



Palatine Park District

Annual Budget

January 1, 2019 – December 31, 2019

Park Board of Commissioners

Sue Gould, President
John Cozza, Vice President
Terrence Ruff, Treasurer
Jennifer Rogers, Commissioner
Nick Sawyer, 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
2019 Proposed Budget
Table of Contents

| | |
|-------------------------------|----|
| Table of Contents | 1 |
| Leadership Team | 2 |
| Organization Chart | 3 |
| District Profile | 4 |
| Transmittal Letter | 7 |
| Budget Overview | |
| • Guidelines and Processes | 9 |
| • Debt Position | 13 |
| • Tax Funding | 14 |
| • Budget Narrative and Detail | 15 |
| • Financial Summary | 17 |
| General Fund | 20 |
| Recreation Fund | 26 |
| Other Funds | |
| • Special Recreation Fund | 33 |
| • Capital Projects Fund | 34 |
| • Debt Service Fund | 36 |

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

Tina Becke, Assistant Superintendent of Finance

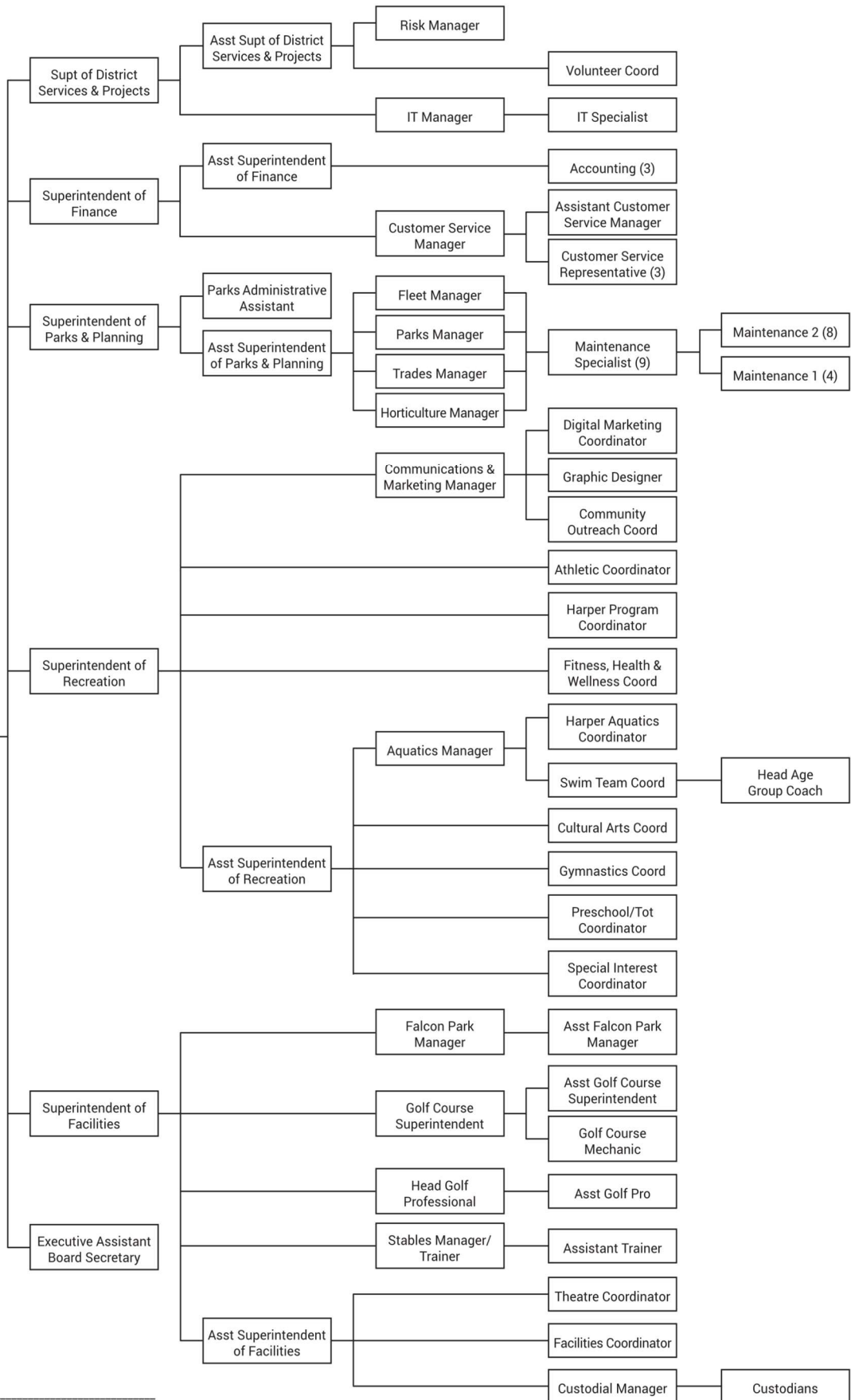
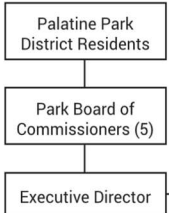
Donelda Danz, Assistant Superintendent of Recreation

Joshua Ludolph, Assistant Superintendent of Facilities

Jim Holder, Assistant Superintendent of Parks and Planning

Pete Cahill, Assistant Superintendent of District Services and Projects

Palatine Park District Organizational Chart



Park Board Approved: _____

PALATINE PARK DISTRICT DISTRICT PROFILE

History:

Palatine Park District, founded in 1945, is principally located in the Village of Palatine. Palatine's population in 1945 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.

The eight-year period from 1966 through 1974 reflects the District's fastest growth. During that time, Palatine Hills Golf Course, Birchwood Recreation Center, fourteen parks, Palatine Trail, and Family Aquatic Center were added to the District's inventory of Parks and Facilities.

After consolidating with Palatine Rural Park District in 1975, the District purchased and renovated its present location on Wood Street (previously Palatine High School) in 1977. In 2016 the Village upgraded its facility, which is connected to the Park District. The District took the opportunity to upgrade its own facility at a cost approximating \$1.3 million. This cost is being paid over a period of ten years.

The major highlights during that period include the execution of an Intergovernmental Agreement (IGA) with the Village of Palatine to develop the Combined Services Facility which houses the District's Parks Department and the Village's Public Works Department. During the same time period, the District built its third recreation center, Falcon Park, which began to serve the North side of the community in 2010.

In 2015, the Park District completed its Comprehensive Master Plan and soon thereafter executed an Intergovernmental Agreement (IGA) to utilize Harper College's Wellness Center, primarily its pool, as a partner, along with Northwest Community Hospital in a joint venture. The District obtained funding to make a significant capital contribution. The entire facility had its public grand opening on September 10, 2018.

In 2018, the District was notified that it had successfully passed the review to become an accredited agency by the Illinois Association of Park Districts (IAPD). This distinction reflects the successful completion of one of the District's long-term primary goals. The District will receive public recognition at IAPD's annual conference in January 2019.

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 Susan Gould, Vice President John Cozza, Treasurer Terrence Ruff and Commissioners Jennifer Rogers and Nick Sawyer.

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.

PALATINE PARK DISTRICT DISTRICT PROFILE

- Boundaries:** The District sits 30 miles outside of Chicago in Northwest Cook County. 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.
- Demographics:** The Park District serves an educated community with a median household income of \$75,066 and a median home value of \$265,800 (Palatine only) both of which are above the County and State Averages. Palatine Park District has approximately 18,179 housing units. The composition of the Community is 65.09% Caucasian, 18.32% Hispanic alone, 12.16% Asian, 2.37% Black or African. The remaining 2.06% represents Indian, Islanders, and mixed-race individuals.
- Real Estate:** The 2018 Equalized Assessed Valuation (EAV) of real estate is \$2,242,622,472 which reflects a decrease of less than ½ of 1% from the prior year. Approximately 17.9% of the Assessed Valuation comes from Commercial and Industrial Property. Just under 82% of the EAV is from residential real estate.
- Tax Rate:** The 2017 tax rate (last available) was \$.657 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 2019 is \$33.6 million with an operating budget of \$24.1 million, a capital improvement and repair budget of \$8.0 million, and a debt retirement budget of \$2.0 million. Transfers between funds total \$2.0 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 2019 but no other debt issue is anticipated.
- Park Resources:** The District owns 439.6 acres of land and leases an additional 295.6 acres from various agencies including the Metropolitan Water Reclamation District. The District operates and maintains 50 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 outdoor aquatic facilities; one indoor aquatics facility; horse stables; bicycle, hiking and nature trail (Palatine Trail); 430-seat auditorium (Cutting Hall Performing Arts Center); an outdoor amphitheater (Fred P. Hall Amphitheater); a historic museum (George Clayson House Museum and Library), a disc golf course, dog park, and natural marsh and prairie. While the District does not own the pool at Harper College, it made a Capital Contribution of \$9 million towards its construction and is committed to share in the Facility's operation.
- 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.
- The Park District works with several organizations and third parties to provide additional opportunities to the Community. This includes affiliate agencies representing baseball, football, lacrosse, biking, rugby, and soccer. The District also supports the Palatine Historical Society and

PALATINE PARK DISTRICT DISTRICT PROFILE

the Palatine Township Senior Citizens Council and runs a before and after school program (CARE) with the Community Consolidated School District 15.

Other Recreational opportunities not program-driven include golf (Palatine Hills Golf Course), horseback riding (Palatine Stables) and entertainment at its auditorium (Cutting Hall Performing Arts Center) and amphitheater (Fred P. Hall Amphitheatre). In September 2018 the District, in cooperation with its partners, Harper College and Northwest Community Hospital, held the grand opening for the redeveloped Harper Recreation Center. This facility will provide increased facility and programming opportunities for Park District residents and is a direct response to the District's needs assessment.

Part of the District's focus in 2019 will be to develop a cost recovery policy to assist in the development of a solid pricing model based on the different type of programs. Additionally, the District made a commitment in late 2018 towards phasing in the pay down of its IMRF net pension liability currently at \$3.7 million. This paydown was included in the Supplemental Budget and Appropriations Ordinance for 2018 and is included in the 2019 budget.

The Park District is a vital part of the community and invests efforts 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. 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. 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.

The Palatine Park Foundation is another source of community outreach provided by the District. Influential Community members volunteer to serve the Foundation Board whose purpose is to raise funds to provide scholarships to residents in need and to assist in the completion of projects that the District does not have the resources to complete on its own.

Staff:

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

Affiliations:

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

Contact:

Palatine Park District, 250 E. Wood, Palatine, IL 60067.
Phone: 847.991.0333. Fax 847.991.2127.
Website: www.palatineparks.org



December 11, 2018

Board of Commissioners
Palatine Park District
Palatine, IL 60067

Honorable Commissioners:

It is with pride that the 2019 Palatine Park District annual budget is presented for your review. As has been the case in recent years, the District's budget is focused on fiscal responsibility and sustainability. In 2018, the Park District accomplished two significant goals by opening the Harper Recreation Center in September and receiving the Distinguished Accreditation Award from IAPD. 2019's most daunting challenge will be the development of the Harper facility to match the quality of the District's other facilities.

In 2018, improvements to technology provided a significant step forward with respect to transparency and efficiencies. The roll out of the Procurement Card Program in late summer further increased efficiencies. It is a goal of the Finance Department to submit this budget to the Government Finance Officers Association's Distinguished Budget program. Some of the many highlights included in the 2019 budget include:

- Baseball affiliates merged to a single organization- *Palatine Community Baseball and Softball*
- Continued focus on drilling down activity by program
- Increases accuracy of Capital Project budgeting through Project Accounting
- Capital Projects Tier System allows the District to focus on its priorities
- Second year of planned process to reduce the District's Net Pension Liability
- Updating staffing plans for the Customer Service Team and the Facilities Staff
- Development of a process for controlling facility deposits

The annual budget process begins in the summer with a review of the District's capital needs. Staff found the Tier system developed in 2018 to be effective and will continue the process in 2019. The District will develop a multi-year Capital Plan for the first time and, when combined with its Project Accounting Module, will provide greater transparency. The plan is fluid and can be reprioritized as needed, even after the budget is approved, to accommodate new opportunities or unanticipated challenges.

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.

2019 Budget Overview

Budget Summary:

- Anticipated revenue for the twelve months ending 12/31/19 is at \$27.0 million.
- Anticipated expenditures for the twelve months ended 12/31/19 is \$33.6 million.
- Capital expenditures are estimated to be \$8.0 million, which is included in the \$33.6 million total.
- Tax support for the budget represents 53.9% of total operating revenues.

The District is budgeted to generate a surplus in its operating funds 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), Metro Risk Management Association (MRMA), and the Illinois Public Benefit Cooperative (IPBC) 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. The commercial/industrial sector comprises 17.9% 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's Equalized Assessed Valuation (EAV) is flat. This is not surprising due to triennial reassessment in 2016. The District anticipates additional revenue streams due to the expiration of Tax Increment Financing (TIF) Districts in Palatine. The TIF Districts expire in 2018 and 2020 respectively and when that happens the District's tax base will increase.

The State of Illinois continues to struggle financially. An extremely large pension obligation has led to the Department of Revenue raising taxes to the point where many businesses as well as individuals are leaving the state. The difficulties faced by the state have impacted the Illinois Bond Rating as well as that of many of its communities. In 2018, the District successfully navigated the State's challenges. Although there is no reason to believe the State will fare any better in 2019, it is a widely held belief that there will not be a property tax freeze in 2019. While the District will no doubt be challenged by the incorporation of Harper operations for its first full year, it anticipates a successful 2019. Nonetheless, board and staff continue to be cautious and thoughtful as capital needs over the next two years are significant.

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 Appropriation Ordinance and 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 12, 2019.

The 2019 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 by benchmarking certain activity, to ensure operating ratios meet expectations. Staff 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

Tina Becke
Assistant 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 document is meant to support the Budget and Appropriation Ordinance, which appropriates all funds and is adopted after a public hearing and board vote anticipated to occur on February 12, 2019. At least 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 must be 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, with a two-thirds majority vote, has the authority to transfer items in any fund in the appropriation ordinance. 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 November 2018.

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.

How to read this document

This document was designed to provide greater transparency and support than has been displayed previously. The front portion of the document contains summary information about the District concluding with the Summary Budget details on page 17. To support this data, staff has provided a computer-generated budget worksheet that is located directly behind the summary budget.

The next portion of the budget provides the detail for each of the District's five funds. As is the case with the Summary Budget, a detailed budget worksheet will be placed directly behind each individual fund summary.

The next portion of the document contains the appendices. In addition to the Draft Budget and Appropriation Ordinance and the Capital listing, staff has included budget comparison sheets for every cost center. This will allow the reader to dig deep in any area of interest. Cost centers in the general fund include the various departments such as Finance, Parks, and District Services. In the Recreation Fund, these cost centers represent different types of programs (athletics, pools, fitness) as well as different operations such as golf, stable, and Harper.

Budget Planning Process

The preparation of the 2019 budget was streamlined greatly as staff became familiar with the software product and the desires of leadership. Staff has been proactive in suggesting reporting options to make their jobs easier. In 2018 the District developed a board approved 10-year forecast; combined with the 10-year repair and replacement plan this allows the District to prudently manage its resources. The budget, capital plan, and forecast will be utilized jointly to ensure the District's long-term strategies are met.

The District, reflecting best practices, appropriates at a level 10% over the budget to stay in compliance with legal requirements.

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 a monthly review of individual account expenditures compared with budgeted appropriations. Management and staff with budget responsibility receive monthly reports detailing actual expenditures compared to the budget on a monthly and year to date basis to measure performance in a timely fashion.

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

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

Financial Policies

A series of financial policies and procedures outline 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 and maintain major capital assets. All of Palatine Park District's finance policies can be found in chapter 2.11 of the District's Administrative Policy Manual.

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 ensure compliance with the District's Fund Balance Policy and future sustainability.

Long-Range Planning

The Park District values long-range planning. Each year the District reviews and revises its ten-year capital plan that supplements the yearly budget and determines future funding needed for the Capital Improvement Plan. Staff meet regularly with its municipal advisor to manage debt to its best advantage. In 2018, the District developed its first long-term District-wide projection model which it tied to its debt retirement and long-term capital needs. It will continue to refine the model moving forward.

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 as well as to determine the District's insurance requirements. 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 the District can dispose of it.

PALATINE PARK DISTRICT BUDGET OVERVIEW GUIDELINES AND PROCESSES

Property Tax

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 annually, in the late winter and early fall. The District's goal on an annual basis is for operating revenues (currently 46.1%) to equal the amount received via property taxes (53.9%). Although there have been concerns about a property tax freeze, that fear appears to be alleviated for now.

Fees for Services

The Park District subscribes to a policy of varied fees for services. The District charges user fees for recreation activities. Non-residents may be 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. Staff constantly monitors its local competition to ensure that 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. A goal for 2019 is to develop a cost recovery model to better determine pricing strategies.

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, development impact fees, and sponsorship along with advertising dollars. 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 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 goal being that each program group realizes a 30% net profit. That net profit is used to help defray indirect costs and overhead. Supply and demand and competition figure prominently in the development of program fees.

Cash Management

The District has a cash management system based on a rolling analysis of the 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 to investment income. Staff meets regularly with the Board and its consultant and adjusts the active plan as needed. When the District issues debt, cash is still managed to maximize return by investing bond proceeds to mature as anticipated expenses are incurred.

Debt Issuance

The real estate tax base supports facility improvements, while program fees support recreation activities. Therefore, costs associated with acquiring and improving long-term, fixed assets are normally funded with the issuance of debt and/or surplus operations. As part of its due diligence, the Park Board reviews its existing obligation structure and future liability levels before making the decision to issue new debt. Staff regularly reviews existing debt issues for potential refunding opportunities. Beyond the annual "rollover" issuance, the

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
GUIDELINES AND PROCESSES**

District anticipates no further issuances in 2019. The District received its last bond rating, Aa1, from Moody's as part of its last significant issuance in 2018. The District's philosophy is to update its rating only as needed to support bond issuances and the like.

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, 2018 the District will be carrying significant balances above what the policy dictates. As needed, the District can transfer unassigned balances to better meet the needs of the District. This requires approval, by resolution, of the Board of Commissioners. The District transfers, as part of the 2019 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.

The Finance Department provides updated information to the rest of the Agency by making the District's Fund financial statements and general ledger available to the staff by approximately the 15th of the following month. This information is also provided to the Board of Commissioners each month.

Overview

Each year, the District invests its 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 2024 and details of the issuances appear on the following page.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
DEBT POSITION**

| FISCAL | Series | Series | Series | Series | Series | Series | Series | Series | Series | Series | Series | Series |
|--------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|-----------|
| YEAR | 2011A | 2011A | 2012A | 2012A | 2015B | 2015B | 2015C | 2015C | 2015 D | 2015 D | 2017 | 2017 |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | 200,000 | 61,263 | 340,000 | 60,750 | 630,000 | 11,970 | 225,000 | 145,625 | x | 125,663 | x | 318,500 |
| 2020 | 205,000 | 54,763 | 370,000 | 50,550 | x | x | 185,000 | 138,875 | 685,000 | 125,663 | x | 318,500 |
| 2021 | 210,000 | 46,563 | 380,000 | 37,600 | x | x | 190,000 | 134,250 | 705,000 | 105,113 | x | 318,500 |
| 2022 | 220,000 | 38,163 | 395,000 | 24,300 | x | x | 500,000 | 129,500 | 390,000 | 83,963 | x | 318,500 |
| 2023 | 230,000 | 29,088 | 415,000 | 12,450 | x | x | 525,000 | 117,000 | 390,000 | 72,263 | x | 318,500 |
| 2024 + | 490,000 | 29,600 | x | x | x | x | 3,060,000 | 199,050 | 1,955,000 | 166,825 | 8,820,000 | 2,945,900 |

Debt Limit

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

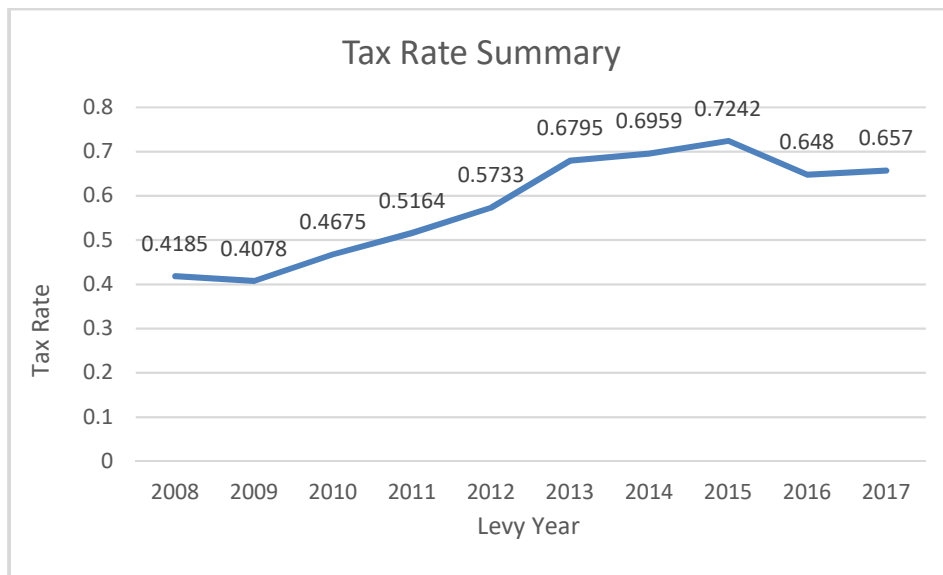
The Park District's statutory debt limit is 5% of the Equalized Assessed Valuation of all taxable property located within the District's boundaries. Bonds are not included in the computation of statutory indebtedness unless taxes levied to pay for such obligations are extended.

| | <u>Amount</u> | <u>Percent</u> |
|---|-------------------|----------------|
| 2017 Equalized Assessed Valuation (EAV) | \$2,242,622,472 | |
| Debt Limit @ 5% of EAV | 112,131,124 | 100% |
| Outstanding Debt | <u>16,890,000</u> | <u>15%</u> |
| Debt Margin | 95,241,124 | 8% |

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
TAX FUNDING**

The chart in Appendix B provides a history of the District's EAV, tax levy, and tax rates. The District's property tax collection rate approximates 99%.

The Levy Ordinance details the property tax request by fund and represents the property tax income proposed with this budget. The estimated levy, supported by the Truth in Taxation Resolution, was passed on October 23, 2018. The Board voted and passed the levy on November 27, 2018. The levy amounts for each tax rate are extended against the Equalized Assessed Valuation. 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 2018 is 2.1%. To capture any 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. Should the levy exceed the rate limitation, the District has adopted a Property Tax Extension Limitation (PTEL) resolution removing such excess from the Recreation Fund.



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. Since 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, the tax rate has increased by 9/1000 of a dollar in 2017.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
BUDGET NARATIVE AND DETAIL**

General Budget Comments

To better understand this document, the reader should understand the District's philosophy as it relates to budgets.

Budget Preparation and Background

- Budgets are prepared based on actual activity from the prior year combined with current trends and economic conditions. Staff is expected to provide detail to support each line item. Budgeting in this manner 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%). All accounts budgeted provide detail to support the amount either on the detail sheets or electronically through a feature inherent within the system that allows attachments. Staff is encouraged to regularly look for additional opportunities to generate revenues through creative programming and service offerings.
- Capital expenditures are based on resources available and the prioritized needs of the District. Final decisions are made in conjunction with current year activity and the anticipated operations budget for the following year. In September, staff provided the Board with a complete list of anticipated Capital Projects to be started in 2019. Additionally, the remaining costs for those projects it failed to complete in 2018 are also included in the Capital Projects Fund's anticipated 2019 expenditures. All proposed capital expenditures appear in Appendix C.
- The 2018 budget was based upon a full-time staffing model of 78. At present, two openings exist but have been included in the 2019 budget. Additionally, the District anticipates that the position of Assistant Facility Coordinator will be part of the 2019 staffing plan and has included that position in the budget. Included in this budget are 1.5 FTE at Harper College. This is due to the restructuring of the Fitness and Wellness Coordinator position.
- 2019 will be the first full year of operations at Harper College. The District has made best efforts to budget for Harper activities, but staff will be watching operations closely to stay ahead of trends and to make changes to operations if necessary. The 2019 budget reflects a deficit in Harper operations of \$473,422. However, included in the total is the annual maintenance contribution of \$363,500 and the annual contribution of capital of \$45,000 as stated in the Intergovernmental Agreement.
- 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 a cost recovery model. The 2019 proposed budget reflects just under \$148,000 of revenues in facilities and expenditures in various recreation programs. The District hopes to refine this model as it develops the cost recovery model.
- The Park District has allocated net resources of \$51,211 (2018 budget was \$110,000) on Special Events. This total is less than in prior years leading one to believe that the Volunteer Program, created in 2016 is reaping the benefits as the quality and quantity of the events is essentially unchanged. Although most events are free some of the costs are offset by user fees and sponsorships. The net savings has mainly occurred due to paying less part time staff wages, more efficiencies in event planning, and an aggressive sponsorship program.
- Previously, the costs for background checks was only assessed to affiliates. The cost of administering background checks to staff and volunteers was an administrative cost. With the District's focus on understanding the true cost of a program, the 2019 draft budget will be assessing those costs to specific programs. The decision may impact some programs, such as ICompete, to be more negatively impacted than normal. Like all other overhead costs, the reader should be looking at more than the inherent costs related to running a program. Other factors such as community benefit or populations served should be considered.
- 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 NARATIVE AND DETAIL**

2018 Budget Highlights

- The biggest accomplishment of the District in 2018 is the award of Distinguished Accreditation. This award, given by IPRA and IAPD, has no direct budget impact. However, as with every aspect needed to achieve this distinction, the District had to prove that its financial policies, reporting, and controls meet the highest standards for Illinois Park Districts.
- Harper Recreation Center (Building M Construction) was essentially completed. The grand opening was held on September 10, 2018.
- Introduced Procurement Card Program to create efficiencies, generate cost savings, and rebate eligibility. Along with two other Park Districts (Vernon Hills and Downers Grove) the District created a Consortium. The Consortium is currently up to seventeen (17) Districts ensuring the Palatine Park District receives the maximum rebate. The rebate for six months of 2018 activity has been budgeted as revenue in the General Fund.
- Maintained stable health insurance costs from a 21-month agreement signed with the Intergovernmental Public Benefit Consortium (IPBC) in October of 2017. The initial agreement ends June 30, 2019. Staff worked closely with IPBC to determine the 2019 budget impact.
- The Ten-Year Capital Replacement Plan was updated and included in the Board approved forecast model.
- To increase efficiencies, Office 365 was implemented creating a cloud environment.
- The District converted its email system from GroupWise to Outlook.
- Made first payment to bring down the District's Net Pension Liability with IMRF.
- The following projects were completed in 2018 at a cost that to date is \$78,000 under budget. This continues to reflect staff's focus to do as many projects in-house as possible when the staff has the appropriate skills.
 - Birchwood Tennis Courts
 - Combined Services Facility Roof Replacement Phase 2
 - Community Park Regrade Ballfields
 - Community Park Sidewalk
 - Community Park Crosswalk Signal
 - Community Park Re-lamp Pathway Fixtures with LED
 - Dove Playground Replacement
 - Eagle Pool Repair leak
 - Hamilton Park baseball shade structures and team bench wind shelters
 - Hawthorne Park Playground Replacement
 - Soccer Goal Replacement
- Other projects completed in 2018 include
 - Falcon Installation of Circulation Fans for the Skylights
 - PHGC Irrigation Phase 2
 - Stables Arena 2 Renovation

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
FINANCIAL SUMMARY**

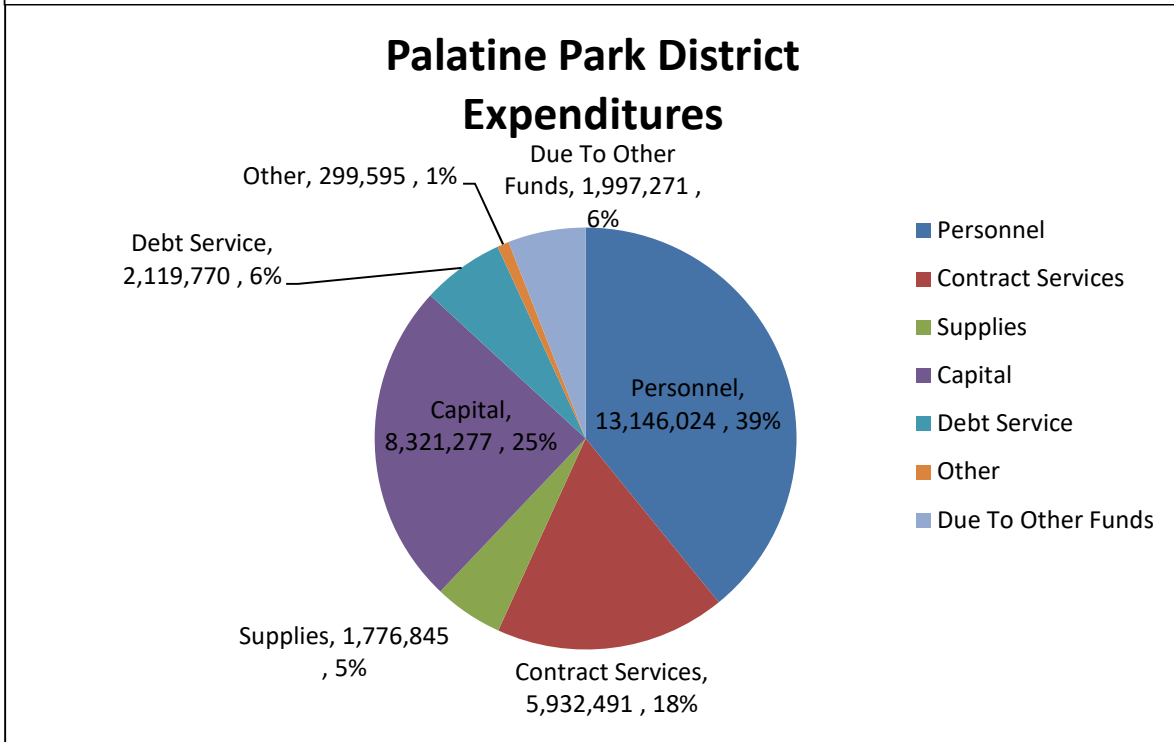
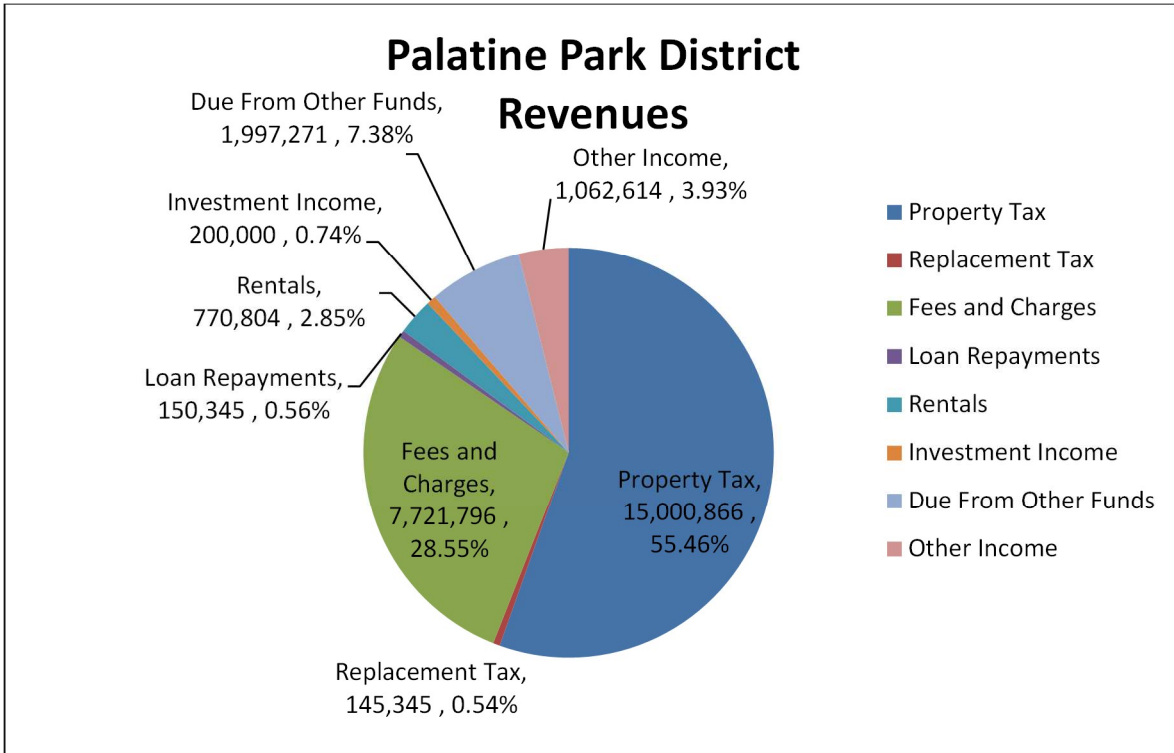
Palatine Park District
District Wide Budget
For Budget Ending December 31, 2019

| | General | Recreation | Special | Debt | | |
|-----------------------|------------------|-------------------|----------------|------------------|----------------|-------------------|
| Description | Fund | Fund | Recreation | Service | Capital | Total |
| Revenues | | | | | | |
| Property Tax | 8,130,464 | 4,095,753 | 816,461 | 1,958,188 | | 15,000,866 |
| Replacement Tax | 145,345 | | | | | 145,345 |
| Fees and Charges | | 7,721,796 | | | | 7,721,796 |
| Loan Repayments | 150,345 | | | | | 150,345 |
| Fund Raising/Sponsors | | 153,450 | | | | 153,450 |
| Other Income | 51,744 | 622,623 | | | 234,797 | 909,164 |
| Investment Income | 200,000 | | | | | 200,000 |
| Rentals | | 770,804 | | | | 770,804 |
| Due From Other Funds | 989,387 | 314,372 | | | 693,512 | 1,997,271 |
| TIF Payments | | | | | | 0 |
| | | | | | | |
| Total Revenues | 9,667,285 | 13,678,798 | 816,461 | 1,958,188 | 928,309 | 27,049,041 |

| | | | | | | |
|-----------------------|------------------|-------------------|----------------|------------------|------------------|-------------------|
| Expenses | | | | | | |
| Personnel | 5,512,536 | 7,633,488 | | | | 13,146,024 |
| Contract Services | 2,192,095 | 3,245,180 | 485,216 | 10,000 | | 5,932,491 |
| Supplies | 613,777 | 1,163,068 | | | | 1,776,845 |
| Capital | 87,550 | 180,718 | | | 8,053,009 | 8,321,277 |
| Other | | 299,595 | | | | 299,595 |
| Debt Service | 951,388 | | | 1,168,382 | | 2,119,770 |
| Due To Other Funds | | 1,000,000 | 217,465 | 779,806 | | 1,997,271 |
| Total Expenses | 9,357,346 | 13,522,049 | 702,681 | 1,958,188 | 8,053,009 | 33,593,273 |

| | | | | | | |
|-------------------|---------|---------|---------|---|-------------|-------------|
| Surplus/(Deficit) | 309,939 | 156,749 | 113,780 | 0 | (7,124,700) | (6,544,232) |
|-------------------|---------|---------|---------|---|-------------|-------------|

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
FINANCIAL SUMMARY**



**PALATINE PARK DISTRICT
BUDGET OVERVIEW
FINANCIAL SUMMARY**

District wide, the proposed budget reflects a deficit of \$6,501,273. However, from an operational standpoint, the proposed budget indicates a surplus of \$1.6 million before \$1,000,000 is transferred to the Capital Projects Fund in accordance with fund balance policy. Approximately \$1.3 million of the deficit pertains to Capital Plan projects started in 2018 that will be completed in 2019.

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 \$308,439. In addition to the increase, the District levied 2.4% for growth to ensure the District captures all available new property. The District has proposed a levy of \$816,461 which is equal to 4 cents per \$100 of Equalized Assessed Valuation in the Special Recreation Fund. The District has levied for the full four cents to account for ADA related projects. The levy also includes \$1,958,188 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 2019 there will be a shortfall of \$171,582 that will be covered by the General Fund.
- **Staffing:** At present, the District has 78 full-time staff with one additional position, Assistant Facility Coordinator, scheduled to be added in the upcoming budget year. 1.5 FTE of the positions will support the Harper operations. Additionally, the position of the Sponsorship Coordinator has been replaced by the Community Outreach Coordinator. The Park Board approved a merit pool for 2019 of 3%.
- **Benefits:** In 2019, the District's IMRF rate will be 10.9%, a decrease of 1.56% from 2018. The reduction has a significant positive impact to the District. Since much of this rate is dependent on market conditions, the District has no control over their movement as it is heavily related to investment earnings. Staff monitors employee eligibility frequently to ensure there is no staff unnecessarily receiving IMRF. Late in 2018 the Board agreed to reduce the Net Pension Liability (which accrues interest at 7.5%) by taking the existing liability and paying 1/7 of the existing liability. In 2019, the District has budgeted \$543,000.
- **Health Insurance:** The District successfully completed its first full year as part of the Illinois Public Benefits Cooperative (IPBC) and has developed processes and procedures to ensure it is accounted for properly. To be transparent, all staff insurance is assigned to their specific area of operations. In 2019, the District will see contributions made by both employee and employer increase by 4.27% for those taking a PPO plan and 3.3% for those selecting the HMO. On a positive note, the District has seen a migration to the less expensive HMO plans.
- **Investment Income:** Although interest rates remain low, indications are strong that the Federal Reserve will be raising interest rates in 2019. This will lead to increased investment income. Additionally, the District's cash flow plan has dramatically increased investment revenues.
- **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 included in the 2019 budget is \$148,000.
- **Gift cards:** The development of a gift card program that coincides with the District registration software was introduced and was in place for the 2018 holiday season.
- **Assistant Superintendent of District Services:** This newly created position was added in June of 2018 as part of restructuring and eliminating the Human Resources Coordinator position.
- **Village of Palatine IGA:** When the District remodeled its facility, it agreed to a 10-year payout with the Village at a cost of \$133,000 annually. In 2019, for the first time, this expenditure will come out of Capital Projects instead of the General Fund.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
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 park and facility additions and improvements, establishes and maintains a system of 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 Customer Service department and volunteer program. Administration 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 to support operations.

The Administration component is further broken up into eight 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.

84% of budgeted revenue in the general fund comes from **property taxes**. The remaining revenue within the General Fund that the District receives includes **replacement taxes** from the State of Illinois. Although the challenges faced by the State have reduced the amount the District has received in recent years, state-provided information will reflect a small increase in 2019's budget. **Paybacks** from related third parties such as Celtic Soccer, the Senior Center, and Swim Team generate additional revenue of \$150,000 in 2019. Finally, **investment income** is budgeted to increase significantly to reflect the current environment and the District's cash flow efforts.

2018 General Fund Budget Highlights

- This budget was prepared using its recently implemented finance software.
- Resources were allocated to address team building within the District's leadership.
- 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.
- 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 2019 budget.
- Increased hours at the District's primary facilities. Additionally, provided remote opportunities for special registrations such as Pre-School and Swim Team.
- Developed the mobile app for Pub Works, the District's Park Maintenance Software.
- Customer Service Committee laid the groundwork for a training program that will assist the District's retention of customers and acquisition of new ones.
- Developed Corporate Services Volunteer Program.
- Playgrounds at Dove and Hawthorne were added among other efforts that came in well under budget (see page 16).
- Substantial planning fees to prepare for the renovation of Hamilton Park were incurred.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
GENERAL FUND**

Budget Goals for 2019

- Year four of the District's work plan.
- Greater emphasis placed on the development of a long-term Capital Replacement Plan.
- Further develop District's projection model.
- Develop P-Card Consortium with other Districts to increase rebates and buying power.
- Budget P-Card Rebate Revenues for the first time.
- Acquire on-boarding software.
- Per Board direction continue process of paying down the District's Net Pension Liability with IMRF.
- Begin development of a Board approved cost recovery system for the District.
- Implement new staffing model for Customer Service staff.
- Development of mobile app for field inspections.
- Playground at Dutch Schultz Park will be replaced.
- Playground at Lindberg Park will be replaced.
- Replace Trail Bridges on Hicks Road.
- Replace Birchwood Parking Lot.
- Replace Community Park Asphalt around ballfields.
- Hamilton Redevelopment will be completed in 2019.
- Improve remote registration by using tablets. This will be especially useful for special events.
- Tenure awards will be handled through payroll. These awards are taxed but issued at a net amount that matches the levels indicated in current District policy.

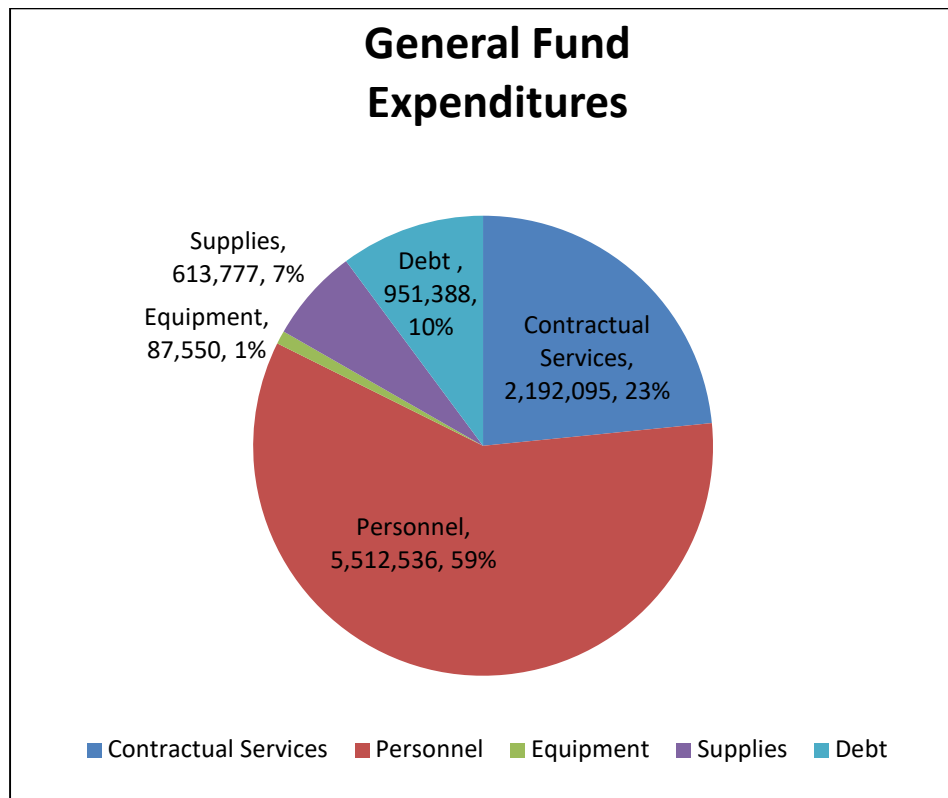
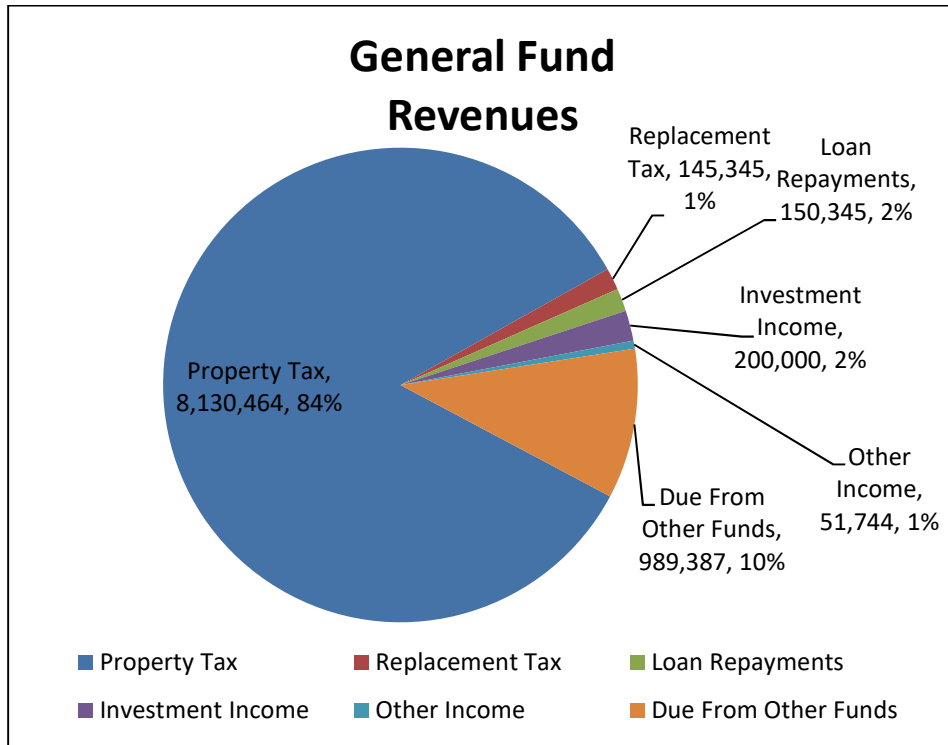
**PALATINE PARK DISTRICT
BUDGET OVERVIEW
GENERAL FUND**

Palatine Park District
General Fund
For Budget Ending December 31, 2019

| | Administration | Parks | Total |
|-----------------------|-----------------------|---------------|------------------|
| Revenues | | | |
| Property Tax | 8,130,464 | | 8,130,464 |
| Replacement Tax | 145,345 | | 145,345 |
| Loan Repayments | 150,345 | | 150,345 |
| Investment Income | 200,000 | | 200,000 |
| Other Income | 10,025 | 41,719 | 51,744 |
| Due From Other Funds | 989,387 | | 989,387 |
| Total Revenues | 9,625,566 | 41,719 | 9,667,285 |

| | | | |
|----------------------|------------------|--------------------|------------------|
| Expenditures | | | |
| Personnel | 2,322,773 | 3,189,763 | 5,512,536 |
| Contractual Services | 1,546,008 | 646,087 | 2,192,095 |
| Capital | 87,550 | | 87,550 |
| Supplies | 128,610 | 485,167 | 613,777 |
| Debt | 951,388 | | 951,388 |
| Total | 5,036,329 | 4,321,017 | 9,357,346 |
| | | | |
| Net | 4,589,237 | (4,279,298) | 309,939 |

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
GENERAL FUND**



**PALATINE PARK DISTRICT
BUDGET OVERVIEW
GENERAL FUND**

Measurements

Over the last few years, the District has dramatically improved efficiencies with a long-term focus on improving technology. During this period, the District has upgraded or created the following improvements.

- Upgraded financial software
- Upgraded registration software
- Developed a help desk system for IT requests
- Developed a procurement card system

These improvements have allowed the District to do a better job of measuring its progress and has begun to track information. Below are measurements related to the General Fund. Recreation measurements will appear in that section of the budget.

Help Desk System: All IT requests are submitted to the District's help desk system created in 2014. The result is that needs can be prioritized and more importantly not missed as they might be in a face to face request. When a request is submitted, the requestor receives an email back immediately acknowledging the request and then receives an email when the request is closed. Staff is currently analyzing the average time to respond to a request. Since 2015 the number of requests is listed below. Although staff prioritizes, the overwhelming number of help desk tickets are resolved in one day.

2015: 594
2016: 624
2017: 582
2018: 632*

* Through November 27. Staff believes the increase in 2018 is due to several new staff being on boarded as well as the existence of the Harper facility.

Prior to 2015, the District had an IT staff of one. The help desk volume alone was evidence that the staff needed to be expanded and in 2016 it hired a network administrator in addition to the IT Manager.

Procurement Cards: In July 2018, the Park District launched its procurement card program and, to ensure that it received the largest rebate percentage, worked with its vendor to develop a consortium. The consortium started with three members and within six months is now up to seventeen (17). Staff is a big proponent of this program but could not launch until the finance software was fully implemented in March 2018. The system is integrated and posts monthly to the general ledger. Enhanced internal controls and reduced processing time inherent with the card are further enhancements. According to the National Association of Purchasing Card Programs (NAPCP) the cost to process one check (from routing it through the system to mailing to reconciliation) is \$70. Below are the annual number of checks issued since 2016. As can be seen, this process is paying dividends quickly.

2016: 4,620
2017: 4,545
2018: 3,211*

* Staff anticipates approximately 3,500 checks will be written in 2018. In 2019, that number should be approximately 2,000.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
GENERAL FUND**

Financial Summary

| | |
|-------------------------------------|---------------------|
| Budgeted Revenues 2019 | \$ 9,667,285 |
| Budgeted Revenues 2018 (as amended) | <u>\$ 9,096,623</u> |
| Difference | \$ 570,662 |
| Percent Change | 6.3% |

| | |
|---|---------------------|
| Budgeted Expenditures 2019 | \$ 9,357,346 |
| Budgeted Expenditures 2018 (as amended) | <u>\$ 9,225,571</u> |
| Difference | \$ 131,775 |
| Percent Change | 1.4% |

| | |
|-----------------------------------|-------------------|
| Fund Balance Estimate | |
| Audited Fund Balance 12/31/17 | \$ 8,688,598 |
| Budgeted Surplus/Deficit (2018) | \$ (128,948) |
| Budgeted Surplus/Deficit (2019) | <u>\$ 309,939</u> |
| Anticipated Fund Balance 12/31/19 | \$ 8,869,589 |

The General Fund's total revenues account for 40% of the District's total operating revenues and 39.7% of its operating expenditures respectively. This is a positive trend as both numbers reflect less reliance on the General Fund.

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 12/31/18 | \$ 8,559,650 |
| 30% of Expenditures projected | <u>\$ 2,767,671</u> |
| Excess Fund Balance | \$ 5,791,979 |

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
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. In 2019, the budget will also reflect planned activity at the Harper Recreation Center.

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, three outdoor District pools, the Harper Recreation Center, and Palatine Hills Golf Course. The Recreation Fund 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.

2018 Recreation Fund Budget Highlights

- The completion of the Harper project was celebrated on September 10 with its grand opening and the hiring of its first full-time District staff.
- The circulation fans for the sky lights at Falcon Park were installed.
- Permanent baseball fences at Birchwood were installed.
- The Arena project at the Stables was completed.
- The District's Feet Fest event was changed to become more family friendly to great success.
- Rental revenues exceeded expectations at Falcon Park Recreation Center.
- Palatine Parks Foundation added a second fundraiser.
- Mobile App redesigned.
- Cutting Hall website rebuilt.
- Hired Full-time Graphic Designer.

The Recreation Fund's total revenues account for 50.6% of total revenues and 56.6% of operating revenues. 27.3% of the dollars that are anticipated to be levied in 2018 and collected in 2019 relate to the Recreation Fund. Likewise, the Recreation Fund accounts for 40.2% of the total budget expenditures and 57.3 % of total operating expenditures.

Budget Goals for 2019

- Beginning January 1, the District's two baseball affiliates, Palatine Youth Baseball and Softball (PYB/S) and Palatine Baseball Association (PBA) will merge and become Palatine Community Baseball and Softball (PCBS). In 2019, staff will provide accounting by program type for the first time for the Affiliate.
- District leadership has changed the Fitness Center's staffing model. The Facilities Department, through the hiring of an Assistant Facility Coordinator, will manage the facility while a member of the Recreation Department will provide programming for the Fitness Center as well as the Harper location's fitness center.
- Continue to upgrade irrigation at the Palatine Hills Golf Course.
- The Golf Course will be seeking to explore options to replace or upgrade its expiring concession agreement.
- Registration revenues for Palatine Area Football Association (PAFA) have been budgeted as the group is considering using the District to process its registrations. No expenses have yet been charged.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
RECREATION FUND**

- Staff has budgeted to place an awning at the Family Aquatic Center (FAC) concession stand. This will allow the District to continue to generate revenues when the weather is not cooperative.
- Moving concessions to a third party has reduced payroll related costs by \$3,600.
- Custodial Costs are now broken up by facility rather than charged to a general account creating transparency. Cleaning costs at the three independent pre-schools are \$18,900.
- Pre-school flooring and carpeting will be upgraded as well.
- Sign boards will be installed at the four primary shelter sites to reduce conflicts with groups that don't have a permit and to better communicate when the facility is in use.
- New processes developed to ensure that deposits in facilities are handled properly.
- \$10,000 has been earmarked for costs relating to promoting accreditation.

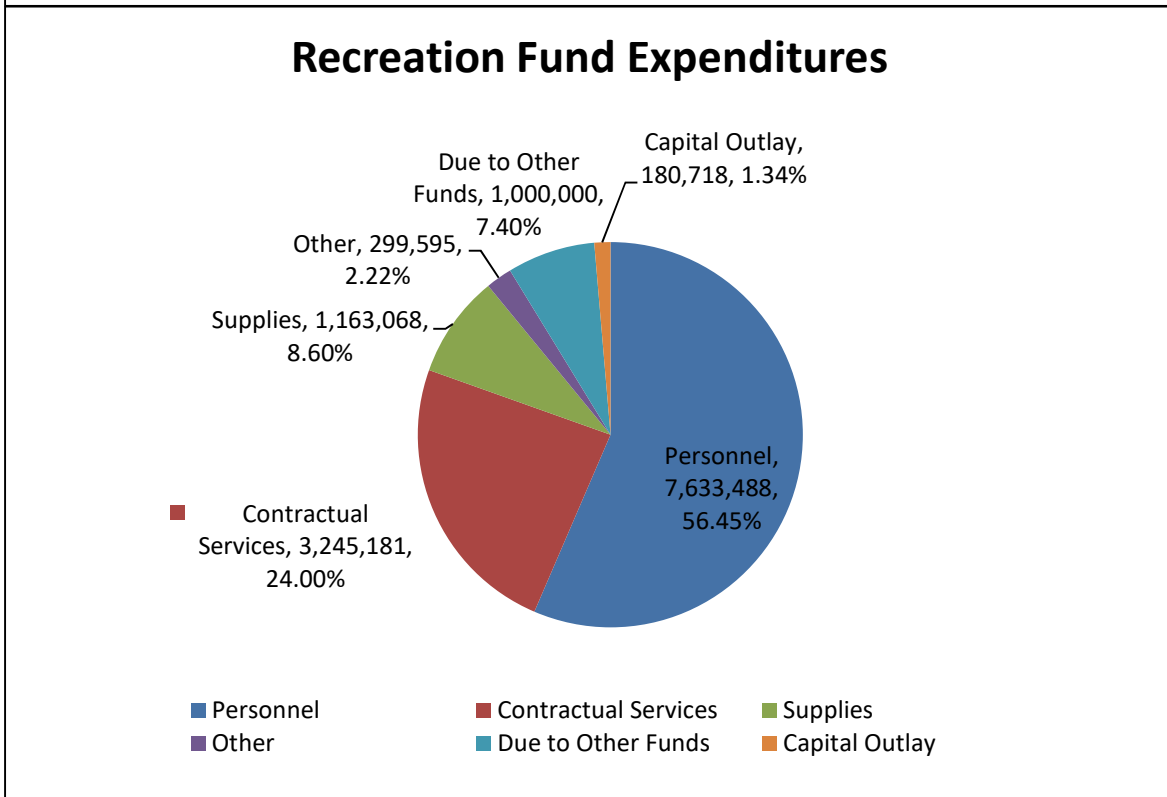
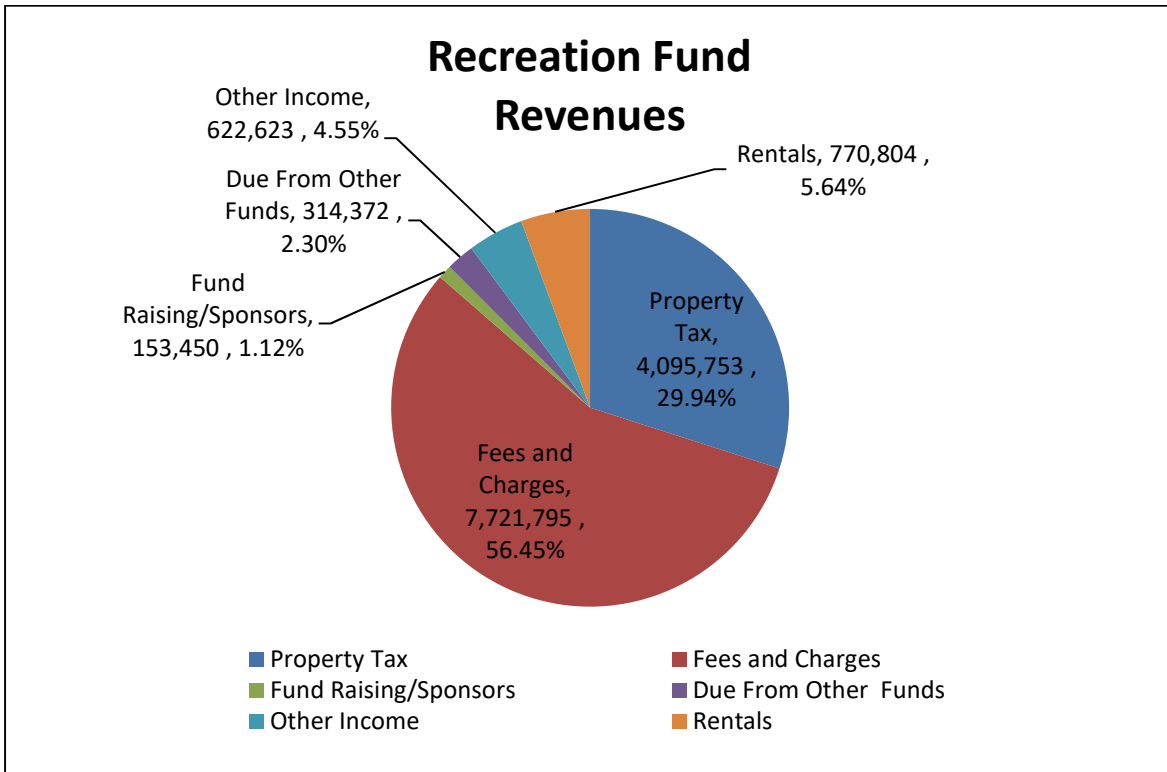
Palatine Park District
Recreation Fund
For Budget Ending December 31, 2019

| | Programs | Facilities | Affiliates | Harper | Total |
|-----------------------|------------------|-------------------|-------------------|----------------|-------------------|
| Revenues | | | | | |
| Property Tax | 4,095,753 | | | | 4,095,753 |
| Fees and Charges | 3,426,767 | 2,011,429 | 1,975,599 | 308,000 | 7,721,795 |
| Rentals | 23,797 | 690,899 | | 56,108 | 770,804 |
| Other Income | 133,793 | 381,296 | 100,904 | 6,630 | 622,623 |
| Due To Other Funds | 314,372 | | | | 314,372 |
| Fundraising | 152,850 | 600 | | | 153,450 |
| Total Revenues | 8,147,332 | 3,084,224 | 2,076,503 | 370,738 | 13,678,797 |

| | | | | | |
|----------------------|------------------|------------------|------------------|----------------|-------------------|
| Expenditures | | | | | |
| Personnel | 3,107,028 | 2,999,111 | 1,118,886 | 408,463 | 7,633,488 |
| Contractual Services | 1,171,417 | 1,024,763 | 624,225 | 424,776 | 3,245,181 |
| Supplies | 471,867 | 524,856 | 155,425 | 10,920 | 1,163,068 |
| Other | 193,541 | 17,372 | 88,682 | | 299,595 |
| Due to Other Funds | 1,000,000 | | | | 1,000,000 |
| Capital Outlay | 34,275 | 139,672 | 6,771 | | 180,718 |
| Total | 5,978,128 | 4,705,773 | 1,993,989 | 844,159 | 13,522,049 |

| | | | | | |
|------------|------------------|-------------------|---------------|-----------------|----------------|
| Net | 2,169,204 | -1,621,549 | 82,515 | -473,421 | 156,748 |
|------------|------------------|-------------------|---------------|-----------------|----------------|

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
RECREATION FUND**



**PALATINE PARK DISTRICT
BUDGET OVERVIEW
RECREATION FUND**

Measurements

The Park District recognizes that as a public entity, it is often more important to serve a public need than it is to be profitable. In fact, some programs are not intended to be profitable while other programs should cover most, if not all, of their direct costs.

Below is activity for the past five years for three very different types of programs and points out the challenges of budgeting accurately for programs that rely heavily on weather conditions. How the District approaches the budget is dependent on such factors and the Park District takes a thoughtful approach where necessary.

Swimming Pool Activity

Attendance:

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------|-------------|-------------|-------------|-------------|-------------|
| Birchwood | 39,617 | 38,429 | 38,052 | 32,693 | 28,126 |
| FAC | 44,037 | 44,868 | 47,258 | 42,258 | 42,436 |
| Eagle | 16,414 | 15,290 | 16,567 | 16,603 | 14,525 |
| Totals | 100,068 | 98,587 | 101,877 | 91,554 | 85,087 |

Passes:

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------------|-------------|-------------|-------------|-------------|-------------|
| Use at all Pools | 1,496 | 1,416 | 1,359 | 1,344 | 1,430 |

Misc:

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Swimming Days | 101 | 101 | 101 | 107 | 101 |
| Avg. Daily Attend. | 991 | 976 | 1,009 | 855 | 862 |
| Avg. Water Temp. | 81 | 80 | 80 | 78° | 81° |
| Avg. High Air Temp. | 84 | 79 | 82 | 79° | 81° |

Financials:

| | 2018 | 2017 | 2,016 | 2015 | 2014 |
|----------|-------------|-------------|--------------|-------------|-------------|
| Revenues | \$561,691 | \$506,156 | \$488,370 | \$480,783 | \$470,790 |
| Expenses | \$742,886 | \$808,356 | \$746,702 | \$718,135 | \$722,464 |
| Balance | -\$181,195 | -\$302,200 | -\$258,332 | -\$237,352 | -\$251,674 |

With respect to the District's outdoor pools, the season is short and poor weather can greatly impact the bottom line. Although it is anticipated that the cost of operation and the short season will reflect a loss when conditions are ideal, a poor summer can impact the bottom line dramatically. In 2018, the District sought to mitigate that loss through the sale of pre-season discounted passes. While that might mitigate the revenue in a perfect summer, it also mitigates potential losses in a poor summer.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
RECREATION FUND**

Camp Participation

| Camp Name | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------|--------------|-------------|--------------|--------------|--------------|
| Birchwood Day camp | 321 | 293 | 263 | 260 | 245 |
| Community Day camp | 363 | 396 | 55 | 55 | 53 |
| Sanborn Day camp* | 0 | 0 | 200 | 182 | 196 |
| Eagle Day camp | 174 | 109 | 139 | 143 | 171 |
| BW Sports camp | 325 | 221 | 259 | 255 | 300 |
| Falcon Sports camp | 151 | 301 | 205 | 202 | 213 |
| Total | 1,334 | 1320 | 1,121 | 1,097 | 1,178 |

* Sanborn camps moved to Community Center in 2017 due to construction at the school.

Camp activity is shown as an example of a program that is not reliant on environmental conditions. As one can see, the District has seen steady growth in participation over each of the last four years.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
RECREATION FUND**

Golf

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------|---------|---------|---------|---------|---------|
| Segments | 568 | 576 | 597 | 583 | 556 |
| Playable | 350 | 395 | 414 | 462 | 434 |
| Per Cent | 61.62% | 68.58% | 69.35% | 79.25% | 78.06% |
| | | | | | |
| Rounds | | | | | |
| Weekday Rounds | 16,906 | 16,984 | 19,353 | 20,937 | 18,526 |
| Weekend Rounds | 7,380 | 8,648 | 9,031 | 9,191 | 10,304 |
| Discounted Rounds | 647 | 754 | 906 | 954 | 1,129 |
| Total Fee Rounds | 24,933 | 26,386 | 29,290 | 31,082 | 29,959 |
| Comp Rounds | 2,636 | 2,631 | 2,783 | 2,251 | 2,085 |
| Total Rounds | 27,569 | 29,017 | 32,073 | 33,333 | 32,044 |
| | | | | | |
| Fee/Round | \$24.04 | \$24.74 | \$24.53 | \$24.19 | \$23.61 |
| | | | | | |
| Round Revenue | 599,480 | 652,890 | 718,599 | 751,911 | 707,463 |

Golf Course staff take a thoughtful approach to budgeting for operations. Although impacted by a saturated marketplace, the biggest challenge to golf operations is the weather. In fact, most costs related to the operation are fixed in nature or even worse, as revenues decline due to weather it can occasionally have the inverse effect on costs. As can be seen on the attached chart, the District measures “playable segments” to reflect the opportunities for a measurable amount of golf to be played. A playable segment is defined as weather, including wind chill and heat index between 45 and 95 degrees. Precipitation greater than .1 inch will also deem a segment unplayable and .25 inches will also impact the following segment.

It is important to note that playable segments in 2018 were 62% (through October). This is the lowest total by 7% in the last five years and 17% less than the 79% total reached in 2015. The careful observer will note several impacts. For instance, in addition to having the lowest playable segment rate, the 2018 season had the lowest amount of weekend rounds by 15%. This is critical because those rounds generate the highest per round rate.

To offset these challenges, the District carefully monitors peak and off-peak opportunities to maximize its revenues and annually takes a moderate approach to budgeting for golf course revenues.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
RECREATION FUND**

Financial Summary

| | |
|-------------------------------------|-------------------|
| Budgeted Revenues 2019 | \$ 13,678,797 |
| Budgeted Revenues 2018 (as amended) | <u>12,860,261</u> |
| Difference | \$ 818,536 |
| Per Cent Change | 6.4% |

| | |
|---|-------------------|
| Budgeted Expenditures 2019 | \$ 13,522,049 |
| Budgeted Expenditures 2018 (as amended) | <u>12,695,422</u> |
| Difference | \$ 826,627 |
| Percent Change | 6.5% |

Fund Balance Estimate

| | |
|-----------------------------------|----------------|
| Audited Fund Balance 12/31/17 | \$ 6,456,295 |
| Budgeted Surplus/Deficit (2018) | 164,839 |
| Budgeted Surplus/Deficit (2019) | <u>156,748</u> |
| Anticipated Fund Balance 12/31/19 | \$ 6,777,882 |

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 12/31/18 | \$6,621,134 |
| 25% of Expenditures projected | <u>3,173,856</u> |
| Excess Fund Balance | \$3,447,278 |

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
OTHER FUNDS**

Other Fund Information

Special Recreation Fund

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 2019, the Park District once again levied for the full four cents based on its anticipated capital needs and thus will reflect a small surplus.

The primary expense in this fund is the cost of membership and inclusion costs related to the Northwest Special Recreation Association (NWSRA) which remains flat. Anticipated capital projects with an ADA component include the Lindberg and Dutch Schultz Playgrounds, Community Park Pathways, and items related to the kitchen for Combined Services Facility.

Palatine Park District
Special Recreation Budget
Summary of Revenues and Expenditures
Year Ending December 31, 2019

| | |
|------------------------------|---------|
| Revenues | |
| | |
| Property Tax Revenue | 816,461 |
| | |
| | |
| Expenditures | |
| NWSRA Fees | 484,716 |
| Other Contractual Expenses | 500 |
| | |
| Due to Capital Projects Fund | 217,465 |
| Total | 702,681 |
| | |
| Net Surplus (Deficit) | 113,780 |

**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 considers 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 2019. In the fall, staff provided the board with a detailed list of anticipated projects for 2019. That list has been supplemented by those projects listed in Tier 2 (incomplete 2018 projects).

Revenues in the Capital Projects Fund come from unusual or one-time revenues 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, bond proceeds, or ADA related costs in the Special Revenue Fund.

The District anticipates using accumulated resources of the fund to pay down its Net Pension Liability.

**PALATINE PARK DISTRICT
BUDGET OVERVIEW
OTHER FUNDS**

Capital Projects Fund
Summary of Revenues and Expenditures
For Budget Period Ending December 31, 2019

| | |
|--------------------------------|--------------------|
| Revenues | |
| Village Ordinance Contribution | 58,000 |
| Cell Tower Revenues | 107,664 |
| Invoiced Services | 69,134 |
| Due From Other Funds | 693,512 |
| | |
| Total | 928,310 |
| | |
| Expenditures | |
| | |
| TIER 1 | 204,858 |
| TIER 2 | 1,348,348 |
| TIER 3 | 3,160,722 |
| TIER 4 | 3,339,081 |
| | |
| Total | 8,053,009 |
| | |
| Net Surplus/(Deficit) | (7,124,699) |

**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 abated 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 \$171,000 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, 2019

| | |
|-----------------------|------------------|
| Revenues | |
| Property Taxes | 1,958,188 |
| | |
| Expenses | |
| Cost of Issuance | 10,000 |
| Due to General Fund | 779,806 |
| Principal 2012 A | 340,000 |
| Interest 2012 A | 60,750 |
| Principal 2015 B | 630,000 |
| Interest 2015 B | 11,970 |
| Interest 2015 D | 125,662 |
| Total Expenses | 1,958,188 |
| | |
| Net Surplus | 0 |

HISTORIC TAX RATES, LEVIES, AND EXTENSIONS

| 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 |