



**GLENCOE PARK DISTRICT
FINANCE COMMITTEE OF THE WHOLE MEETING
Tuesday, October 2, 2018 | 7:00pm
Takiff Center**

Consistent with the requirements of the Illinois Compiled Statutes
5 ILCS 120/1 through 120/6 (Open Meetings Act), notices of this meeting were posted.
Location of the meeting is in the Takiff Center, 999 Green Bay Road, Glencoe, IL 60022

A G E N D A

- I. Call to Order
- II. Roll Call
- III. Matters from the Public
- IV. Discussion of Proposed 2018 Tax Levy Amount
- V. Other Business
- VI. Adjournment

The Glencoe Park District is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or facilities, are asked to contact the Park District at 847-835-3030. Executive Director E-mail address: lsheppard@glencoe parkdistrict.com

To: Board of Park Commissioners
From: Carol Mensinger, Director of Finance/HR
Date: September 26, 2018
CC: Lisa Sheppard, Executive Director

Subject: 2018 Tax Levy Process and Overview

It is that time of year again when we begin the legal cycle for our **next** fiscal year, FY2019/2020. The first step in that cycle is to determine the District's levy amount and to approve the 2018 Tax Levy Ordinance, which is filed with the Cook County Clerk's Office.

Last year, the District approved an operating levy increase of 4.40%, which allowed for the 2.1% CPI plus estimated new growth of 2.3%. Per the **final** extension for 2017 that was received this past June, the actual new growth increased only 1.15% - this means we actually met our full potential to collect all "new growth" dollars.

The law requires all taxing bodies in Cook County to hold a public hearing on the proposed levy if the proposed aggregate levy exceeds the amount extended for the previous year by 105%. Even if the proposed aggregate levy does not exceed the amount extended by 105%, a public hearing can still be held.

To better understand this levy process, staff offers the following information each year on this process.

Tax Levy Process – A General Explanation

While the levy process can be confusing, simply stated, it is the legal pre-requisite to a governmental entity receiving money from taxation. It is **not** an appropriation, which is the authorization for the **expenditure** of monies from taxes and other revenue sources. Rather, it is the **authority to collect** tax revenue to finance the District's expenses. Historically, the District's revenue sources consist of approximately 50% tax revenues and 50% program and user fees.

Each year, the District is required to estimate the amount of money to be raised by taxation for use in the following fiscal year. For example, the tax year 2018 levy relates to tax revenues to be collected in FY2019/2020 (March 1, 2019 through February 29, 2020). This estimated amount is called the "aggregate levy amount" and must be stated in a formal resolution passed by the Board. This is typically done at the October or November board meeting. The District is required to publish a notice and hold a public hearing on the proposed property tax levy if the aggregate operating levy increase is greater than 105% of last years extension. The hearing typically takes place at the regular board meeting in November or December.

The total aggregate levy is made up of both the **operational levy** and the **debt service levy**. The operational portion is determined by the amount of the District's levy request **and** numerous unknown variables (Equalized Assessed Valuation (EAV), CPI, new development). The debt service portion is determined by the County Clerk and is based solely on the amount of principal and interest due for all outstanding bond ordinances on file with the County. In addition, the County automatically adds a 3% "loss in collection" factor to all operating fund levies and a 5% "loss factor" to the debt service levy. The Property Tax Limitation Act of 1994 (referred to as "the tax cap") drastically changed the levy process. The tax cap limits tax growth on the existing EAV base, often referred to as "old growth", to an increase of 5% or the CPI, whichever is **lower**. For the 2018 levy, this cap will be 2.1% - meaning all old growth will be capped at this level. In the past three years, the CPI has been 2.1% (2017), 0.7% (2016), and 0.8% (2015). (Unfortunately, operating expenditures such as health insurance, utilities, gasoline, etc., usually increase above and beyond the CPI.)

The tax cap does **not** limit the collection of property taxes on **new development**, often referred to as "new growth", within the District boundaries as long as the maximum legal tax rates have not been achieved. This would include for example, new subdivisions, new homes, new commercial industry, or newly annexed property. The reason that new growth is not capped is due to a philosophy of equity. Because new homeowners and businesses will be benefiting from parks and facilities already paid for by current District residences and business owners, it is felt that they too should pay their fair share. In the second and subsequent years, this new growth then becomes part of the EAV base, or old growth, and is thus capped at the lower of 5% or the CPI.

Under the tax cap, however, **taxing bodies must levy for all potential new growth to actually receive it**. If it is not levied for, not only will you not receive the full potential of all tax monies entitled to the District in the initial year, but it also has a compounding effect because the following year's tax extension is based on the prior year's tax extension, and so on. Therefore, it becomes especially important to make sure the levy amount includes estimation for all new growth anticipated within the District. As mentioned earlier, due to the actual increase in new growth last year, the District did recognize all new growth potential. This is important to remember for each levy.

While it can be difficult to estimate new growth within the District, one can look to prior year history to calculate a historical average, and then build in any anticipated new growth, which may be added to the tax rolls in the coming year. This would also include teardowns. Again, levy amounts are estimates. Determination of actual tax amounts that are extended and collected on behalf of the District are not known until all key factors in the calculation are known, usually in June/July. Key factors include the aggregate levy request, total EAV, assessed value of new development, re-assessment of current (or existing) base EAV, statutory limits on tax rates, CPI, and total debt outstanding. After the tax

levy amount in determined and public hearing held, the Tax Levy Ordinance must be approved and filed with the County. This ordinance is an official legal document which outlines by fund, the total amount of taxes to be assessed and levied for and against all property within the District. While the ordinance is typically approved in November or December, it is for tax revenues that will be actually received in the **following** fiscal year. Although the District's budget process begins for staff in September 2018, the budget is discussed by the Board in February/March 2019, and the Budget and Appropriations Ordinance is officially approved in April/May 2019; the final tax information (i.e. tax revenues, tax rate) will not be known until June/July 2019, or even later. Due to the timing of the levy process and the impact of the tax cap, staff is in effect using its "best guess" when it comes to determining the tax levy amount. (Please remember, the Board can also utilize its authority to abate taxes once all the unknowns are known.) *Ultimately, the tax cap limits the amount of tax dollars received on old growth to the lower of the CPI or 5%, no matter what the levy increase is. And the amount of tax dollars received on new growth depends on if you have actually levied enough to receive it.*

2018 Tax Levy Amount-Glencoe Park District

Given the information above, staff feels that the District should continue to proceed with a proactive approach by levying an amount, which would ensure we are capturing all new growth tax dollars. In addition to the philosophy of equity, capturing all new growth tax dollars becomes especially important when considering the following:

1. Unlike the Village, the Park District does not have other revenue sources (ex: sales tax, gasoline tax, etc.) to rely on to operate. The Park District relies primarily on property taxes (50%) and user/program fees/other sources (50%).
2. Operating expenses have increased over and above the CPI increase in recent years. Examples include utilities, insurance premiums, contractual services, wages, gasoline, and pension contributions to IMRF.
3. Per the District's Fund Balance Policy, the Board has directed staff to keep minimum fund balance requirements (50% in Corporate and Recreation, and 25% in all other funds) as is advised by the Government Finance Officers Association. This is especially important when faced with large, unexpected repairs, or delays in receiving the second installment of tax revenues.
4. Specific funding for the District's Master Plan Projects (Fund 69) has been historically dependent on the surpluses in the Corporate and Recreation Funds. Each year, a minimum of approximately \$500,000 is also earmarked for annual capital improvements in the Capital Projects (Fund 65).

Breakdown of Levy Amount By Fund

See attached for additional information on the breakdown of the proposed aggregate levy amount by fund.

Staff Recommendation-2018 Tax Levy Amount

Per the County Clerk's Office, the old growth (or existing EAV base) will be capped at 2.1% CPI. It has been past Board philosophy that new homeowners and business owners should pay their fair share for parks and facilities already existing within the District. Thus, it is important to levy an amount to capture all new growth potential. Based on these considerations, staff recommends an **operating** levy amount of **\$4,546,000**, which is **4.21%** greater than last year's final tax extension of **\$4,362,410**. Realizing that old growth will be capped at 2.1% (CPI) this year no matter what the levy amount is, it is the District's intent in levying 4.21% is only to **ensure** new growth tax dollars (up to 2.11%) are received. Please note, new growth has been under 1.5% in the past eight years.

The District's **debt service** levy amount has remained at an increased level since the successful referendum bond issue in 2006. The total debt service levy amount of **\$1,164,500** includes principal and interest for the 2010 Refunding Bonds (\$129,800) and the new 2015 Refunding Bonds (\$1,034,700). This will result in a 5.07% decrease in the debt service levy compared to last year's final extension.

Since the District's 2018 operating levy request is not more than 105% of last year's final extension, it is not required to hold a public hearing on the levy but the Board may still wish to do so. It would be staff's intent to formally approve the amount to be levied and approve the Truth and Taxation Resolution at the October 16 regular board meeting, and then approve the Levy Ordinance at the November 20 regular meeting. If held, the public hearing on the levy would be held at the November 20 regular meeting as well. The Levy Ordinance must be filed with the County Clerk's office by the last Tuesday in December (December 25, 2018).

Glencoe Park District
Breakdown of Levy By Fund-2018 LEVY REQUEST

----Tax Rates----		Fund	Proposed		% Increase	Relevant Considerations
Limit	2017 Rate		Tax Yr 2017 Extension	Tax Year 2018 Extension		
0.3500	0.2332	Corporate	2,194,879	2,280,000	3.88%	The 2018 tax year levy will be used to cover general operating increases in utilities, contractual services, wages, health insurance, postage, supplies, etc. In addition, an amount of \$500,000 has been used annually to fund the District's capital projects program. Staff expects fund balance to be maintained at or near current levels. The undesignated projected fund balance level at the end of the FY2018/19 is 61%. The Board designated \$300,000 to be "committed" for future capital in FY19/20.
0.3700	0.1113	Recreation	1,047,556	1,095,000	4.53%	The 2018 tax year levy will also be used to cover general operating increases as described above. It is expected that enrollments in District programs will grow, and that as such, the typical net surplus can be used to offset the deficit operations of running the Takiff Center. Adequate fund balance levels are key to the financial health of this fund. The undesignated projected fund balance at the end of FY2018/19 is approximately 61%. The Board designated \$ 700,000 to be "committed" for future capital in FY19/20.
0.0400	0.0330	Special Recreation	310,545	315,000	1.43%	Preliminarily, NSSRA contribution will increase slightly (3%) from current \$103,190 to \$106,205. Companion fees will be maintained after credit carryover, so we hope to maintain at \$50,000. NSSRA Capital contribution is \$8,000. Projected fund balance at the end of FY2018/19 is 27%. Staff looks to increase levy this year to max for ADA Transition Plan improvements.
None	0.0373	IMRF	351,067	360,000	2.54%	Next fiscal year, employer IMRF contribution rate will decrease from 14.25% to 12.12%. However, IMRF participation increased significantly due to the Daycare expansion. Projected fund balance at the end of FY2018/19 is approximately 72%. Staff recommends a levy amount slightly less than the anticipated budget amount, given the level of fund balance.
None	0.0261	Social Security	245,653	280,000	13.98%	This employer FICA contribution rate remains at 6.2% and the Medicare contribution rate remains at 1.45%. Projected fund balance at the end of FY2018/19 is 29%. Staff recommends a levy amount equal to the anticipated budget amount, which will be significantly increased over last year due to the Daycare expansion.
None	0.0166	Liability Insurance	156,239	160,000	2.41%	PDRMA continues to maintain single-digit increases in general liability, property, and employment practices insurance coverages by utilizing their rate stabilization fund. Unemployment claims have been maintained at same level. Projected fund balance at the end of FY2018/19 will be about 60%. Staff recommends that the levy amount in this fund be at the anticipated budget for new year, which will increase significantly following year for operating expds of expanded Daycare.
None	0.0044	Workers Comp	41,412	43,000	3.83%	PDRMA anticipates a similar increase in worker compensation insurance premiums, per the rationale above. Projected fund balance at the end of FY2018/19 is 80%, and staff recommends a levy amount equal to the anticipated budget for new year, which will increase significantly following year for addl wages of expanded Daycare.
0.0050	0.0016	Audit	<u>15,059</u>	<u>13,000</u>	-13.67%	Levy amount includes a minimal increase in audit fees from \$12,100 to \$12,350 for the second year of a 5-year contract extension with Lauderbach & Amen. Projected fund level at the end of the year is 42%.
	0.4635	Subtotal-Operating	4,362,410	4,546,000	4.21%	
None	0.1303	Bond & Interest	1,226,663	1,164,500	-5.07%	Levy amount is automatically determined by the County based on all bond ordinances on file. The amount levied includes 2010 Refunding Series principal (\$120,000) and interest (\$9,800) for a total of \$129,800. The amount levied for the 2015 Refunding Series includes principal (\$825,000) and interest (\$209,700) for a total of \$1,034,700. (Note, the levy amount does not yet reflect the 5% loss factor added by the County.)
	0.5938	Total - All Funds	5,589,073	5,710,500	2.17%	

NOTE: Fund balance percentages are calculated by dividing projected 2/28/19 fund balance by budgeted FY2018/19 annual operating expenditures.

**Glencoe Park District
History of Final Levy Tax Extensions
September 2018**

Tax Year	CPI	Total EAV	EAV- Old Growth	EAV- New Growth	Limiting Tax Rate	Total EAV Inc/(Dec)	% +/- Total EAV	% +/- NEW Gwth	% +/- OLD Gwth**
2018	2.1%								
2017	2.1%	941,200,637	10,099,210	10,546,572	0.431	20,645,782	2.24%	1.15%	1.10%
*2016	0.7%	920,554,855	166,281,244	5,309,461	0.427	171,590,705	22.91%	0.71%	22.20%
2015	0.8%	748,964,150	(33,538,383)	8,126,533	0.518	(25,411,850)	-3.28%	1.05%	-4.33%
2014	1.5%	774,376,000	1,312,512	6,885,500	0.491	8,198,012	1.07%	0.90%	0.17%
*2013	1.7%	766,177,988	(88,862,471)	4,339,734	0.485	(84,522,737)	-9.94%	0.51%	-10.45%
2012	3.0%	850,700,725	(65,096,549)	5,012,190	0.427	(60,084,359)	-6.60%	0.55%	-7.15%
2011	1.5%	910,785,084	(114,212,290)	7,988,009	0.384	(106,224,281)	-10.44%	0.79%	-11.23%
*2010	2.7%	1,017,009,365	(196,141,919)	6,993,287	0.334	(189,148,632)	-15.68%	0.58%	-16.26% *
2009	0.1%	1,206,157,997	57,174,254	24,028,445	0.273	81,202,699	7.22%	2.14%	5.08%
2008	4.1%	1,124,955,298	39,624,601	18,336,947	0.284	57,961,548	5.43%	1.72%	3.71%
*2007	2.5%	1,066,993,750	271,610,592	23,166,226	0.284	294,776,818	38.17%	3.00%	35.17% *
2006	3.4%	772,216,932	(15,805,477)	17,426,571	0.374	1,621,094	0.21%	2.26%	-2.05%
2005	3.3%	770,595,838	35,760,402	20,140,599	0.354	55,901,001	7.82%	2.82%	5.00%
*2004	1.9%	714,694,837	163,446,630	12,357,248	0.357	175,803,878	32.62%	2.29%	30.33% *
2003	2.4%	538,890,959	(9,698,462)	10,969,839	0.442	1,271,377	0.24%	2.04%	-1.80%
2002	1.6%	537,619,582	30,706,852	9,847,825	0.452	40,554,677	8.16%	1.98%	6.18%
*2001	3.4%	497,064,905	89,548,869	13,932,060	0.473	103,480,929	26.29%	3.54%	22.75% *
2000	2.7%	393,583,976	(10,549,605)	5,708,214	0.526	(4,841,391)	-1.22%	1.43%	-2.65%
1999	1.6%	398,425,367	9,377,933	5,158,838	0.498	14,536,771	3.79%	1.34%	2.44%
*1998	1.5%	383,888,596	35,078,769	4,829,704	0.502	39,908,473	11.60%	1.40%	10.20% *
1997	3.6%	343,980,123	(1,831,113)	3,054,227	0.543	1,223,114	0.36%	0.89%	-0.53%
1996	2.5%	342,757,009	1,384,535	3,190,291	0.522	4,574,826	1.35%	0.94%	0.41%
*1995	2.7%	338,182,183	30,661,674	5,458,884	0.518	36,120,558	11.96%	1.81%	10.15% *
1994		302,061,625							

* Denotes a tri-annual re-assessment year.

** Note: Old Growth is capped at CPI.

**Glencoe Park District
 Levy Information - Fund Balances of Operating Funds
 September 2018**

Fund	Actual 2/28/2018 Fund Balance	Projected 2/28/2019 Fund Balance	
CORPORATE			
Undesignated	660,760	318,775	11%
Designated-Min Oper F/B Guideline	1,224,105	1,424,600	50%
Assigned - Medical Insurance Reserve	13,000	13,000	
Committed - Future Capital	<u>500,000</u>	<u>300,000</u>	
Total	2,397,865	2,056,375	
RECREATION			
Undesignated/Committed	1,110,883	524,303	11%
Designated-Min Oper F/B Guideline	2,052,932	2,236,594	50%
Committed - Future Capital	<u>500,000</u>	<u>700,000</u>	
	3,663,815	3,460,897	
SPECIAL RECREATION	119,329	91,048	27%
IMRF RETIREMENT	258,749	250,438	72%
SOCIAL SECURITY	72,656	76,156	33%
BOND & INTEREST	294,559	337,955	29%
LIABILITY INSURANCE	114,240	98,570	60%
WORKERS COMPENSATION	32,927	32,287	80%
AUDIT	<u>6,284</u>	<u>6,139</u>	42%
Grand Total	Operating Funds	6,960,424	6,409,865

**GLENCOE PARK DISTRICT
RESOLUTION No. ____**

TRUTH IN TAXATION LAW RESOLUTION

RESOLVED, by the Board of Park Commissioners of the Glencoe Park District, Cook County, Illinois that based upon the most recently ascertainable information, the following estimate of taxes to be levied is hereby made in accordance with Section 60 of the "Truth in Taxation Law":

1. The corporate and special purpose property taxes extended or abated for 2017 were \$4,362,410. The proposed corporate and special purpose property taxes to be levied for 2018 are \$4,546,000. This represents a 4.21% increase over the previous year.
2. The property taxes extended for debt service and public building commission leases for 2017 were \$1,226,663. The estimated property taxes to be levied for debt service and public building commission leases for 2018 are \$1,164,500. This represents a 5.07% decrease over the previous year.
3. The total property taxes extended or abated for 2017 were \$5,589,073. The estimated total property taxes to be levied for 2018 are \$5,710,500. This represents a 2.17% increase over the previous year.
4. Based on the foregoing, no public hearing or publication is required under the Truth in Taxation Law. However, the Board will still hold a public hearing on the proposed levy on November 20, 2018.

Passed this 16th day of October 2018.

AYES:
NAYS:
ABSENT:

Lisa Brooks, President
Board of Park Commissioners

Attested and filed this 16th day of October 2018.

Lisa Sheppard, Secretary
Board of Park Commissioners

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

SECRETARY'S CERTIFICATE

I, Lisa M. Sheppard, do hereby certify that I am Secretary of the Board of Park Commissioners of the Glencoe Park District, Cook County, Illinois, and as such official, I am keeper of the records, ordinances, files and seal of said Park District; and,

I HEREBY CERTIFY that the foregoing instrument is a true and correct copy of Resolution No. _____:

TRUTH IN TAXATION LAW RESOLUTION

adopted at a duly called Regular Meeting of the Board of Park Commissioners of the Glencoe Park District, held at Glencoe, Illinois, in said District held immediately following a 7:00 p.m. Finance Committee of the Whole meeting on the 16th day of October 2018.

I DO FURTHER CERTIFY that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Park District Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the Glencoe Park District at Glencoe, Illinois this 16th day of October 2018.

Lisa M. Sheppard, Secretary
Board of Park Commissioners
Glencoe Park District

[SEAL]

**Notice of Proposed Property Tax Levy Increase
For Glencoe Park District**

- I. A public hearing to approve a proposed property tax levy increase for the Glencoe Park District for 2018 will be held on November 20, 2018, at 7 p.m., at the Glencoe Park District, 999 Green Bay Road, Glencoe, Illinois.

Any person desiring to appear at the public hearing and present testimony to the taxing district may contact Lisa Sheppard, Secretary of the Board of Park Commissioners, 999 Green Bay Road, Glencoe, Illinois, telephone number (847) 835-3030.

- II. The corporate and special purpose property taxes extended or abated for 2017 were \$4,362,410.

The proposed corporate and special purpose property taxes to be levied for 2018 are \$4,546,000. This represents a 4.21% increase over the previous year.

- III. The property taxes extended for debt service and public building commission leases for 2017 were \$1,226,663.

The estimated property taxes to be levied for debt service and public building commission leases for 2018 are \$1,164,500. This represents a 5.07% decrease over the previous year.

- IV. The total property taxes extended or abated for 2017 were \$5,589,073.

The estimated total property taxes to be levied for 2018 are \$5,710,500. This represents a 2.17% increase over the previous year.