



FINANCE COMMITTEE OF THE WHOLE MEETING AGENDA

Board of Park Commissioners

July 13, 2026

6:30 p.m. – Village Hall

- 1.0 Meeting Called to Order**
 - 1.1 Roll Call**
- 2.0 Communications and Correspondence**
- 3.0 Public Comment/Recognition of Visitors**
- 4.0 New Business**
 - 4.1 Discussion about Financial Reserves Procedure**
- 5.0 Adjournment**

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CAPITAL RESERVE FUNDING PROCEDURE

Effective Date: **XXXXXX**

Finance Department

Purpose

The purpose of this procedure is to describe the process whereby funds are identified and set aside for the purpose of building a “savings account” that will be used for future capital expenditures. These funds are not intended to be restricted for only capital planning purposes.

Procedure

As part of the annual budget process, amounts in the General and Recreation funds are transferred to the Capital fund to finance current year capital projects. The District may designate a portion of its unrestricted fund balance for future capital investment. This designation is an internal financial planning tool and does not constitute a legal or externally restricted fund. Within the District’s Fund Balance policy there are no minimum required balances. Due to the increased need for capital spending within the District, an effort is being made to “prefund” future capital spending with excess net surplus over budget.

The annual funding amount will be identified after the current year’s audit is complete. The District may maintain these designated funds within a separate investment account when determined to be administratively beneficial.

Amounts designated for long-term capital funding may be transferred back to operating or capital funds through Board approval as part of the annual budget, budget amendment, capital budget, or other Board action.

Appendices

Wilmette Park District Fund Balance Policy

**WILMETTE PARK DISTRICT
FUND BALANCE/NET ASSETS POLICY**

Purpose

A Fund Balance/Net Assets Policy establishes a minimum level at which the projected end-of-year fund balance/net assets must observe; as a result of the constraints imposed upon the resources reported by the governmental and proprietary funds. This policy is established to provide financial stability, cash flow for operations, and the assurance that the Wilmette Park District will be able to respond to emergencies with fiscal strength. More detailed fund balance financial reporting and the increased disclosures will aid the user of the financial statements in understanding the availability of resources.

It is the Park District's philosophy to support long-term financial strategies, where fiscal sustainability is its first priority, while also building funds for future growth. It is essential to maintain adequate levels of funds balance/net assets to mitigate current and future risks and to ensure tax rates. Fund balance/net asset levels are also crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance/net assets and unassigned fund balance in the General Fund to evaluate the Park District's continued creditworthiness. **To these ends the Board of Park Commissioners establishes an overall minimal fund balance of \$4.0 million. Individual funds will have established balances based upon guidelines defined in the Minimal Unrestricted Fund Balance Level of this policy.**

Definitions

Governmental Funds

The fund balance will be composed of three primary categories:

- 1) Nonspendable Fund Balance – portion of a Governmental Fund's fund balance that are not available to be spent, either in the short-term or long-term, or through legal restrictions (e.g., inventories, prepaid items, land held for resale and endowments).
- 2) Restricted Fund Balance – portion of a Governmental Fund's fund balance that are subject to external enforceable legal restrictions (e.g., grantor, contributor and property tax levies).
- 3) Unrestricted Fund Balance – is made up of three components:
 - A) Committed Fund Balance – the portion of a Governmental Fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making through formal Board action. The same action is required to remove the commitment of fund balance.
 - B) Assigned Fund Balance – the portion of a Governmental Fund's fund balance to denote an intended use of resources but with no formal Board action.
 - C) Unassigned Fund Balance – available expendable financial resources in a governmental fund that is not the object of tentative management plan.

Some funds are funded by a variety of resources, including both restricted and unrestricted (committed, assigned and unassigned). The Park District assumes that the order of spending fund balance is as follows: restricted, committed, assigned, unassigned.

Proprietary Funds

Proprietary funds include enterprise and internal service funds. The net assets will be composed of three primary categories:

- 1) Invested in Capital Assets, Net of Related Debt – portion of a proprietary fund's net assets that reflects the fund's net investment in capital assets less any amount of outstanding debt related to the purchase/acquisition of said capital assets. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the Park District.
- 2) Restricted Net Assets – portion of a proprietary fund's net assets that are subject to external enforceable legal restrictions (e.g., grantor, contributor and bond covenants).
- 3) Unrestricted Net Assets – portion of a proprietary fund's net assets that is neither restricted nor invested in capital assets (net of related debt).

Authority

Governmental Funds

Committed Fund Balance – A self-imposed constraint on spending the fund balance must be approved by ordinance or resolution of the Board. Any modifications or removal of the self-imposed constraint must use the same action used to commit the fund balance. Formal action to commit fund balance must occur before the end of the fiscal year. The dollar amount of the commitment can be determined after year end.

Assigned Fund Balance – A self-imposed constraint on spending the fund balance based on the Park District's intent to use fund balance for a specific purpose. The authority may be delegated to members of the management team by the Board.

Minimum Unrestricted Fund Balance Levels

Governmental Funds

General Fund

Purpose – Is a major fund and the general operating fund of the Park District. It is used to account for all activities that are not described in another fund. This fund includes Administration and Parks and Planning expenditures.

Financing – General or Corporate fund are provided by a specific annual property tax levy and other unrestricted and/or non-committed revenue source. Financing may be received from other charges or fee based services.

Fund Balance – Unrestricted fund balance targets should represent no less than **two months and no more than six months** of operating expenditures. Balances above the maximum are transferred to other funds or to capital projects at the Board's discretion.

Recreation Fund

Purpose – Is a major fund and the recreation operating fund of the Park District. It is used to account for all activities that are recreation related. This fund includes Recreation and Special Revenue Facilities expenditures.

Financing – Recreation fund is provided by a specific annual property tax levy and other unrestricted and/or non-committed revenue source. Financing will be received from fee based services.

Fund Balance – Unrestricted fund balance targets should represent no **less than one month and no more than four months** of operating expenditures. Balances above the maximum are transferred to other funds or to capital projects at the Board's discretion.

Special Revenue Fund

Purpose - Used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Financing – Special revenue funds are provided by a specific annual property tax levy or other restricted and/or committed revenue source. Financing may also be received from other charges for services, etc.

Fund Balance – Derived from property taxes (other another restricted revenue source); therefore, legally restricted. The portion of fund balance derived from property taxes will be legally restricted. The remaining fund balance amount (restricted and/or committed) will be targeted at **a minimum level of 25% of annual budgeted expenditures**. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of three months of expenditures not including capital, debt service and transfers.

Debt Service Fund

Purpose – Established to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Financing – The municipality levies an amount or transfers in an amount close to the principal and interest that is anticipated to be paid.

Fund Balance –Derived from property taxes; therefore, legally restricted. Any fund balance accumulation should be targeted at a **minimum of the next interest payment and a maximum of the next principal and interest payment due.**

Capital Projects Fund

Purpose - Established to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets, excluding those types of capital related outflows financed by proprietary funds.

Financing – Debt financing, grants, or interfund transfers are used to finance projects.

Fund Balance – Considered segregated for maintenance, construction and/or development; therefore, considered committed, restricted, or assigned depending on the intended source/use of the funds.

Other Considerations

In establishing the above policies for unrestricted fund balance/net asset levels, the Park District considered the following factors:

- The predictability of the Park District's revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile)
- The Park District's perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts)
- The potential drain upon General Fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require a higher level of unrestricted fund balance be maintained in the General Fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the General Fund)
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained)
- Commitments and assignments (i.e., Park District may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the Park District for a specific purpose)

If any of the above factors change, the Park District should readdress current unrestricted fund balance/net asset levels to ensure amounts are appropriate.