



**GLENCOE PARK DISTRICT  
FINANCE COMMITTEE OF THE WHOLE MEETING  
Tuesday, June 19, 2018 - 6:30pm  
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 the Takiff Center, 999 Green Bay Rd, Glencoe, IL 60022

**A G E N D A**

- I. Call to Order
- II. Roll Call
- III. Matters from the Public
- IV. Discussion of FY 2017/2018 Annual Audit Report, Management Letter, Other
- V. Discussion to Reserve a Portion of Current Fund Balance for Future Capital
- VI. Discussion of Preliminary 2017 Final Tax Extension
- VII. Other Business
- VIII. Adjourn

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@glencoeParkDistrict.com](mailto:lsheppard@glencoeParkDistrict.com)

## **IV. Discussion of FY2017/18 Annual Audit Report, Management Letter, Other**

**Hard copies of the Annual Financial Report and the Management Letter were delivered to the Board on Friday, June 15.**

Glencoe Park District

June 19, 2018

Finance Committee of the Whole Meeting



To: Board of Park Commissioners  
From: Carol Mensinger, Director of Finance/HR  
cc: Lisa Sheppard, Executive Director  
Ronald Amen, Lauterbach & Amen, LLP

Date: June 14, 2018

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SUBJECT: Staff Response to Audit Report, Management Letter, SAS Letters

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In this packet, you will find the Annual Audit Report, Management Letter, SAS 114 Letter and SAS 115 Letter, which were prepared by the District's independent auditing firm, Lauterbach & Amen, LLP, for the fiscal year ended February 28, 2018. This was the first year of a three-year contract with Lauterbach & Amen, LLP.

#### Annual Audit Report

The firm of Lauterbach & Amen has issued an unqualified opinion on the financial statements of the Glencoe Park District as of the year ended February 28, 2018. The unqualified opinion means that the auditor concludes that the financial statements give a true and fair view in accordance with Generally Accepted Accounting Principles (GAAP), which in other words means that the District's financial condition, position, and operations are fairly presented in the financial statements. It is the best type of report that can be received from an independent auditor.

I have attached additional summary reports to show comparisons of fund balance levels to the prior four fiscal years, and am happy to report that fund balance levels are healthy. Audited total fund balance levels decreased from \$9,212,722 as of February 28, 2017 to \$9,001,604 as of February 28, 2018, which was a decrease of \$211,118. The primary reason for the decrease is the **planned** use of committed capital project reserves to complete the second year of Master Plan projects: Astor and West playground renovations, Takiff parking lot improvements, and the new Glencoe Fitness Center.

#### Management Letter, SAS 114, SAS 115

As a part of the annual audit process, Lauterbach & Amen also is required to communicate certain items related to the audit process. As such, also included in this packet are three communication letters:

- SAS 114 Letter – Communication to those charged with governance of the audit process.
- SAS 115 Letter – Communication of internal controls that are considered to be significant deficiencies or material weaknesses.
- Management Letter – Communication of internal controls that are considered to be deficiencies, as well as other recommendations related to the audit process.

### SAS 114 Letter

Per the attached letter to the Board dated May 21, 2018, items are communicated by Lauterbach & Amen regarding the audit itself and the audit process. This information is self-explanatory, and staff would concur with this information.

### SAS 115 Letter

Staff is happy to report that there was not a letter issued this year, as there were no material audit journal entries proposed by Lauterbach & Amen, LLP.

### Management Letter

The following is staff's response to the items listed in this letter:

- There is only one prior year item, and it relates to the future implementation of GASB 74 and 75. These GASB statements apply to new reporting for post-employment benefit plans. The District is not required to implement until the fiscal year audit ending February 28, 2019.

While the District does not pay for post-retirement medical and dental insurance for retirees, we are required by law to offer retiree continuation to employees that retire from District. They pay their own premiums. PDRMA Health recently conducted a webinar for member agencies on the actuarial assistance that will be provided. Staff is confident in the implementation for February 28, 2019 deadline.

If you have any questions concerning the annual audit report, management letter or SAS letters, please do not hesitate to contact me. This information will be discussed in further details at the Finance Committee of the Whole meeting on June 19, 2018 at 6:30pm, just prior to the regular board meeting. A representative from Lauterbach & Amen will be in attendance to present the information and answer any questions you might have.

Glencoe Park District  
Fund Balance Summary  
Audited Amounts as of 2/28/18

	<u>2/28/2014</u> <b>ACTUAL</b> <b>FUND BAL</b>	<u>2/28/2015</u> <b>ACTUAL</b> <b>FUND BAL</b>	<u>2/29/2016</u> <b>ACTUAL</b> <b>FUND BAL</b>	<u>2/28/2017</u> <b>ACTUAL</b> <b>FUND BAL</b>	<u>2/28/2018</u> <b>ACTUAL</b> <b>FUND BAL</b>	Minimum/Undesignated as Fund Balance %
<b><u>CORPORATE FUND</u></b>						
Reserve- Undesignated/Committed	\$991,440	\$1,064,580	\$804,910	\$533,504	\$660,760	
Designated - Medical Insurance Reserve	\$23,000	\$18,000	\$18,000	\$15,000	\$13,000	
Designated-Minimum Operating Fund Bal 50%	\$592,595	\$620,551	\$1,121,678	\$1,350,981	\$1,224,105	
Designated-Future Capital Reserves	<u>\$400,000</u>	<u>\$300,000</u>	<u>\$150,000</u>	<u>\$600,000</u>	<u>\$500,000</u>	
<b>CORPORATE - TOTAL FUND BALANCE</b>	\$2,007,035	\$2,003,131	\$2,094,588	\$2,499,485	\$2,397,865	<b>66%</b>
<b><u>RECREATION FUND</u></b>						
Reserve- Undesignated	\$1,494,682	\$1,565,129	\$2,153,266	\$704,557	\$1,110,883	
Designated-Minimum Operating Fund Bal 50%	\$947,905	\$991,870	\$970,646	\$2,127,385	\$2,052,932	
Designated-Future Capital Reserves	<u>\$300,000</u>	<u>\$700,000</u>	<u>\$250,000</u>	<u>\$1,100,000</u>	<u>\$500,000</u>	
<b>RECREATION - TOTAL FUND BALANCE</b>	\$2,742,587	\$3,256,999	\$3,373,912	\$3,931,942	\$3,663,815	<b>71%</b>
<b><u>MINOR OPERATING FUNDS</u></b>						
SPECIAL RECREATION FUND	\$165,823	\$260,181	\$272,131	\$156,259	\$119,329	<b>36%</b>
IMRF RETIREMENT FUND	\$12,142	\$82,330	\$227,608	\$246,903	\$258,749	<b>74%</b>
SOCIAL SECURITY FUND	\$90,541	\$90,945	\$47,609	\$59,889	\$72,656	<b>31%</b>
BOND & INTEREST FUND	\$169,307	\$209,552	\$237,876	\$255,932	\$294,559	<b>25%</b>
LIABILITY INSURANCE FUND	\$56,466	\$61,982	\$94,380	\$113,060	\$114,240	<b>70%</b>
WORKERS' COMPENSATION FUND	\$15,490	\$27,450	\$30,261	\$32,944	\$32,927	<b>81%</b>
AUDIT FUND	\$11,753	\$9,690	\$6,625	\$7,321	\$6,284	<b>43%</b>
<b>SUBTOTAL - OPERATING FUNDS</b>	<b>\$5,271,144</b>	<b>\$6,002,260</b>	<b>\$6,384,990</b>	<b>\$7,303,735</b>	<b>\$6,960,424</b>	
<b><u>OTHER CAPITAL FUNDS:</u></b>						
COMMUNITY CENTER RENOVATION PROJECT	\$0	\$0	\$0	\$0	\$0	
CAPITAL PROJECTS FUND	\$390,383	\$357,510	\$481,036	\$298,505	\$292,020	
MASTER PLAN CAPITAL PROJECTS FUND	\$0	\$700,000	\$2,480,432	\$1,500,569	\$1,673,805	
SPECIAL TRUST FUND	\$113,366	\$108,016	\$97,702	\$73,600	\$67,355	
IMPACT FEE FUND	<u>\$40,040</u>	<u>\$52,353</u>	<u>\$52,353</u>	<u>\$36,313</u>	<u>\$8,000</u>	
<b>SUBTOTAL - CAPITAL FUNDS</b>	<b>\$543,789</b>	<b>\$1,217,879</b>	<b>\$3,111,523</b>	<b>\$1,908,987</b>	<b>\$2,041,180</b>	
<b>TOTAL - ALL FUNDS</b>	<b>\$5,814,933</b>	<b>\$7,220,139</b>	<b>\$9,496,513</b>	<b>\$9,212,722</b>	<b>\$9,001,604</b>	

Note: Designated Minimum Fund Balance increased from 25% to 50% for Recreation Fund in February 2017.

# **V. Discussion to Reserve a Portion of Current Fund Balance for Future Capital**

Glencoe Park District

June 19, 2018

Finance Committee of the Whole Meeting



To: Board of Park Commissioners

Date: June 14, 2018

From: Carol Mensinger

cc: Lisa Sheppard, Executive Director

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**SUBJECT: Reserving Portion of Fund Balance for Future Capital**

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During the FY2018/19 budget discussions earlier this year, staff proposed that a portion of the current Corporate Fund and Recreation Fund fund balance reserves be earmarked for future capital (to be identified in the master planning process). As was done in previous years, staff also suggested that we await final audited fund balances to make a determination on the exact amount to be committed for this purpose.

Per the District's current Fund Balance Policy, guidelines for the Corporate Fund and Recreation Fund minimum fund balance levels are as follows:

**A. General Fund** - The General Fund is a major fund and the general operating fund of the Park District. It is used to account for administrative, maintenance, parks, and greenhouse, Watts Ice, and Beach operations, and all financial resources except those that are accounted for in another fund.

1. Each year a portion of the spendable fund balance will be determined as follows:

- a. Committed – A portion of the fund balance may be committed through formal action of the Board of Commissioners either through a resolution or ordinance.
- b. Assigned – Fiscal Sustainability. This assigned fund balance will be maintained at a minimum level of 50% of annual budgeted expenditures. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of six months (50%) of expenditures not including capital, debt service and interfund transfers.
- c. Unassigned – The unassigned fund balance will be reviewed annually during the budget process. Balances in excess of six months (50%) of annual budgeted expenditures may be transferred to the Capital Projects Fund to support future capital projects.

**B. Special Revenue Funds** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes other than debt service or capital projects. Financing for most special revenue funds is provided by a specific annual property tax levy. In some cases, financing is received from admissions, fees and charges for programs and activities. These proceeds are devoted

exclusively to the purposes of which the special tax was authorized. Fund balances in special revenue funds (other than the Recreation Fund) are derived from property taxes and are therefore legally restricted to the purpose of the fund.

1. Recreation - This fund is a major fund and is used exclusively for planning, establishing, and maintaining recreational programs carried out by the Park District. Financing is provided from fees and charges for programs and activities and an annual property tax levy.

Each year a portion of the spendable fund balance will be determined as follows:

- i. The restricted fund balance for this fund will be targeted at a minimum level of 50% of annual budgeted expenditures. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of six months (50%) of expenditures not including capital, debt service, and interfund transfers.
- ii. Committed – A portion of the fund balance may be committed through formal action of the Board of Commissioners either through a resolution or ordinance.

As of February 28, 2018, the audited *unassigned* fund balance reserve in the Corporate Fund was \$1,884,865, which represents approximately 66% of current budgeted FY2018/19 annual expenditures in the fund. With a proposed \$300,000 commitment to future capital, the remaining fund balance reserve would remain at just over 55% of annual budgeted expenditures (\$2,849,200).

As of February 28, 2018, the audited fund balance reserve committed for recreation purposes in the Recreation Fund was \$3,159,242, which represents approximately 71% of current budgeted FY2018/19 annual expenditures in the fund. With a proposed \$700,000 commitment to future capital, the remaining fund balance would remain at 55% of annual budgeted expenditures (\$4,473,188).

### **Staff Recommendation**

Based on the District's current Fund Balance Policy, staff recommends that an amount of \$300,000 be committed in the Corporate Fund to "Future Capital Projects" AND that an amount of \$700,000 be committed in the Recreation Fund to "Future Capital Projects". These amounts keep the Corporate and Recreation Funds minimum requirements within the policy to hedge against emergencies/unforeseen expenditures, and yet still allow the District to plan for the future. With these new committed amounts, the District will have committed a total of \$5.8 million for future capital projects from the master plan. (This is *in addition* to the \$1 million donation for Berlin Park.) Please see attached for the sample resolution that will be on the agenda for the July regular board meeting.



**GLENCOE PARK DISTRICT  
RESOLUTION No. XXX**

**A RESOLUTION FOR THE COMMITMENT OF \$300,000 OF THE CORPORATE  
FUND BALANCE AND \$700,000 OF THE RECREATION FUND BALANCE  
FOR FUTURE CAPITAL PROJECTS OF THE GLENCOE PARK DISTRICT**

**WHEREAS**, the Board of Park Commissioners (the “Board”) of the Glencoe Park District, has a Fund Balance Policy which was adopted by the Board in December 2011 and amended in August 2012 and again in February 2017;

**WHEREAS**, the District has more than the 50% required fund balance reserve in the Corporate Fund of the District and more than 50% required fund balance reserve in the Recreation Fund; and

**WHEREAS**, as the District has completed its master plan process which identifies future capital needs of the District;

**NOW THEREFORE**, Be It and It is Hereby Ordained by the Board of Park Commissioners of the Glencoe Park District, Cook County, Illinois that

**Section 1:** In the current Fiscal Year 2017/2018, the Park District will designate an amount of \$300,000 in the Corporate Fund and an additional \$700,000 in the Recreation Fund as “committed fund balance” to be used specifically for “Future Capital Projects of the District” as specifically outlined in the Master Plan.

**Section 2:** The Resolution shall be in full force and effect from after its adoption as provided by law.

Adopted by roll call vote on July 17, 2018:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:

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Dudley Onderdonk, Treasurer  
Board of Park Commissioners

ATTEST:

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Lisa M. 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. **XXX**:

**A RESOLUTION FOR THE COMMITMENT OF \$300,000 OF THE CORPORATE FUND BALANCE AND \$700,000 OF THE RECREATION FUND BALANCE FOR FUTURE CAPITAL PROJECTS OF THE GLENCOE PARK DISTRICT**

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 at 7:00 p.m. on the 17<sup>th</sup> day of July 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 17<sup>th</sup> day of July 2018.

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

[SEAL]

# **VII. Discussion of Preliminary 2017 Final Tax Extension**

Glencoe Park District

June 19, 2018

Finance Committee of the Whole Meeting

To: Board of Park Commissioners cc: Lisa Sheppard, Executive Director  
 From: Carol Mensinger, Director of Finance/HR  
 Date: June 15, 2018

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**Subject: Summary – DRAFT 2017 Final Tax Extension**

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Please see below for a summary of the draft copy of the 2017 final tax year information (FY2018/19 budget year), as well as a comparison to previous tax year 2016. Final 2017 tax year information is typically finalized and published by the county by late June.

For the third time in the last seven years, the District has experienced an **increase** in equalized assessed valuation (EAV).

The *total* EAV increased \$20,645,782 or approximately 2.24%. The District's *new* property EAV totaled \$10,546,972, which equates to an approximate increase in new growth of 1.15%, and therefore, the District's *old* property EAV actually increased \$10,099,210, or 1.10%.

The total tax rate increased slightly from .5849 to .5938. The total rate consists of a "capped" operating rate of .431 and a "non-capped" rate (for Bond & Interest and Special Recreation) of .1633. Until actual tax bills are received this summer, the true impact (i.e., the total tax increase/decrease) to individual taxpayers cannot be determined.

If the collection rate is 100% of extended taxes, the District could receive approximately \$182,528 more in tax revenues than what was included in the current FY2018/19 budget. This is due to the fact that the budget amount is based on an anticipated collection rate of only 98.5% (based on past history).

	<b><u>New Current Yr</u></b> <b><u>Tax Yr 2017</u></b>	<b><u>Prior Yr</u></b> <b><u>Tax Yr 2016</u></b>	<b><u>Difference</u></b>
Total EAV	941,200,637	920,554,855	20,645,782
Extended Tax Dollars:			
Operating Funds	4,362,410	4,160,301	202,109
Bond & Interest Fund	1,226,663	1,224,353	2,310
Total	5,589,073	5,384,654	204,419
	<b><u>New Current Yr</u></b> <b><u>Tax Yr 2017</u></b>	<b><u>Prior Yr</u></b> <b><u>Tax Yr 2016</u></b>	<b><u>Difference</u></b>
Total Budgeted Taxes	5,406,545	5,279,890	126,655
Total Taxes Actually Rec'd	not yet known	5,271,327	
Tax Rate:			
Operating Funds	.4635	.4519	.0116
Bond & Interest Rate	.1303	.1330	(.0027)
Total	.5938	.5849	.0089