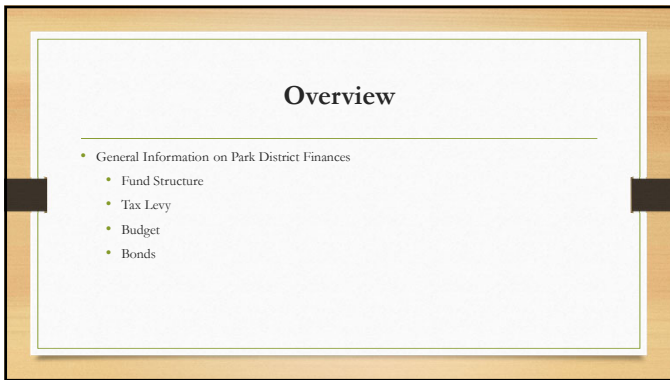
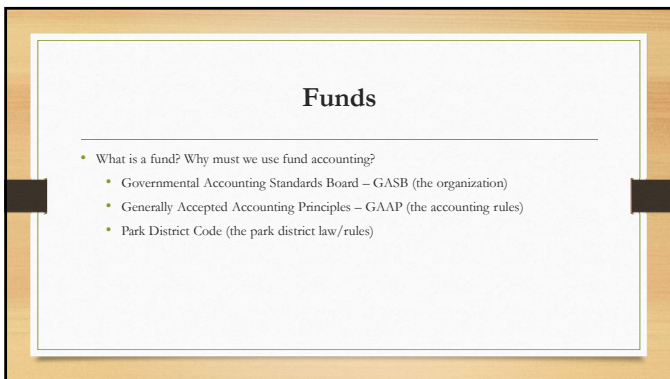


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Fund Structure

- Corporate or General Fund – 10
 - Administration Department – 01
 - Parks Department – 12
 - Community Center Department – 62

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Fund Structure

- Special Revenue Funds – established to collect money that must be used for a specific purpose; provide an extra layer of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose.
 - Recreation Fund – 20
 - Administration Department – 01
 - Recreation Department – 02
 - Athletic Department – 03
 - Haish Gymnasium Department – 10
 - SRC & Athletic Fields Department – 11

5

Fund Structure

- Special Revenue Funds –
 - Liability and Insurance Fund – 21
 - Audit Fund – 22
 - Social Security Fund – 23
 - IMRF Fund – 24
 - Museum Fund – 25
 - Ellwood House – 25
 - Nehring Center – 26

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Fund Structure

- Special Revenue Funds –
 - Special Recreation – 26
 - Golf – 50
 - Buena Vista – 51
 - River Heights – 52
 - Hopkins Pool – 60
- Capital Projects Fund – 30
- Debt Service Fund – 40

7

Major Revenue Sources

- Where do we get our money?
 - Property taxes (68% of total revenue)
 - Service fees and charges (10% of total revenue)
 - Program revenue (7% of total revenue)
 - Rental revenue (6% of total revenue)
 - Grants and other governmental – includes TIF funds (5% of total revenue)
 - Sales revenue (3% of total revenue)
 - Miscellaneous revenue (up to 1% of total revenue)

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Fund Spending

- What does each fund pay for?
 - Corporate/General Fund - general operating activities which are not accounted for in any other fund
 - Recreation Fund - for planning, establishing, and maintaining recreation programs
 - Audit Fund - payment of annual auditing expenses
 - Museum Fund - expenditures of maintaining two museum facilities
 - Golf Fund - expenditures of operating two golf courses
 - Aquatics Fund - expenditures of maintaining the pool and aquatics programs

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Fund Spending

- Special Recreation Fund - provide recreation programs for individuals with disabilities, capital improvements related to ADA, KSRA contribution
- Liability or Insurance Fund - settlements or judgements, insurance pool (PDRMA) premiums, risk management and safety supplies
- Social Security Fund - employer contributions to participate in FICA (Federal Insurance Contribution Act) and Medicare
- IMRF Fund - employer contribution to IMRF pension plan

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Fund Spending

- Debt Service Fund - also called the Bond & Interest Fund
 - Revenue comes from property taxes, to retire principal or pay interest on bonds, to pay towards any debt for the district.
 - The District levies taxes specifically to this fund to pay for the bond issued each November.
- Capital Projects Fund – to account for capital project expenditures such as land acquisition, capital purchases, new playgrounds, etc.
 - Revenue comes from bond issuances, grants, etc.
 - The District's capital criteria: \$5,000 or more; useful life of greater than one year; results in a fixed asset.
 - Maintenance vs capital: oil change vs replacing the engine of a vehicle.

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Tax Levy

- Resident Property Tax Bills – how do the amounts get there?
- Factors affecting the tax levy
 - EAV – Equalized Assessed Valuation (1/3 of the market value of all real estate property in the District)
 - CPI – Consumer Price Index (an economic indicator – most widely used measure of inflation)
 - New construction
 - New annexations
- The Park District does not set these factors, but can make decisions based on them.

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Tax Levy

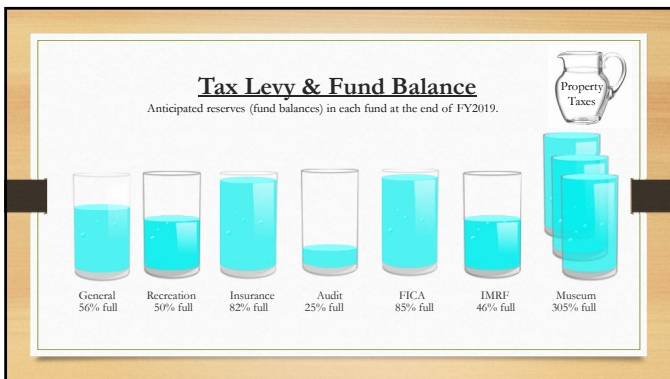
- How to determine the levy amount
 - Estimate the EAV
 - Estimate the amount needed for each fund based on fund balance projections and budget
 - Total levy is limited for the District (i.e., the tax cap) unless other means are taken, such as truth in taxation, referendum, etc.

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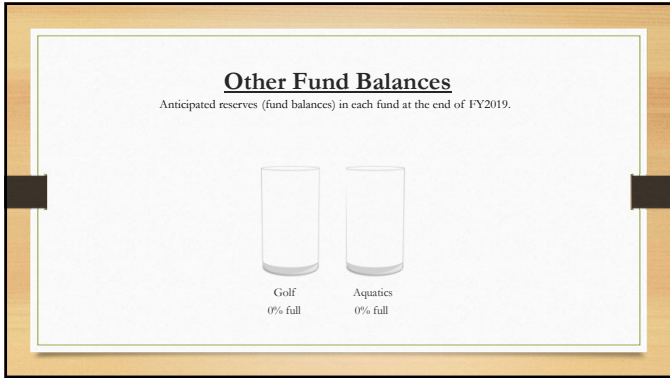
Fund Balance

- What is fund balance? The difference between the fund's assets and liabilities.
 - What does that really mean?
 - What each fund has left over once it has taken care of all of its debt/bills
 - The fund's "reserves"
 - Similar to a personal savings account (although fund balance is not always cash)
 - Why do we need fund balance?
 - Board approved policy
 - District goal is 25-50% of annual operating expenses (three to six months of expenses)
 - Revenues may fall short
 - Unexpected expenses

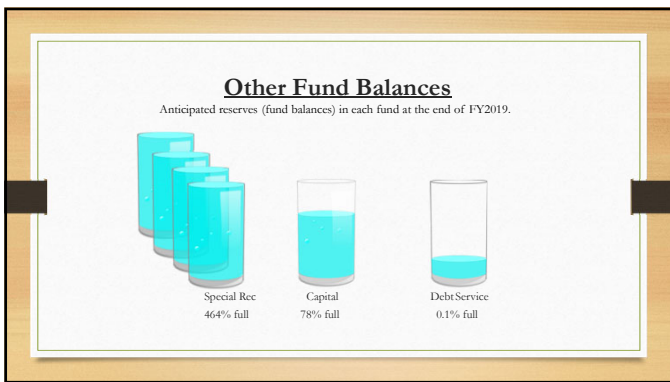
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Tax Levy – Tax Cap

- Tax levy-taxes that the District requests that the County collect from the residents
- Tax extension-taxes that the County actually collects from the residents
- Tax cap limits the tax extension to CPI or 5%, whichever is less
- Tax cap formula
 - Highest Extension in last three years x CPI
 - Current EAV-New Construction-New Annexations
 - = Limiting Rate
- Limiting Rate x Current EAV = Property Tax Extension

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Tax Levy

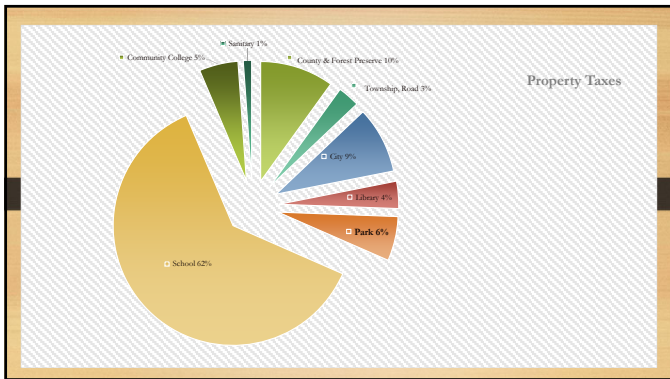
- Simplified example
 - Tax extension from previous year x CPI (or 5%, whichever is lower)
 - CPI has not been over 5% since the tax cap was enacted
- Example:
 - Last year's extension = \$100,000
 - CPI = 2%
 - Expected tax extension = $\$100,000 \times 1.02 = \$102,000$

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Tax Levy

- Estimate the levy and present it to the Board at least 20 days prior to adopting the levy ordinance
- Determine the need for a truth in taxation hearing (if levy is 5% or more than last year's extension).
 - If one is needed, publish a notice of public hearing in the newspaper (at least 7 days, but not more than 14 days prior to the hearing date).
 - Hold truth in taxation hearing if needed
- Adopt levy ordinance
- File levy ordinance with DeKalb County – by the last Tuesday in December

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Tax Levy

- Special Recreation Fund not included in the tax cap formula
 - It now has a tax rate of up to 0.040 (4 cents on every 100 dollars of EAV)
 - The District's bylaws with KSRA state that we levy and remit 0.020 to them

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Tax Levy

- Debt Service Fund is not included in the tax cap formula
 - DSEB (Debt Service Extension Base)
 - This is the annual amount a park district is permitted to receive for capital improvements
 - The District levies taxes in the amount of the bond issuance from November
 - The District is allowed to increase the amount by CPI each year
 - The District hires a bond advisor (Speer Financial) to assist us

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Tax Extension

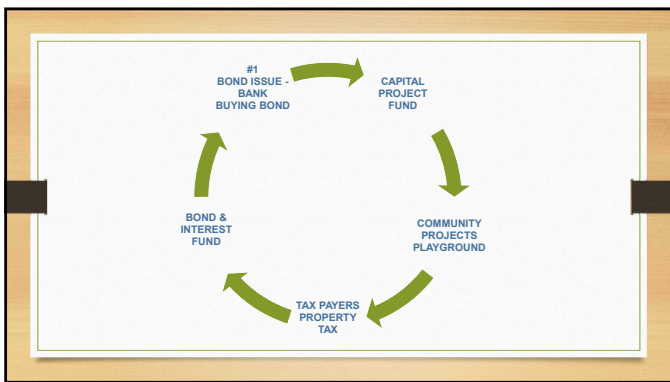
- How and when do we get our money?
 - DeKalb County property taxes are due from property owners in June and September.
 - DeKalb County remits the money to the taxing districts six times a year from May through November

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Bonds

- Form of financing/debt
- The Debt Service Extension Base (DSEB) can only be collected if debt is issued
- Debt can be issued annually or by extending debt over a period of time

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Budget

- Internal document/guide
- Budget process
- Spending plan
- Realistic
- Based on actual data from previous years
- Based on agency expectation
- Operating and capital budgets

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Budget

- After the budget has been adopted
 - Review monthly
 - Compare budget to actual
 - Compare budget to previous year
 - Make adjustments in expenses based on revenue
 - All departments work towards the common goal: the District's financial stability
 - Accountability

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Summary

- General information on Park District Finance
 - Fund structure
 - Tax levy
 - Budget
 - Bonds
- Questions?

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Budget & Appropriation

- Appropriation
 - Legal spending limit
 - Legal limit is at the fund level
 - IAPD and the District's auditors/attorney recommend appropriating 10-20% above the budget to provide a contingency for unanticipated or emergency expenses.
 - If the District spends more than the amount appropriated, the District has to adopt an amended Budget & Appropriation Ordinance.
 - Incurring costs: advertise in paper, hold a public hearing, board time, staff time

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Budget & Appropriation

- Steps
 - Prepare and post the B&A Ordinance in tentative form (30 days prior to the adoption of the ordinance).
 - Publish a notice of hearing in the newspaper (at least one week before the hearing)
 - Budget & Appropriation Hearing held in February.
 - Budget & Appropriation Ordinance approved by the Board in February.
 - The District is legally required to pass a budget within the first quarter of the fiscal year.
