



Chicago Park District

Legislation Text

File #: 18-3063-0711, Version: 1

ORDINANCE AUTHORIZING TRANSFERS AMONG OPERATING FUNDS AND APPROPRIATION AMENDMENT

To the Honorable Board of Commissioners of the Chicago Park District

I. Recommendation

It is recommended that the Board of Commissioners (the "Board") adopt an ordinance authorizing the transfer of appropriable revenues in an amount not to exceed \$11.4 million from the Corporate Fund Personal Property Replacement Tax account class to the Corporate Fund Property Tax account class and an amount not to exceed \$11.4 million from the Pension Fund Property Tax account class to the Pension Fund Personal Property Replacement Tax account class. This transfer is authorized under Section 17(h) of the Chicago Park District Act, 70 ILCS 1505/0.01 *et seq.*, and Chapter XII, Section C. 10 of the Code of the Chicago Park District.

It is recommended that the Board amend the appropriation ordinance to reflect this transfer as well as to incorporate an adjustment in Appropriation N. Harbor Capital Fund to reflect the amount of \$8 million which corresponds to the Ordinance authorizing the issuance of bonds for harbor and marina improvements.

II. Explanation

Pursuant to the Chapter XII, Section C.10 of the Chicago Park District Code, the Board may authorize by ordinance transfers among appropriations or transfers of sums of money appropriated for one purpose to another purpose. The 2018 Budget Appropriation authorized on December 13, 2017 included estimates of appropriable revenues and appropriated expenses for fiscal year 2018 including the amount of tax to be levied or other revenue as required for the purpose of providing the amount necessary to be contributed by the Chicago Park District as employer to the Retirement Board of Park Employees' Annuity and Benefit Fund (employer pension contribution).

The 2018 Budget Appropriation reflected an employer pension contribution requirement of \$27,587,693 as directed by the Park Employees' Annuity and Benefit Fund per the formula prescribed in Section 12-149 of the Illinois Pension Code and in compliance with pension reform passed in 2014 in Public Act 098-0622 as detailed below. Specifically, the formula incorporated the increased multiplier of 2.30 times the amount of employee contributions during the 12-month fiscal year ending two years prior.

Total Employee Contributions for the year ended December 31, 2016	\$11,994,649.32
Multiplier for the year 2018	<u>x</u> <u>2.30</u>
Tax levy requirements for 2018	<u>\$27,587,693.44</u>

The appropriable revenues submitted by the District to fund this appropriation included a property tax levy of \$24,587,693 and an allocation of Personal Property Replacement Tax (PPRT) funds of \$3 million.

In March 2018, in response to legal challenges to Public Act 098-0622, the Cook County Circuit Court declared the act unconstitutional in its entirety thereby reverting the multiplier back to 1.10 and mandating that the 2018 budgeted property tax levy be amended to the 1.10 multiplier. The amended formula as detailed below results in a reduction to the employer pension contribution requirement and associated property tax levy for pension purposes.

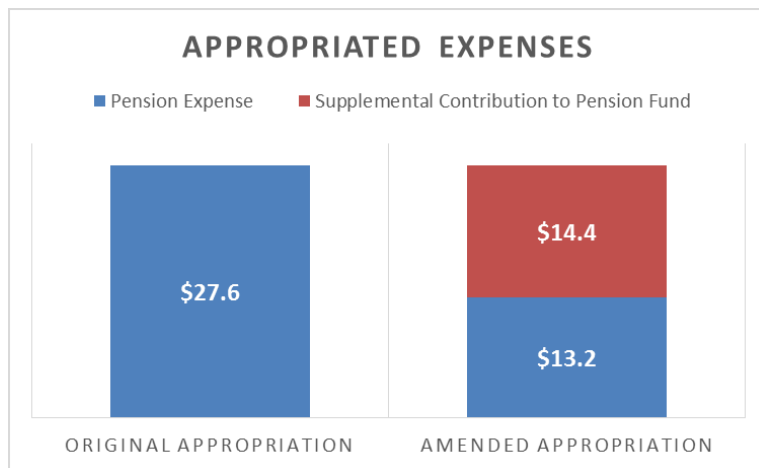
Total Employee Contributions for the year ended December 31, 2016	\$11,994,649.32
Amended multiplier for the year 2018	<u>x</u> <u>1.10</u>

Amended tax levy requirements for 2018

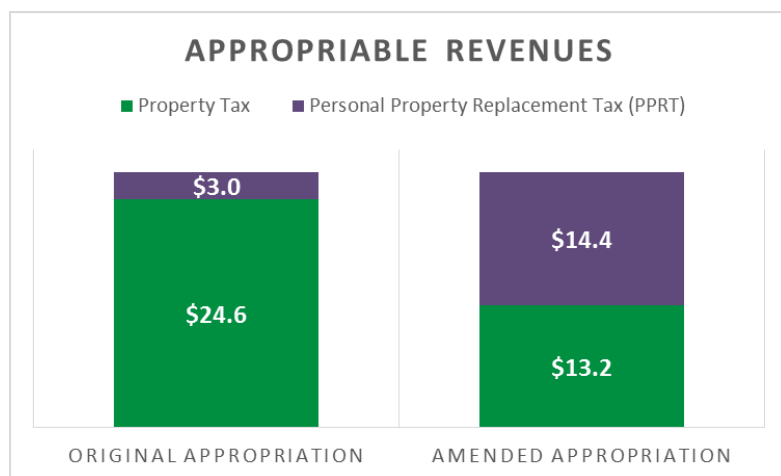
\$13,194,114.25

The District's position continues to be that pension changes are critical to ensuring retirement security for our current employees and retirees by taking the necessary steps to raise the funded ratio of the pension fund and therefore does not seek to reduce the total 2018 appropriated amount to the Fund but must change the makeup of the appropriated expenses and appropriable revenues to comply with the Circuit Court order and state statute. The recommended changes will allow the District to comply with the tax levy requirements by transferring appropriable revenues between account classes while staying within the overall fiscal year 2018 budget and continue to provide increased monies to the pension fund. The 2018 appropriated operating budget authorized on December 13, 2017 of \$462,297,621 will not be exceeded as a result of the recommended changes in the appropriated expenses and appropriable revenues.

Adoption of this ordinance does not constitute automatic approval of specific expenditures of the funds. Expenditures will be approved in accordance with the provisions of the Park District Code governing personnel, contracting and purchasing.



Original appropriated expenses reflected the full pension expense under account class 625000 Other Expense, fund line 005.8200.625020 - Pension Expense. The recommended amended appropriated expenses reflect a split of the existing expense between fund line 005.8200.625020 - Pension Expense and fund line 005.8200.625023 - Supplemental Contribution to Pension Fund. (These accounts are within the same class and therefore do not require Board approval of transfer.)



Original appropriable revenues reflected funding this appropriation under account class 412000 Property Taxes, fund line 005.8200.412005 - Property Tax and account class 413000 Personal Property Replacement Tax, fund line 005.8200.413005 - PPRT. The recommended amended appropriable revenues reflect a decrease in appropriable property tax revenues to comply with the amended levy and an increase in PPRT to fund the difference. (These accounts are not within the same class and therefore do require Board approval of transfer.)

In addition to these changes, it is recommended that the Board amend the appropriation ordinance to incorporate a technical correction in Appropriation N. Harbor Capital Fund to reflect the correct amount of \$8 million which corresponds to the Ordinance authorizing the issuance of bonds for harbor and marina improvements.

III. Budget and Financial Information

Budget Classification:

- Corporate Fund Property Replacement Tax
- Corporate Fund Property Tax
- Pension Fund Property Replacement Tax
- Pension Fund Property Tax
- Harbor Capital Fund

Fiscal Year: 2018

SECTION 1. The 2018 Annual Appropriations shall be amended as follows:

2018 TRANSFER ORDINANCE

From

<u>Corporate Fund</u> Personnel I (class 413000)	\$ 11,400,000.00
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To

<u>Corporate Fund</u> Property Tax	\$ 11,400,000.00
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From

<u>Pension Fund</u> Property Tax	\$ 11,400,000.00
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To

<u>Corporate Fund</u> Personnel I (class 413000)	\$ 11,400,000.00
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SECTION 2. It is hereby authorized and directed that a transfer in an amount not to exceed \$11,400,000.00 from the Corporate Fund Personal Property Replacement Tax account class to the Corporate Fund Property Tax account class and an amount not to exceed \$11,400,000.00 from the Pension Fund Property Tax account class to the Pension Fund Personal Property Replacement Tax account class.

SECTION 3. This ordinance shall be in full force and effect upon its passage.