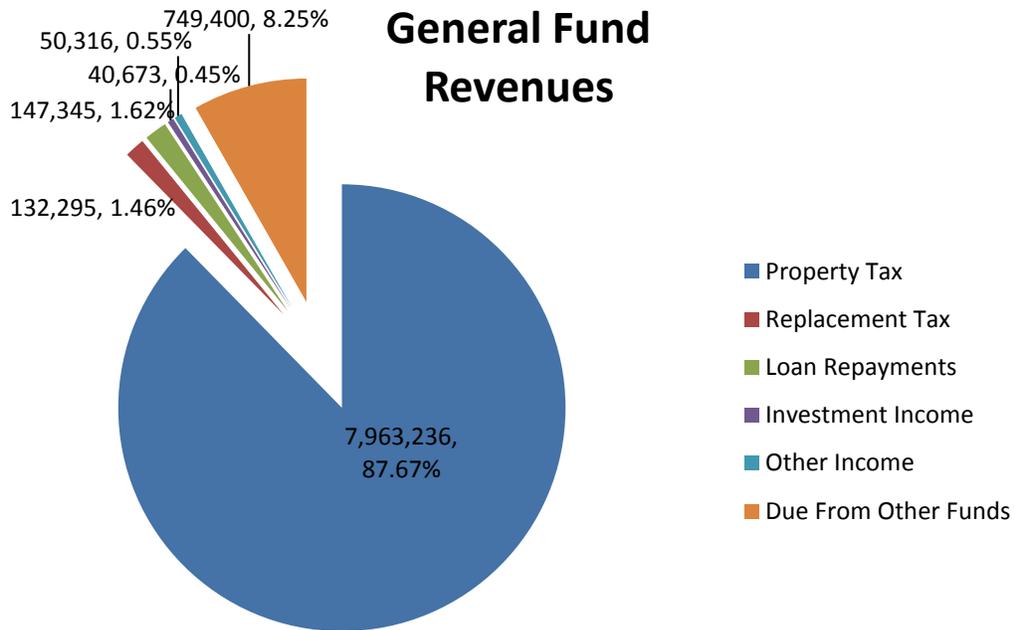
**Palatine Park District
Budget Overview
General Fund**

Palatine Park District
General Fund
For Budget Ending December 31,
2018

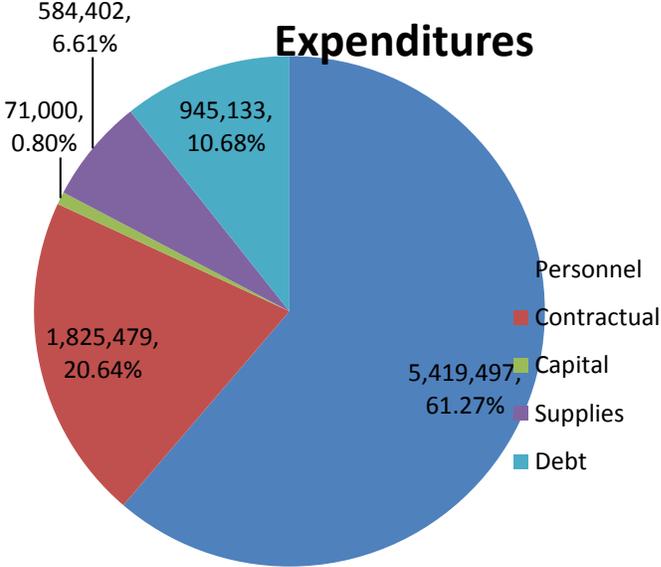
	Administration	Parks	Total
Revenues			
Property Tax	7,963,236		7,963,236
Replacement Tax	132,295		132,295
Loan Repayments	147,345		147,345
Investment Income	40,673		40,673
Other Income	0	50,316	50,316
Due From Other Funds	749,400		749,400
Total Revenues	9,032,949	50,316	9,083,265

Expenditures			
Personnel	2,193,755	3,225,742	5,419,497
Contractual Services	665,516	1,175,463	1,840,979
Capital	71,000		71,000
Supplies	117,135	467,267	584,402
Debt	945,133		945,133
Total	3,992,539	4,868,472	8,861,011
Net	5,040,410	(4,818,156)	222,254

Palatine Park District
Budget Overview
General Fund



General Fund Expenditures



Palatine Park District Budget Overview Recreation Fund

Recreation Fund

The Recreation Fund is comprised of the Facility and Program Divisions. Also included in this fund is the activity related to its affiliates and third-party programs such as CARE. Its purpose is to provide residents of Palatine Park District with the opportunity to learn new skills, gather information, socialize, exercise, learn about and appreciate the community's history, and spend their available recreation time safely and wisely through quality programs and services at various Park District facilities.

The Recreation Fund accounts for facility operations, programs and services at the Community Center, Birchwood Recreation Center, Falcon Park Recreation Center, Palatine Stables, Clayson House, Cutting Hall Performing Arts Center, Fred P. Hall Amphitheater, the three District pools, Harper College, and Palatine Hills Golf Course. The Recreation Fund also supports athletic programs at its various fields and serves as the liaison to the District's various affiliates. The Fund is supported by property tax revenues, fees, and memberships from its facilities and programs.

A detailed budget of each area is included in the back of this document.

What's new in 2018

- The golf course budget has been divided into mini profit centers based on their revenue streams of golf and cart fees, foot golf, driving range, and the practice facility.
- Similarly, within stables operations, full-time staff wages and benefits have been reallocated to better understand operations within administration, boarding, schooling, and horse shows. Further, staff now can assign labor costs to the specific lesson type.
- Within fitness, costs are now allocated between the fitness center, wellness programs, and flex prime programs. This will also allow the District to help price such offerings as personal training with greater accuracy.
- Feet Fest will have a different look in 2018 as it will become more of a family event. As a result, revenues and expenditures for this special event have increased.
- In an effort to improve upon options and efficiencies at the Family Aquatic Center and Birchwood Pool, the District has entered into an agreement with a local vendor and will receive a commission for the sale of concessions. Staff believes this is favorable to running the operation itself.
- The Communications and Marketing division will include a Community Relations Coordinator. This position will have a broader role and different responsibilities than the Sponsorship Coordinator.

2018 Budget Highlights and Goals

- Due to the addition of chip card readers and a streamlined processing system, staff has been able to reduce its credit card fee budget for 2018 by \$30,000.
- The Affiliate Agreement is nearly completed and as a result has been figured into the creation of new fees for affiliates based on usage.
- PHGC has increased fees for all 9-hole rounds, twilight fees, and the cost of driving range tokens and keys.

Palatine Park District Budget Overview Recreation Fund

- The Practice Area will be fully operational by mid-year and staff is already developing a business plan.
- Golf will once again analyze the value of discounted pricing. This is not a traditional decision and staff will monitor the results carefully.
- Falcon Park Recreation Center is looking to increase rates for popular parties and rentals while both Birchwood and Community Center have seen a substantial increase.
- Pickleball continues to grow and has expanded to Birchwood and expanded Birchwood's hours to 5:30 AM.
- An ongoing effort continues toward improving the appearance of the Stables. This includes the purchase of small furniture such as benches and stands, improvements to the lobby and hay shed, and other cosmetic updates.
- ICompete continues to be heavily subsidized by the District and its other partners.
- The District is placing a greater emphasis on ensuring that intercompany billing and billing to affiliates are done more regularly.
- Where demand is prevalent, Staff will strive to have program revenues exceed direct expenses by an average of 30%.
- To maintain consistency with its fund balance policy, \$1,000,000 will be transferred to the Capital Projects Fund.
- Staff anticipates that as the building matures, increased costs relative to maintenance at Falcon Park Recreation Center will increase.
- The Facilities department will implement two new party types and increase rental revenue by 5%.
- The Facilities department will complete one new energy lighting grant project in 2018.
- After a two-year study, rental costs for Field and Shelters has been increased.
- The daily fee structure for Open Gym, Drop In Volleyball, Pickleball, Fitness Center, and pool passes will be standardized.
- The swim lesson schedule is expanding to ten weeks of programming and increasing semi-private options.
- The CARE program dropped the full days off program, a loss of approximately \$30,000 in revenues but expenditures were reduced by a like amount. Additional expenses will continue to increase as the program becomes more structured.

**Palatine Park District
Budget Overview
Recreation Fund**

The Recreation Fund's total revenues account for 49% of total revenues and 56.3% of operating revenues. 27.5% of the dollars that are anticipated to be levied in 2017 and collected in 2018 relate to the Recreation Fund. Likewise, the Recreation Fund accounts for 39% of the total budget expenditures and 57% of total operating expenditures.

Palatine Park District Recreation Fund For Budget Ending December 31, 2018					
	Programs	Facilities	Affiliates	Harper	Total
Revenues					
Property Tax	4,011,511				4,011,511
Fees and Charges	2,925,984	2,481,549	1,800,080		7,207,613
Rentals	1,040	744,737			745,777
	242,770	276,535			519,305
Fundraising	252,240	1,200			253,440
Total Revenues	7,433,545	3,504,021	1,800,080	0	12,737,646
Expenditures					
Personnel	2,677,732	3,380,847	1,106,705	109,098	7,274,382
Contractual Services	955,360	1,178,087	270,123	144,189	2,547,759
Supplies	360,163	617,288	196,425		1,173,876
Other	185,483		80,465		265,948
Due to Other Funds	1,000,000	33,750	118,414		1,152,164
Capital Outlay	5,350	165,825	6,771		177,946
Total Expenses	5,184,088	5,375,797	1,778,903	253,287	12,592,075
Net	2,249,457	(1,871,776)	21,177	(253,287)	145,571

**Palatine Park District
Budget Overview
Recreation Fund**

Financial Summary

Budgeted Expenditures 2018	\$ 11,590,458
Budgeted Expenditures 2017	\$ 10,952,986
Difference *	\$ 637,472
Percent Change	15%

*- The increase in expenditures is a combination of Harper (\$253,000) as well as the compensation study.

Budgeted Revenues 2018	\$ 12,737,646
Budgeted Revenues 2017	<u>\$ 13,279,138</u>
Difference *	(\$ 541,492)
Per Cent Change	4.0% decrease

*- Decrease primarily due to lower percentage of tax levy charged to Recreation.

Fund Balance Estimate

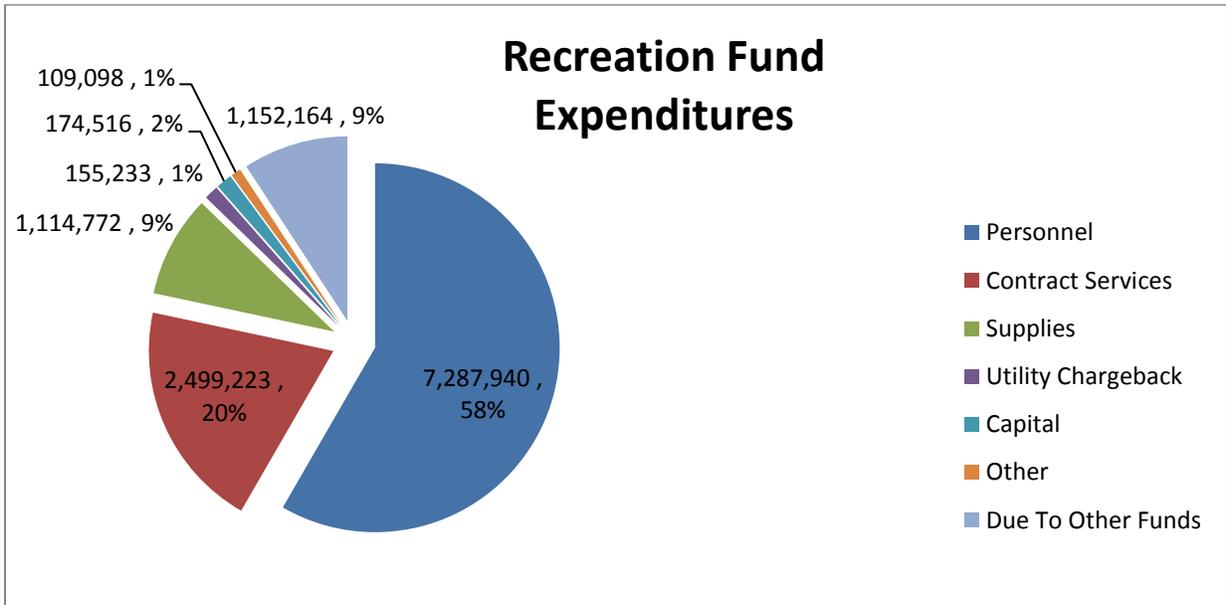
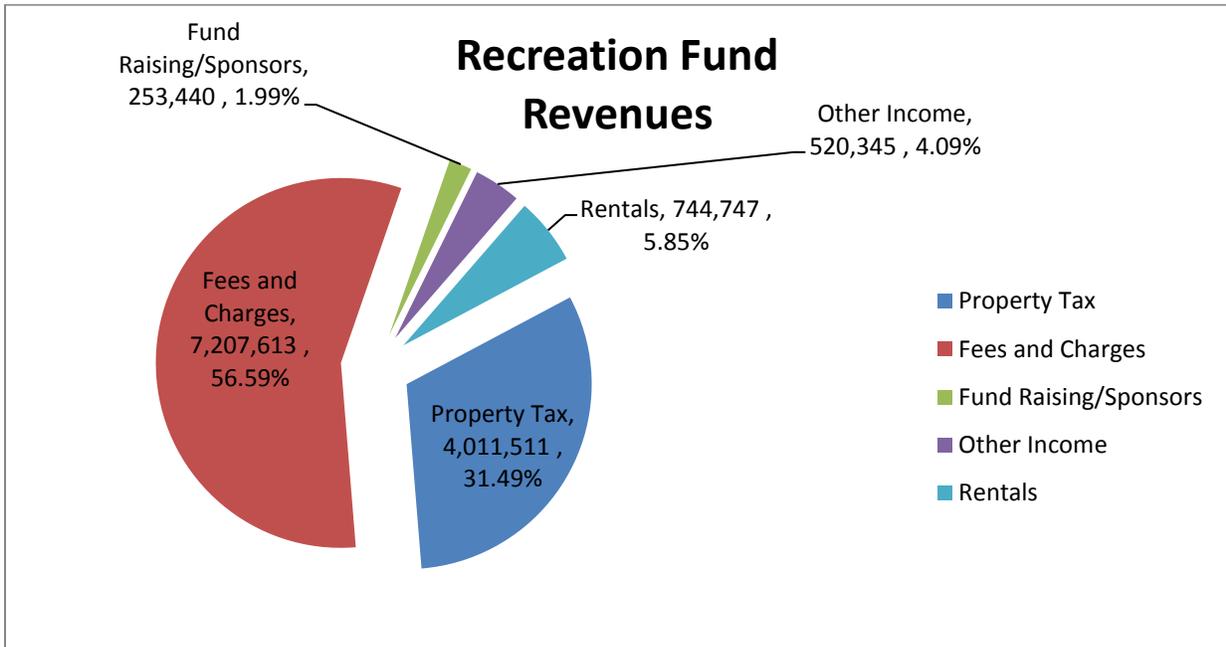
Audited Fund Balance 12/31/16	\$ 4,761,894
Budgeted Surplus/Deficit (2017)	(\$ 326,552)
Budgeted Surplus/Deficit (2018)	<u>\$ 147,188</u>
Anticipated Fund Balance 12/31/17	\$ 4,582,530

The Park District Fund Balance Policy requires that the Recreation Fund's Unassigned and Assigned Fund balance be equal to 25% of annual expenditures.

Anticipated Unassigned Fund Balance 12/31/17	\$4,582,530
25% of Expenditures projected	<u>\$3,184,411</u>
Excess Fund Balance	\$1,398,119

As is District policy, should this excess continue, the District will continue to recommend transfers from the Recreation Fund to the Capital Projects Fund. This proposed budget presumes a \$1,000,000 transfer to Capital.

Palatine Park District
Budget Overview
Recreation Fund



**Palatine Park District
Budget Overview
Recreation Fund**

As facility and programming activity represent the primary focus of the Park District, staff spends considerable time and effort analyzing trends and focusing on participation. Below is summary information that staff believes will supplement the reader's understanding of the Park District.

Swimming Pool Activity

Attendance:

	2017	2016	2015	2014	2013	2012	2011
Birchwood	38,429	38,052	32,693	28,126	31,063	43,862	48,203
FAC	44,868	47,258	42,258	42,436	43,021	58,810	56,132
Eagle	15,290	16,567	16,603	14,525	15,455	24,154	12,590
Willow			0	0	0	0	6,553
Totals	98,587	101,877	91,554	85,087	89,539	126,826	116,925

Passes:

	2017	2016	2015	2014	2013	2012	2011
Use at all Pools	1,416	1,359	1,344	1,430	1,647	1,946	1,939

Misc.

	2017	2016	2015	2014	2013	2012	2011
Swimming Days	101	101	107	101	97	101	101
Avg. Daily Attend.	976	1,009	855	862	944	1,276	0
Avg. Water Temp.	80	80	78°	81°	81°	81°	80°
Avg. High Air Temp.	79	82	79°	81°	80°	84°	83°

Financials:

	2017	2016	2015	2014	2013	2012	2011
Revenues	506,156	488,370	\$480,783	\$470,790	\$500,236	\$587,959	\$547,514
Expenses	808,356	746,702	\$718,135	\$722,464	\$678,840	\$692,708	\$736,306
Balance	-302,200	-258,332	-\$237,352	-\$251,674	-\$178,604	-\$104,749	-\$188,792

**Palatine Park District
Budget Overview
Recreation Fund**

Camp Participation

Camp Name	2017	2016	2015	2014	2013	2012
Birchwood Day Camp	293	263	260	245	324	326
Community Day Camp	396	55	55	53	55	50
Sanborn Day Camp*	0	200	182	196	253	259
Eagle Day Camp	109	139	143	171	174	176
BW Sports Camp	221	259	255	300	318	243
Falcon Sports Camp	301	205	202	213	231	140
Total	1320	1,121	1,097	1,178	1,355	1,194

* - Sanborn camps moved to Community Center in 2017.

Golf Rounds

	2017	2016	2015	2014	2013	2012	2011	Total
Resident Rounds	11722	13770	13,564	14,424	15,265	15,924	15,006	60,619
Nonresident Rounds	15155	16363	18,352	15,869	15,889	16,041	13,632	61,431
Staff Rounds	808	959	976	1,150	1,197	1,303	1,328	4,978
Discount Rounds	2397	2860	2,227	1,694	1,645	1,875	1,376	6,590
Pass Rounds	463	180	301	383	989	690	649	2,711
Total	30,545	34,132	35,420	33,520	34,985	35,833	31,991	136,329

**Palatine Park District
Budget Overview
Other Funds**

Other Fund Information

Special Recreation

The Special Recreation Fund supports programs for people with developmental and physical challenges and provides resources to make the District's facilities ADA accessible. The District, by law, is able to levy .0004% (4 cents per \$100) of the Equalized Assessed Valuation to cover these costs. The District takes a conservative approach within this fund and prepares its levy only for its specific needs. In 2018, the Park District once again levied for the full four cents based on the budget deficit for 2017 and upcoming capital needs beyond 2018. As a result, the District is projecting a small surplus in 2018.

The primary expense in this fund is the cost of membership and inclusion costs related to the Northwest Suburban Special Recreation Association (NWSRA).

Palatine Park District
Special Recreation Budget
Summary of Revenues and Expenditures
For Budget Period Ending December 31,
2018

Revenues		
Property Tax Revenue	799,668	
Expenditures		
NWSRA Fees	484,102	
Due to Capital Projects Fund	155,915	
Total	640,017	
Net Surplus (Deficit)	159,651	

**Palatine Park District
Budget Overview
Other Funds**

Capital Projects Fund

Staff focused a great deal on capital and how to prioritize District needs. This process not only takes into account the District's financial resources but also what it can reasonably expect to complete in a given year. The District has developed a four tier system of classification of all capital requests. The definition of each tier is as follows:

Tier 1- Items for which the Park District has a legal obligation

Tier 2- Items started in the prior year and not completed until the current budget year

Tier 3- Replacement Items as indicated by the Capital repair plan developed jointly by parks and facilities

Tier 4- New items

Prior to making any final decisions, management looks at current year activity as well as the operations budget proposed for 2018. Management is recommending that everything in the first three tiers be included in the 2018 capital plan. The items in Tier 4 will be provided as an opportunity for readers of this document to be informed as to the direction the District is heading.

One exception to the rule will be the inclusion of the Hamilton redevelopment project. For reporting purposes, that has been moved to tier 3 and is included in the appendix.

Revenues in the Capital Projects Fund come from unguaranteed items such as property disposal, cell tower revenue, or developer contributions. Additionally, revenue can also come from transfers of excess fund balances in the operating funds and bond proceeds. In 2017, the Park District received \$8.8 million in bond proceeds to fund the Harper project but only spent a fraction of the money. In 2018, the District anticipates an additional four million dollars. The proceeds received in 2017 will cover those costs.

Finally, it is important to remember that the Capital Plan is fluid and the District must be nimble and react to both opportunities and challenges as they relate to the expenditures of resources.

**Palatine Park District
Budget Overview
Other Funds**

Capital Projects Fund
Summary of Revenues and Expenditures
For Budget Period Ending December 31, 2018

	Total
Revenues	
Other Income	152,883
Village Contributions	58,000
Due From Other Funds	1,155,915
Total Revenues	1,366,798

Expenditures	
Tier 1 Expenditures	4,308,537
Tier 2 Expenditures	866,979
Tier 3 Expenditures	3,110,388
Total Expenditures	8,285,904
Net Surplus/(Deficit)	-6,919,106

**Palatine Park District
Budget Overview
Other Funds**

Debt Service Fund

The Debt Service Fund pays the Debt Service on the District’s currently outstanding debt. For several years, the General Fund has paid the debt service on three issues which it abates annually. With this proposed budget, there is not quite enough “headroom” for the fund to transfer the amount necessary to cover those payments completely. Instead, the General Fund will have to expend approximately \$61,000 of its own resources to pay for those items.

Palatine Park District
Debt Service Fund
Summary of Revenues and Expenditures
For Budget Period Ending December 31,
2018

Revenues	
Property Taxes	1,917,912
Expenses	
Due to General Fund	749,400
Principal 2012 A	330,000
Interest 2012 A	70,650
Principal 2015 A	620,000
Interest 2015 A	22,200
Interest 2015 D	125,662
Total Expenses	1,917,912

Net Surplus	0
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**Palatine Park District
Budget Overview
Appendix A-Draft Budget and Appropriation Ordinance**

**PALATINE PARK DISTRICT
COMBINED BUDGET
AND
APPROPRIATION ORDINANCE
FISCAL YEAR 2018**

**BOARD OF PARK
COMMISSIONERS**

Nick Sawyer, President

**Jennifer Rogers, Vice
President**

Susan Gould

Jay Cozza

Terrence Ruff

Trish Feid, Secretary

Michael Clark, Executive Director

AN ORDINANCE FOR A COMBINED BUDGET AND APPROPRIATION
**FOR THE PALATINE PARK DISTRICT FOR
THE FISCAL YEAR BEGINNING JANUARY 1, 2018
AND ENDING DECEMBER 31, 2018**

WHEREAS, the Board of Park Commissioners of the Palatine Park District, Cook County, Illinois, caused to be prepared in tentative form an annual combined Budget and Appropriation Ordinance and the Secretary of this Board has made the same conveniently available to public inspection for at least thirty days prior to final action thereon, and

WHEREAS, a public hearing was held as to such Budget and Appropriation Ordinance on the 27th of February and notice of said hearing was given at least one week prior thereto as required by law and all other legal requirements have been complied with,

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF PARK COMMISSIONERS OF THE PALATINE PARK DISTRICT, COOK COUNTY, ILLINOIS AS FOLLOWS:

SECTION 1: That the amounts herein set forth, or so much thereof as may be authorized by law and as may be needed, are hereby budgeted and appropriated for the corporate purposes of the Palatine Park District, Cook County, Illinois to defray all necessary expenses and liabilities of said Park District, as specified in Section 2 for the fiscal year, beginning January 1, 2018 and ending December 31, 2018.

SECTION 2: The amount budgeted and appropriated for each object or purpose is as follows:

I. The amount Budgeted and Appropriated for Corporate Purposes:

	<u>Budget</u>	<u>Appropriation</u>
Salaries	\$5,419,497	\$5,961,447
Contractual Services	1,840,979	2,025,077
Materials & Supplies	584,402	642,842
Debt Service	945,133	1,039,646
Capital Outlay	71,000	78,100
 Total Budgeted and Appropriated for Corporate Fund:	 <u><u>8,861,011</u></u>	 <u><u>9,747,112</u></u>

II. The amount Budgeted and Appropriated for District's Share of Expenses of Joint Recreational Programs for the Handicapped:

Transfer to Capital Projects Fund	155,915	171,507
Payments to Northwest Suburban Recreation Association (N.W.S.R.A.)	<u>484,102</u>	<u>\$532,512</u>
 Total Budgeted and Appropriated for Handicapped Recreation Fund:	 <u><u>\$640,017</u></u>	 <u><u>\$704,019</u></u>

III.	The amount Budgeted and Appropriated for Recreation Fund Purposes:		
		<u>Budget</u>	<u>Appropriation</u>
	Personnel	\$7,365,138	\$8,101,652
	Contractual Services	2,510,176	2,761,194
	Materials & Supplies	1,117,695	1,229,464
	Other	264,550	291,005
	Capital Outlay	174,516	191,968
	Transfer Out	1,152,164	1,267,380
	Total Budgeted and Appropriated for the Recreation Fund:	<u>\$12,584,239</u>	<u>\$13,842,663</u>
IV.	The amount Budgeted and Appropriated for the Debt Service Fund:		
	Principal	\$950,000	\$1,045,000
	Interest	218,512	240,363
	Transfer to General Fund	749,400	824,340
	Total Budgeted and Appropriated for the Debt Service Fund:	<u>\$1,917,912</u>	<u>\$2,109,703</u>
V.	The amount Budgeted and Appropriated for the Capital Projects Fund:		
	Contractual Services		\$0
	Capital Outlay	\$8,297,199	\$9,126,919
	Total Budgeted and Appropriated for the Capital Projects Fund:	<u>\$8,297,199</u>	<u>\$9,126,919</u>
	Total Estimated Expenditures Budgeted (All Funds)	<u>\$32,300,378</u>	
	Total Estimated Expenditures Appropriated (All Funds)		<u>\$35,530,416</u>

Summary of
Funds Budgeted
and
Appropriated

	Budget	Appropriation
Corporate Fund	8,861,011	9,747,112
Special Recreation Fund	640,017	704,019
Recreation Fund	12,584,239	13,842,663
Debt Service Fund	1,917,912	2,109,703
Capital Projects Fund	8,297,199	9,126,919
Total Budgeted	32,300,378	
Total Appropriated		35,530,416

Each of said sums of money and the aggregate thereof are deemed necessary by the Board of Park Commissioners of the Palatine Park District to defray the necessary expenses and liabilities of the foresaid Park District during the fiscal year beginning the 1st day of January, 2018 and ending the 31st day of December, 2018 for the respective purpose set forth.

SECTION 3: All unexpended balances of the appropriation for the fiscal year ending the 31st day of December, 2017 and prior years to the extent not otherwise re-appropriated for other purposes herein are hereby specifically re-appropriated for the same general purposes for which they were originally made and may be expended in making up any insufficiency of any other items provided in this appropriation ordinance, pursuant to law.

All receipts and revenue not specifically appropriated, and all unexpended balances from preceding fiscal years not required for the purpose for which they were appropriated and levied shall constitute the corporate fund and shall be placed to the credit of such fund.

SECTION 4: Pursuant to law the following determinations have been and are hereby made a part hereof:

(A)	Cash on hand and short-term investments at the beginning of the fiscal year:	\$20,534,851
(B)	Estimate of cash expected to be received during the fiscal year from all sources:	\$25,989,573
(C)	Estimate of expenditures contemplated for the fiscal year:	\$32,300,378
(D)	Estimate of cash and short-term investments expected to be on hand at the end of the fiscal year:	\$14,224,046

SECTION 5: All ordinance or parts of ordinances conflicting with any of the provisions of this Ordinance be and the same are hereby modified or repealed. If any item or portion of this Ordinance is for any reason held invalid, such decision shall not affect the validity of the remaining portion of such item or the remainder of this Ordinance.

SECTION 6: This Ordinance is not intended or required to be in support of or in relation to any tax levy made by the Park District during the fiscal year beginning January 1, 2018 and ending December 31, 2018, or any other fiscal year.

SECTION 7: This Ordinance shall be in full force and effect immediately upon its passage and approval according to law. A certified copy of the Ordinance shall be filed with the County Clerk of Cook County, Illinois, together with the certificate of the Chief Fiscal Officer of the Park District certifying revenues by source anticipated to be received by the Park District, within thirty (30) days after its passage and approval, as provided by law.

Adopted this 27th Day of February 2018 pursuant to a roll call vote.

Roll Call

Vote: Ayes:

 Nays:

Absent and Not Voting:

Ordinance Approved:

Nick Sawyer, President
Board of Commissioners of
the Palatine Park District

ATTEST:

Michael Clark, Executive Director
Palatine Park District

SEAL

**Palatine Park District
Budget Overview
Appendix B-History of EAVs, Tax Levies, and Tax Rates**

Tax Levy Year	2016	2015	2014	2013	2012	2011	2010	2009	2008
EAV	2,243,923,289	1,929,877,834	1,982,353,941	1,958,627,179	2,262,517,757	2,434,824,042	2,687,203,683	2,989,202,835	2,884,202,835
Total Tax Levy	14,520,185	13,978,177	13,483,582	13,318,665	12,986,852	12,588,040	12,576,113	12,195,522	12,084,810
Fund/Tax Rate									
General	0.26	0.2830	0.2624	0.3500	0.3068	0.2705	0.2396	0.2091	0.2135
Bond and Interest	0	0.0119							
Recreation	0.1701	0.2167	0.0238	0.1314	0.1054	0.0975	0.0887	0.0784	0.0810
Social Security	0	0.0000	0.0000	0.0323	0.0273	0.0252	0.0210	0.0179	0.0185
Audit	0.001	0.0011	0.0010	0.0007	0.0006	0.0006	0.0005	0.0006	0.0004
Liability	0.0219	0.0238	0.0221	0.0184	0.0113	0.0105	0.0112	0.0100	0.0121
IMRF	0.0613	0.0667	0.0618	0.0286	0.0242	0.0223	0.0183	0.0150	0.0155
Museum	0.0033	0.0036	0.0033	0.0055	0.0047	0.0044	0.0039	0.0035	0.0036
Special Recreation	0.0346	0.0400	0.0290	0.0308	0.0244	0.0216	0.0186	0.0158	0.0143
Debt Service	0.095	0.0774	0.0961	0.0818	0.0686	0.0638	0.0657	0.0575	0.0596
Total	0.6472	0.7242	0.4995	0.6795	0.5733	0.5164	0.4675	0.4078	0.4185

Palatine Park District
Budget Overview
APPENDIX C – CAPITAL PROJECTS FOR 2018 BUDGET

Appendix

The attached document reflects the Capital Plan for 2018. As has been mentioned, the District uses TIERS to classify and prioritize Capital Assets. This listing includes only the first three Tiers as management has decided to defer the items included in Tier 4.

As a reminder, the Tiers are defined as follows:

Tier 1- Items for which the District has a legal obligation.

Tier 2- Items unfinished in the prior year.

Tier 3- Items included in the Capital Replacement Plan

Tier 4- New Items

Tier 4 items are listed in Appendix D

**Palatine Park District
Budget Overview**
APPENDIX D – TIER 4 CAPITAL

These items are not on the Capital Plan or included in the budget. They do provide a view of where the Park District is headed in the future and may get done should priorities change or projects are completed below their anticipated cost.

**Palatine Park District
Budget Overview**
APPENDIX E- GENERAL FUND DETAIL

This appendix includes all the budgeted revenue and expense detail included in the General Fund.

This includes the following Cost Centers

- 000- Undefined. This is part of Administrative
- 005- Administrative (ED and Board)
- 007- Finance
- 009- Registration
- 012- Parks
- 021- District Services
- 022- Information Technology
- 023- Human Resources
- 024- Risk Management
- 025- Volunteer Program

**Palatine Park District
Budget Overview**
APPENDIX F- RECREATION PROGRAMS

This appendix includes the revenues and expenses in the following cost centers as they relate to Recreation.

- 000-Undefined
- 200- Recreation Administration
- 201- Communications and Marketing
- 202- Community Outreach

**Palatine Park District
Budget Overview**

APPENDIX G- RECREATION PROGRAM BUDGETS

This appendix includes all the budgeted program revenues and expenses. This includes all programs in each of the following cost centers.

- 210- Athletics Adult
- 211- Youth Athletics
- 220- Aquatics
- 221- Swim Team
- 232- General Interest
- 240- Early Childhood
- 250- Fitness Center
- 251- Individual Fitness Classes
- 260- Gymnastics
- 280- Performing Arts
- 281- Visual Arts

**Palatine Park District
Budget Overview**
APPENDIX H- SPECIAL EVENTS BUDGETS

This appendix represents the District's projected budgets for all special events. The following activities are included.

20220- Musical Matinee
24030- Battle of the Bands
24120- Frosty Family Fund
24121- Family Music Night
24122- Indoor Drive-In Movie Night
24130- Date Night
24140- Fall Fest
24160- Big Trucks
24170- Canine Carnival
24230- Halloween Party
24300- Bike Palatine Events
24350- It's a Wonderful Life
24420- Towne Square Spotlight
24450- Feet Fest
24470- North Pole Express
24500- Adult Egg Hunt
24560- Hound Egg Hunt
24570- Sounds Of Summer
24630- Disc Golf Events
24650- Fishing Derby
24670- Turkey Trot
24700- Head to the Hills

**Palatine Park District
Budget Overview**

APPENDIX I- HARPER OPERATING BUDGET

As has been mentioned previously, the District will have a much better understanding on how to budget for Harper once the facility is operational. This budget only includes those expenditures that are known.

**Palatine Park District
Budget Overview**

APPENDIX J- AFFILIATES AND RELATED THIRD PARTIES BUDGETS

This appendix reflects the budgeted revenue and expenditures for the following cost centers.

- 904- CARE
- 915- Celtic Soccer
- 919- PAFA
- 930- PYB/S
- 933- PAFA Spirit
- 967- PBA

**Palatine Park District
Budget Overview**
APPENDIX K- FACILITIES BUDGETS

This appendix reflects the budgeted revenues and expenditures in the following cost centers.

- 500- Facilities Administration
- 501- Recreation Centers
- 502- Rentals
- 503- ICompete
- 510- Palatine Hills Golf Course
- 514- Palatine Stables
- 527- Cutting Hall
- 530- Concessions
- 580- Pools

**Palatine Park District
Budget Overview
APPENDIX L- DEBT SERVICE**

This appendix accounts for the revenues and expenditures in the Debt Service fund.

**Palatine Park District
Budget Overview**
APPENDIX M- SPECIAL RECREATION

Appendix M shows the budgeted revenues and expenditures for the Special Recreation Fund.

**Palatine Park District
Budget Overview**
APPENDIX N- CAPITAL PROJECTS FUND

Appendix N reflects the budgeted revenues and expenditures for the Capital Projects Fund