

# Table of Contents

<b>Administration</b> .....	3
<b><i>Administrative Policies &amp; Procedures</i></b> .....	3
<b>A.04 - Finances &amp; Business Operations</b> .....	3
POL.A.04.01 - Budget Philosophy .....	3
POL.A.04.02 - Fund Balance .....	3
POL.A.04.03 - Revenue .....	4
POL.A.04.04 - Sponsorships .....	5
POL.A.04.05 - Investments .....	8
POL.A.04.06 - Procurement .....	12
POL.A.04.07 - Payments .....	14
POL.A.04.08 - Debt .....	15
POL.A.04.09 - Fixed Assets .....	16
POL.A.04.10 - Insurance .....	19
POL.A.04.11 - Internal Reports & Audits .....	20



## POL.A.04.01 - Budget Philosophy

The Park District strives to maintain the most efficient and effective use of resources provided by tax payers and users of the District's facilities and services. The annual Budget will be comprised of conservative estimation of revenues, and liberal estimation of expenditures so to provide an ending fund balance which will be realistic and not result in an over expectation of available funds. The budget shall adhere to a fund balance policy. Whenever possible unnecessary programs will not be offered or will be eliminated. Services and programs will be offered at the most reasonable cost and fees.<

### **Tax Dependency**

To aid the Park District in achieving both sustainability and growth, it is the goal of the District that as part of its budget process, property taxes – exclusive of those not subject to the tax cap – should account for no more than 65% of total revenues.

### **Internal Service Funds**

It shall be the policy of the District to have internal source funds and to approve or dissolve those on an annual basis through the adoption of the annual budget.

## POL.A.04.02 - Fund Balance

This policy is established to provide financial stability, cash flow for operations, and the assurance that the District will be able to respond to emergencies with fiscal strength. 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 fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are also a crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance and unassigned fund balance in the Corporate Fund to evaluate the Park District's continued credit worthiness.

Fund balance is generally referred to as cash balance, however, is defined as the difference between assets and liabilities in a governmental fund. A governmental fund is used to account for all or most of the Park District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The Corporate Fund is used to account for all activities of the Park District not accounted for in some other fund.

Fund balances are composed of three primary categories:

- a. Non-spendable Fund Balance. The portion of a governmental fund's net assets that are not available to be spent, either short-term or long-term, in either form or through legal restrictions (e.g., inventories, prepaid items and endowments);
- b. Restricted Fund Balance. The portion of a governmental fund's net assets that are subject to external enforceable legal restrictions (e.g., grantor, contributors and property tax levies); and
- c. Unrestricted Fund Balance. The portion of a government fund's net assets that are available for operational needs. Unrestricted Fund Balance is made up of three components:

i. Committed Fund Balance. The portion of a governmental fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making;

ii. Assigned Fund Balance. The portion of a governmental fund's net assets to denote an intended use of resources; and

iii. Unassigned Fund Balance. Available expendable financial resources in a governmental fund that are not the object of tentative management plan (i.e. assignments).

Funds receive their resources from a variety of revenue sources, including both restricted and unrestricted (committed, assigned and unassigned) revenue items. When restricted funds exist, those funds are used first, followed by unrestricted. For unrestricted funds, committed funds are used first, then assigned, then unassigned.

### **Minimum Fund Balances**

The Park District is committed to holding fund balances stable and attaining a minimum balance of 25% for operating funds. Operating funds include: Corporate, IMRF, Liability, Audit, Recreation, Special Recreation, Revenue Facilities, and Cheney Mansion. The minimum fund balance for the Museum Fund shall be 75% as this fund acts as both an operating as well as a capital reserve fund. There is no fund balance requirement for the Capital Projects Fund other than current budgets shall not place this fund in a negative position. The Debt Service Fund shall have a minimum reserve equal to the semi-annual interest payment.

The following protocol will be enforced if the overall fund balance is under 20% or over 30%. It is assumed that budgeting constraints will be enacted if the fund balance is within this range.

a. Fund Balances Under 20%. If the overall fund balance is between 15 and 25%, a plan lasting no more than five years will address this issue with budgetary adjustments to revenues and expenditures. If the overall fund balance is less than 15%, then fund transfers to capital projects will be reduced.

b. Fund Balances Over 30%. If the overall fund balance is between 25 and 35%, a plan lasting no more than three years will decrease fund balance to 25% with budgetary adjustments to revenues and expenditures. If the fund balance is over 35%, then fund transfers to capital projects may be increased and the capital improvement plan may be adjusted. Should the fund balance exceed the target percentage by a significant amount, it is done with the intention to provide for needs caused by unforeseen events, and build the fund for planning for growth.

## **POL.A.04.03 - Revenue**

The Park District uses multiple sources of revenue to supplement the revenue received in the form of taxes, because it is not financially feasible or healthy to rely solely on one source of revenue. Some of these sources may include fees and charges, inter-governmental, rentals, sponsorships and donations, and program revenues. The Park District will evaluate all new sources of revenue before acceptance to prevent compromising the mission of District. The Park District is always vigilant about finding new sources of revenue to improve the revenue mix of the District.

The following revenues sources are based on the Government Finance Officers classifications that are used in the District's annual financial audit as well as annual budget.

- a. Taxes. The Park District receives Property Taxes from the property owners of Oak Park. The District levies taxes in accordance with the Property Tax Extension Limitation Law (PTELL). The District currently levies taxes for seven purposes including Corporate, IMRF, Liability, Auditing, Recreation, Museum, and Special Recreation.
- b. Fees and Charges. The Park District of Oak Park charges fees for facility usage and sale of products including pool passes, ice rink usage, dog park usage, field usage, tours and program participation. The Park District will not charge fees to residents for entrance into parks, playgrounds, sled hills, or informal use of outdoor athletic facilities. Facility fees and charges are determined by the Facility Fees and Program Pricing Guidelines.
- c. Intergovernmental Revenue. Intergovernmental Revenue accounts for funds received from other governmental entities in the form of personal property replacement taxes, grants, and other one-time reimbursements for expenses. The Personal Property Replacement Tax is a corporate income tax collected statewide and then distributed to various taxing Districts. The Park District also has a strong history of receiving grant from numerous government entities.
- d. Rental Income. The Park District receives rental income for facility usage including special events, meetings, weddings, and movie shoots. The Cheney Mansion Coach House is leased for residential purposes.
- e. Miscellaneous Revenue. Miscellaneous Revenue receives a variety of revenues including non-resident fees, vending machine revenue, procurement card rebates and interest income received on cash deposits.
- f. Sponsorship and Donations. The Park District pursues a variety of sponsorships and donations to help fund its recreation programs and other special events. This is done to reduce the burden on tax payers and participants for events such as the Frank Lloyd Wright Races, Summer Concert Series, and other holiday special events.
- g. Other Financing Sources. The Park District uses this budget area to include debt service proceeds, capital transfers, operating transfers, and transfers for debt service payments.
- h. Program Revenues. Program revenues are fees paid from residents and non-residents to take part in programs that Park District puts on yearly. Program revenues are received in the Corporate, Recreation, Revenue Facilities, and Cheney Mansion Funds with the majority in the Recreation and Revenue Facilities Funds. Program prices are determined by the Facility Fees and Program Pricing Guidelines.

## POL.A.04.04 - Sponsorships

In an effort to utilize and maximize the community's resources, it is in the best interest of the Park District to create and enhance relationship-based sponsorships. This may be accomplished by providing local, regional, and national commercial businesses and non-profit groups a method for becoming involved with

the many opportunities provided by the Park District. The Park District delivers quality, life-enriching activities to the broadest base of the community. This translates into exceptional visibility for sponsors and supporters. The goal of this policy is to create relationships and partnerships with sponsors for the financial benefit of the Park District.

### **Sponsorships vs. Donations**

There is an important difference between a sponsorship and a donation. In general, a sponsorship is cash, products, or services offered by a sponsor with the clear expectation that an obligation is created. The Park District will be obliged to return something of value to the sponsor. The value is typically public recognition and publicity or advertising highlighting the contribution of the sponsor and/or the sponsor's name, logo, message, products or services. The sponsor usually has clear marketing objectives that it is trying to achieve, including but not limited to the ability to drive sales directly based on the sponsorship and, quite often, the right to be the exclusive sponsor in a specific category of sales. The arrangement is typically consummated by a letter of agreement or contractual arrangement that details the particulars of the exchange.

In contrast, a donation comes with no restrictions on how the money or in-kind resources are used. Because donations or gifts are given without restrictions or expected benefits for the donor, a policy is generally not needed. Notably, donations are eligible for a governmental donation receipt for tax deduction purposes. Also notably, the Park District reserves the right to refuse any donation, whether because of restrictions or expectations related to it or for other sound reasons.

This Policy specifically addresses sponsorships, the terms of sponsorship agreements, and the benefits provided to the Park District in return for the resources provided by the sponsors.

### **Guidelines for Acceptable Sponsorships**

Sponsors should be businesses, non-profit groups, or individuals that promote mutually beneficial relationships for the Park District. All potentially sponsored properties (facilities, events or programs) should be reviewed in terms of creating synergistic working relationships with regards to benefits, community contributions, knowledge, and political sensitivity. All sponsored properties should promote the Park District's Mission, Vision and Values.

The first major criterion for the Park District when determining whether to accept a sponsorship is the appropriate relationship of a sponsorship to the Park District's Mission, Vision and Values outlined above. That determination of appropriateness is based in large part on objective analysis, but ultimately is vested in the sound exercise of the Park District's discretion, considering all of the many factors that may be involved. The following questions are the major guiding components of this policy and will be addressed prior to soliciting potential sponsors:

- Is the sponsorship related to the purpose of the facility or programs and does it help promote the Park District's Mission, Vision and Values?
- Will the sponsorship help generate more revenue and/or less cost per participant than the Park District can provide without it?
- What are the real costs, including staff time, to the Park District in accepting the sponsorship and the cash, products, and services resources that come with the sponsorship?

Some potential sponsorships are inappropriate and will not be considered by the Park District. A partial list

of categories of such sponsorships includes:

- Sponsorships that involve or promote environmental, work, or other practices that violate or threaten international, federal, State or local law or that promote or encourage drugs, pornography, alcohol, tobacco, or firearms.
- Sponsorships that duplicate, mimic, or create confusion regarding the nature or identity of any program of the Park District.
- Sponsorships that may exploit participants or staff members of the Park District.
- Sponsorship that offer benefits or opportunities that may violate laws or Park District policies.

### **Sponsorship Plan and Approval Levels**

Each project or program that involves solicitation or acceptance of sponsors must have a Sponsorship Plan developed by staff prior to any such solicitation or acceptance that is specific to that project or program and that is consistent with the terms and sponsorship levels of this Sponsorship Policy. The Sponsorship Plan must be approved by the Marketing & Customer Service Department. In addition, each sponsorship will need separate approval if it exceeds pre-specified limits. The approval levels are outlined below:

Under \$1,000: The program or project staff may approve this level of sponsorship, with review by the supervising Manager.

\$1,000 to \$10,000: This level of sponsorship requires approval of the Superintendent of the department seeking the sponsorship, with review by the Executive Director.

Over \$10,000: This level of sponsorship requires approval of the Executive Director (the Executive Director may recommend a Board of Commissioners review).

### **Non-Commercial Forums Prohibited**

When entering into a sponsorship that includes commercial advertising on behalf of the sponsor, the Park District intends to create only a specifically limited forum for that advertising. The Park District does not intend by this Sponsorship Policy or by approval of any sponsorship to create any public forum for any message or advertising apart from the specifically approved commercial advertising, and this Sponsorship Policy shall not be construed or applied in any manner to create any such public forum at any facility or related to any program or event. Also, although non-commercial community organizations or individuals may wish to sponsor a Park District facility, program, or event, no non-commercial speech or message shall be permitted as a part of such a sponsorship and this Sponsorship Policy shall not be construed or applied in any manner to allow any such speech or message.

In furtherance of this strict policy, any commercial advertisement incidental to a sponsorship shall be limited to the promotion of a commercial transaction, whether directly or indirectly, through the association of the sponsor's name with the commercial transaction of purchasing the commercial goods or services that the sponsor sells.

Also in furtherance of this strict policy, the Park District states the following standards underlying this policy:

- The Park District desires to avoid the delivery and exposure of all non-commercial messages to

the “captive” audiences at Park District events;

- The Park District seeks to avoid all entanglement with constitutional questions related to “viewpoint-related” decisions and with the danger that the Park District will be associated with any non-commercial messages;
- The Park District desires to maximize income from sponsorship by allowing commercial advertising when appropriate, and seeks to avoid dissuading potential sponsors and the residents and others who participate in its programs by allowing any non-commercial messages, some of which could be inappropriate or offensive to the public;
- The Park District desires to maintain a position of neutrality on political and religious issues; and
- The Park District seeks to avoid the danger of “excessive entanglement” with any religion or political organization or point of view.

## POL.A.04.05 - Investments

It is the policy of the Park District of Oak Park to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes and ordinances governing the investment of public funds.

### **Scope**

This investment policy applies to all financial assets of the District. These funds are accounted for in the District's annual financial report and include the General Fund, Recreation Fund, Revenue Facility Fund, Debt Service Fund, Capital Projects Fund, Non-major Governmental Funds, and any other funds that may be created from time to time. All transactions involving financial assets and related activity of the foregoing funds shall be administered in accordance with the provisions of this policy.

### **Investment Objectives**

a. Safety of Control. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities and/or financial institutions do not exceed the income generated from the remainder of the portfolio.

b. Liquidity. The District's investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements, which may be reasonably anticipated in any District fund. Maturities of investments of all funds shall not exceed two years, unless the Board of Park Commissioners approves a temporary extension of maturities, maturities of investment of Capital Funds shall not exceed three years.

c. Return on Investments. The investments portfolio of the District shall be designed to attain a market average rate of return throughout the budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio and legal restrictions for return on investments.

d. Maintaining the Public's Trust. All participants in the investment process shall seek to act responsibly as custodians of the public and shall avoid any transactions that might impair public confidence in the District.



e. Prudence. Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investments, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" and shall be applied in the context of managing an overall portfolio.

f. Local Consideration. The District shall make every attempt to invest in banking institutions operating in the Village of Oak Park which actively promote and support local, civic and economic development.

### **Deposits**

When money deposited by the District becomes collected funds and is not needed for immediate disbursement, it will be invested within two working days at prevailing rates or better in accordance with 30 ILCS 225/1.

The District shall designate a bank, or banks, or other financial depository institution in which funds of the District may be deposited. Designated depositories must furnish copies of the last two (2) annual statements of condition and financial reports required by the Division Director of Financial Institutions, or the Comptroller of the Currency, to the District. In addition, all depository institutions are to be insured by the Federal Deposit Insurance Corporation.

### **Investment Earnings**

In accordance with current Government Accounting Standards Board (GASB) Statement standards, interest income will be reported as revenue in the fund that earned the interest. An operating transfer, approved by the Park Board, will be required to transfer interest earnings to any other Fund.

### **Valuation of Investments**

All investments will be valued in accordance with the current GASB Statement standards.

### **Investment Instruments**

The District may invest in any type of security allowed by Illinois law, notably 30 Illinois Compiled Statutes 235 (30 ICS 235). A summary of the allowable instruments follows:

- Passbook savings account;
- Now, Super Now, and Money Market Accounts, including, but not limited to, The Illinois Park District Liquid Asset Fund + (IPDLAF+) or Illinois Metropolitan Investment Fund (IMET);
- Commercial Paper (issuer must be a U.S. Corporation with more than \$500 million in assets, rating must be within three highest classifications by two standard rating services, must mature within 180 days of purchase, and such purchase cannot exceed 10% of the corporations' outstanding obligations);
- State Treasurer's Investment Pool (The Illinois Funds);
- Money Market Mutual Funds (registered under the Investment Company Act of 1940, provided the Portfolio is limited to bonds, notes, certificates, treasury bills, or other securities which are guaranteed by the federal government as to principal and interest);
- Repurchase Agreement collateralized by full faith and credit U.S. Treasury securities;
- Certificates of Deposit and Time Deposits constituting direct obligations of any bank as defined

by the Illinois Banking Act and only those insured by the FDIC legally issuable by savings and loan associations incorporated under the laws of the State of Illinois or any other state or under the laws of the United States and only in those savings and loan associations insured by SAIF;

- Bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- Obligations of U.S. government agencies which are guaranteed by the full faith and credit of the United States Government; and
- Short term discount obligations of the Federal National Mortgage Association.

### **Diversification**

It is the policy of the District to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. Concentration in short term corporation obligations will not exceed 90% of the limit contained in Illinois law. Diversification strategies shall be determined and revised periodically by the Director of Finance.

### **Collateralization**

It is the policy of the District to require that time deposits in excess of FDIC or SAIF insurable limits be secured by some form of collateral to protect public deposits in a single financial situation if it were to default due to poor management or economics factors.

Eligible collateral instruments and collateral ratios (market value divided by deposit) are as follows:

- U.S. Government Securities (110%)
- Obligations of Federal Agencies (110%)
- Obligations of Federal Instrumentalities (125%)
- Obligations of the State of Illinois (125%)
- General Obligations Bond of the District (110%)
- Bank Deposit Guaranty Bond (125%)

The ratio of fair market value of collateral to the amount of funds secured shall be reviewed quarterly and additional collateral will be requested when the ratio declines below the level required.

**Safekeeping of Collateral.** Third party safekeeping is required for all collateral. To accomplish this, the securities can be held at the following locations:

- A Federal Reserve Bank or its branch office;
- At another custodial facility - generally in a trust department through book - entry at the Federal Reserve, unless physical securities are involved; or
- By an escrow agent of the pledging institution.

Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement. Substitution or exchange of securities held in safekeeping can be done without prior written notice of the District provided the market value of the replacement securities are equal to or greater than the market value of the securities being replaced. The District will be notified in writing of all substitutions.

## Safekeeping of Securities

Third party safekeeping is required for all securities. To accomplish this, the securities can be held at the following locations:

- A Federal Reserve Bank or its branch office;
- At another custodial facility - generally in a trust department through broo - entry at the Federal Reserve, unless physical securities are involved;
- By an escrow agent of the pledging institution; or
- A financial institution on the Illinois State Treasurer's approval list of safekeeping banks.

Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement, or custody agreement.

## Qualified Financial Institutions

It will be at the discretion of the Finance Director, with the approval of the Executive Director, to determine which institutions would best serve the District.

### a. Depositories - Demand Deposits.

- Any financial institution selected by the District shall provide normal banking services, including, but not limited to: checking accounts, wire transfers, purchases and sale of U.S. Treasury securities and safekeeping services.
- The District will not maintain funds in any financial institution that is not a member of the FDIC or SAIF system. In addition, the District will not maintain funds in any institution not willing or capable of posting required collateral for funds in excess of FDIC or SAIF limits.
- To qualify as a depository, a financial institution must furnish the Director of Finance or the Park Board Treasurer with copies of the latest two statement of conditions which it is required to furnish to the Director of Financial Institutions or to the Comptroller of Currency as the case may be. While acting as a depository, a financial institution must continue to furnish such statement to the Executive Director, Finance Manager or the Park Board Treasurer within 45 days of the end of each quarter.
- Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Accounting Supervisor on an annual basis. Fees for services shall be substantiated by a monthly account analysis and shall be reimbursed by means of compensating balances.
- All financial institutions acting as depository for the District must enter into a "Depository Agreement."

b. Banks and Savings and Loans - Certificates of Deposit. Any financial institution selected to be eligible for the District's certificate of deposit purchase program must meet the following requirements:

- Shall provide wire transfer and safekeeping services.
- Shall be a member of the FDIC or SAIF system and shall be willing and capable of posting required collateral for funds in excess of FDIC and SAIF insurable limits.
- To qualify as a depository, a financial institution must furnish the Finance Manager or the

Park Board Treasurer with copies of the latest two statements of condition which it is required to furnish to the Director of Financial Institutions or to the Comptroller of Currency as the case may be. While acting as a depository, a financial institution must continue to furnish such statements to the Finance Manager or the Park Board Treasurer within 45 days of the end of each quarter.

**Sixty-five percent Rule.** The amount of funds deposited and/or invested in a financial institution shall not exceed 65% of the capital stock and surplus of such institution unless collateral security has been pledged, in which case the amount of such deposits and/or investments shall not exceed 75%.

### **Management of Program**

Management responsibility for the investment program is hereby delegated to the Director of Finance, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in any investment transactions except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate or any other person involved in such transactions for the District.

The Wording of agreements necessary to fulfill the investment responsibilities is the responsibility of the Director of Finance who shall periodically review them for consistency with District policy and State law and who shall be assisted in this function by District legal counsel. These agreements include but are not limited to:

- Wire Transfer Agreement
- Depository Agreement
- Safekeeping Agreement
- Custody Agreement

The following individuals are authorized to purchase and sell investments, authorized wire transfers, authorized the release of pledged collateral, and to execute any documents required under this policy. Two signatures are required for all of investment transactions.

- Finance Manager
- Director of Finance
- Executive Director

## **POL.A.04.06 - Procurement**

The Board of Commissioners recognizes the need that materials, supplies, equipment and services of the quality and quantity required to operate the District be specified, described, and procured in a manner that provides for full and free competition among potential suppliers. Each procurement action will be fully documented consistent with District purchasing procedures. Any variance from the policy must have prior approval of the Board.

### **Formal Bidding**

Formal competitive sealed bids consistent with this policy will be solicited on all procurements except:

- Those that are clearly identified and justified in writing as "sole source" and that are approved by the Board in advance of purchase.
- Those purchases of an emergency nature that requires immediate implementation in order to eliminate major problems and that are approved by the Executive Director and authorized by the Board.
- Those purchases specifically excluded from the bidding process by Illinois State Statutes.
- Those whose cost is less than \$20,000.00 and that are approved by the Executive Director.

Requests for formal bids for those procurements costing \$20,000.00 or more will be formally and publicly advertised. At least one notice will be published in the local newspaper not less than 14 days before the bids are "closed". Sealed bids will remain sealed until the formal "bid opening" is conducted by a designated District employee with at least one witness at the place, time and date specified in the advertisement. Upon recommendation of the Executive Director and approval of the Board, the award will be made to the lowest qualified bidder meeting the specifications and other required terms and conditions of the procurement. The right is reserved to reject any bids if such action is deemed by the Board to be in the best interests of the District.

### **Informal Quotations**

Purchases costing more than \$500.00 but less than \$20,000.00 shall have at least three quotes, whenever possible, that are solicited by either written or oral invitation. Requests for informal quotations for purchases in this range need not be formally and publicly advertised. Certain items routinely purchased on a repetitive basis may be purchased from selected prequalified vendors. These items and vendors shall be reviewed annually, in January, by department heads with the Director of Finance and approved by the Executive Director. Upon approval by the Executive Director or his/her designee, the award is made to the lowest and best quotation meeting the specifications, delivery date and other required terms and conditions of purchase.

### **Purchasing Considerations**

**Economy of Resources.** In attempt to provide economies of scale and cheaper products, the district will continually look for opportunities to jointly purchase items and services. The district reviews the State of Illinois Joint Purchase for many items and uses a competitively bid contract with U.S. Communities through the Illinois Park and Recreation Association (IPRA). These items must be of similar quality to those that can be bought out of a contract.

**Local Purchasing.** Park District personnel should seek to purchase goods and services from Oak Park vendors when they are of comparable quality to goods or services purchased from vendors not located in Oak Park. The District will promote purchasing from Oak Park vendors by allowing an additional 15% to be spent on goods and services under \$10,000 and 10% on items \$10,000 to \$15,000. Approval for goods and services over \$15,000 must be given by the Executive Director.

**Environmentally Aware Purchasing.** Park District personnel should seek to reduce the environmental damages associated with their purchases by increasing their acquisition of environmentally preferable products and services to the extent feasible, consistent with price, performance, availability, and safety considerations. These products should have a third party

certification of environmentally preferred status such as the Green Seal or Energy Star when feasible.

Environmentally Preferable Products include:

- Products that reduce greenhouse gas emissions or are made with renewable energy
- Products that reduce the use of toxins hazardous to the environment and employee and public health
- Products that contain the highest possible percentage of post-consumer recycled content
- Products that reduce air and water pollution
- Products that reduce waste
- Suppliers who strive to improve their environmental performance and provide environmentally preferable products, and who can document the supply-chain impacts of their efforts
- Reusable products
- Products that serve several functions (e.g., copier/printers, multipurpose cleaners) and reduce the overall number of products purchased

The District will promote buying the environmentally preferable products by allowing an additional 15% to be spent on items under \$10,000 and 10% on items \$10,000 to \$15,000. Approval for goods and services over \$15,000 must be given by the Executive Director.

## POL.A.04.07 - Payments

Payment methods include:

a. Procurement Cards. The District may provide procurement cards to designated employees to facilitate the purchase on behalf of the District of approved items from approved vendors. Whenever possible the purchaser's procurement card should be used as a preferred method of payment.

b. Petty Cash. Petty Cash Funds have been established to expedite miscellaneous small purchases. The funds can be used by all departments for facilitating authorized transactions of District business. To this extent, petty cash purchases should normally be for items that are not ordinarily inventoried by the District and for purchases of generally less than \$30.00. Petty cash receipts must be accompanied by a receipt and account number since this fund is reimbursed through charges to the user department. Petty Cash is not to be used to avoid or circumvent the Purchasing procedures of the Park District.

c. Wire Transfers. Wire transfers can be made by the Director of Finance to facilitate quick deposits of funds into an account or to move funds from one institution to another in lieu of a check. Wire transfers may be made to expedite the movements of funds, to avoid penalties, late charges, and overdrafts, and to maximize interest on excess funds.

Specific transfers currently allowed are:

- Net payroll (bi-weekly)

- Credit Union savings and loan withholdings
- Payroll tax withholdings
- Excess cash investments
- Social Security deposits
- Medicare deposits
- Bond principal and interest payments
- Procurement card payments
- Accounts payable check runs
- Vendor payments

c. Checks. The Executive Director, Director of Finance, Finance Manager, and Board President are authorized to sign District checks with Board approval. Two of these four signatures are required. It is the policy of this Board to issue checks every Friday. If a check is outstanding for more than two (2) reconciliations, the Finance Manager, or his/her designee, shall notify the payee that the check was issued and is still outstanding. Sixty days after notice a list will be compiled of all payees that did not respond to the notice and those checks will be sent to the State pursuant to the Unclaimed Property Act.

### **Payment of Bills**

If payment for goods or services furnished to the District is not required at the time of purchase, vendors must be paid within 30 days after the receipt of such bill or within 30 days after the date on which the goods or services were received, whichever is later. If one or more items on a construction-related bill or invoice are disapproved, but not the entire bill or invoice, then the portion that is not disapproved shall be paid. When safety or quality assurance testing of goods by the Park District is necessary before the approval or disapproval of a bill and such testing cannot be completed within 30 days after receipt of the goods, approval or disapproval of the bill must be made immediately upon completion of the testing or within 60 days after receipt of the goods, whichever occurs first. Written notice shall be mailed to the vendor or contractor immediately if a bill is disapproved.

## **POL.A.04.08 - Debt**

Where inappropriate levels of debt can create financial difficulties, reasonable levels of debt provide a mechanism to reduce costs for the District by allowing critical projects to be completed on a timely basis rather than using current funds. Debt is issued to achieve desired goals in acquiring, developing, and improving the District's parks and facilities and in purchasing necessary capital items for conducting the operations of the District. All types of legal debt will be considered.

No commissioner, committee, officer, or any other person employed or associated with the District shall be authorized to create any financial liability on behalf of the District except where said liability shall be approved in nature and amount by the Board and recorded in the minutes of said meeting and/or in accordance with the District's purchasing policy.

### **Debt Issuance**

When the District finances capital projects by issuing bonds, it shall amortize the debt over a term not to exceed the average useful life of the project(s) financed. All debt issuance must be approved by the Board of Commissioners. The District shall try to confine long-term borrowing to capital improvements and projects that have useful lives of 10 or more years. Except in emergencies or other extraordinary

circumstances, borrowing should be undertaken only to fund capital improvements within the Capital Improvement Plan. The District's goal is to keep the average maturity of General Obligation bonds at or below 10 years. However, longer maturities may be considered for projects with useful lives greater than 10 years.

Capital improvements, equipment and facility projects shall be classified into "pay-as-you-go" and "debt financing" classifications. Pay-as-you-go capital items will be \$25,000 or less with short lives or replacement of existing equipment. Debt financing may be used for major, non-recurring items with a minimum of four years of useful life. Along with advice of Financial Advisors specializing in municipal government debt financing, the District will determine type of sale (negotiated or competitive) based upon issue size and market condition. This process will take consideration to the lowest total cost to the District considering interest rates as well as issuance costs. Financial Advisors will be selected on the basis of merit using a competitive RFP process. This process assures selection of the most qualified firm based on the scope of services and evaluation criteria outlined in the RFP.

The Park District of Oak Park shall determine on a case-by-case basis the appropriateness of seeking a bond rating on the issuance of general obligation debt under the prevailing market conditions.

### **Debt Service Levels**

Under the Property Tax Extension Limitation Law (PTELL), the District's non-referendum debt service limit based on the 1994 debt service extension base (DSEB) is \$219,549. As required by the PTELL, it will be the policy of the District to require voter approval to increase this limit for any major acquisition or development. Beginning in 2009, the DSEB will increase by the Consumer Price Index on an annual basis. The 2012 DESB is \$235,961. The maximum amount of debt that can be issued is 2.875% of EAV. These limitations will be verified and adhered to when new debt issuances are considered.

### **Market Review**

The District will review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the District the opportunity to refund an issue and lessen its debt service costs. In order to consider the possible refunding of an issue a net present value savings must be of some significance over the life of the respective issue. The Government Finance Officers Association recommends a savings (net of all issuance costs and any cash contribution to the refunding) of at least 3-5 percent.

## **POL.A.04.09 - Fixed Assets**

The District acquires and constructs capital assets in pursuit of its mission. To account for assets with depreciating values and to amortize them over their useful lives, capital assets must be recorded and capitalized in accordance with U.S. Generally Accepted Accounting Procedures (GAAP). If their value is below the District's capitalization threshold, assets are neither added to the capital asset accounts nor are they depreciated; rather they are fully expensed at the time of acquisition.

The responsibility for control of the fixed asset will reside with the department where the fixed asset is located. The Director of Finance shall ensure control is maintained by establishing a fixed asset inventory. The inventory will include the following for each asset:



- Asset description
- Asset serial number/ model number
- Asset type (i.e. Building, Machinery and Equipment)
- Acquisition date
- Vendor Name
- Cost and Purchase order number
- Assigned location
- Park District ID tag number
- Estimated useful life
- Department
- Cost Center
- Account number

This list will be maintained, updated, reviewed and audited by the Business Operations Department on a regular basis. Operating departments shall report any acquisition, disposal, and transfer of fixed assets promptly to the Superintendent of Business Operations, or designee, to reflect changes in a timely fashion in the inventory records. Asset purchases, which fall under the capitalization threshold, will be included in the inventory if the item is over \$5,000. However, the cost of the asset will be expensed and not capitalized, and thus not depreciated.

**Capitalization**

Capital fixed assets will be reported at historical cost, which shall include all costs incidental to the acquisition (freight, legal fees) and preparation (installation) for use of the asset. Where historical cost information is unavailable, the replacement value indexed back to the acquisition year or a realistic estimate will be used. Donated assets will be recorded at fair market value as of the date of the donation. Additions or improvements will be capitalized only if it extends the life of the asset and increases its service potential. The costs of normal maintenance to infrastructure such as crack filling and sidewalk patching will not be capitalized, but expensed. The cost of land is recorded as a fixed asset, but is not depreciable.

Capital asset depreciation is computed on a straight-line basis over the assets’ estimated useful life with no allowance for salvage value. Depreciation expense is recorded based on the date of the acquisition. In the event that a capital fixed asset is retired before the end of its estimated useful life, any remaining cost of the asset should be expensed in the period of retirement. If an asset continues to be used in operations after the expiration of its estimated useful life, no more depreciation expense will be recorded on that asset.

Fixed Asset useful lives, capitalization thresholds and inventory thresholds are as follows:

<b>Fixed Asset</b>	<b>Useful Life</b>	<b>Capitalization Threshold</b>	<b>Inventory Threshold</b>
<b>Land</b>	N/A	All	N/A
<b>Land Improvements</b>			
Structural (parking lots, fencing)	20	\$15,000	\$1,000

<b>Fixed Asset</b>	<b>Useful Life</b>	<b>Capitalization Threshold</b>	<b>Inventory Threshold</b>
Groundwork (landscaping)	30	\$15,000	\$5,000
<b>Buildings</b>	45	\$15,000	\$1,000
<b>Building Improvements</b>			
HVAC Systems	20	\$15,000	\$1,000
Roofing	20	\$15,000	\$1,000
Electrical/Plumbing	30	\$15,000	\$1,000
Carpet Replacement	10	\$15,000	\$1,000
<b>Vehicles &amp; Tractors</b>	5-15	\$15,000	\$1,000
<b>Machinery &amp; Equipment</b>			
Computers & Related Equipment	5	\$15,000	\$1,000
Office Equipment	5	\$15,000	\$1,000
Telecommunications Equipment	5	\$15,000	\$1,000
Maintenance Equipment	7	\$15,000	\$1,000
Outdoor Recreation Equipment (playground)	10	\$15,000	\$1,000
Kitchen Equipment (appliances)	10	\$15,000	\$1,000
<b>Furniture &amp; Fixtures</b>	5	\$15,000	\$1,000
<b>Art Works &amp; Historical Artifacts</b>	N/A	\$15,000	\$1,000

## Definitions

**Supplies.** Items that have a useful life of one year or less, which need to be replenished periodically, and which have a value of less than \$1000 per individual unit. Supplies are not on the inventory listings and are expensed in the fiscal year they are purchased. Internal controls should be established for supplies in the individual departments to protect the Park District from loss due to theft of misuse.

**Fixed Assets.** Fixed assets shall include land, land improvements, easements, buildings, building improvements, vehicles, machinery and equipment, furniture and fixtures, works of art and historical treasures, infrastructure and all other tangible assets that have a useful life of more than one year and which have a value of \$1000 or more per individual unit. They are distinguished from Supplies by the longevity of usefulness and a monetary value.

**Infrastructure.** Long-lived capital assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital systems, water and sewer systems, dams and lighting systems.

**Capital Fixed Assets.** Fixed assets that are reported on the financial balance sheet. All capital assets are fixed assets, but not all fixed assets are capital assets. A monetary criterion, capitalization threshold, is used to determine whether a given fixed asset should be capitalized and reported on the balance sheet. Ancillary costs should be included in the cost of the capital fixed asset.

**Ancillary Costs.** Costs relating to placing the capital fixed asset in service. Examples of the costs by category:

- a. Land. Legal and title fees; professional fees of engineers, attorneys, appraisers, financial advisors; surveying fees; appraisal and negotiation fees; damage payments; site preparation costs; and costs related to demolition of unwanted structures.
- b. Infrastructure. Professional fees of engineers, attorneys, appraisers, financial advisors, etc.; surveying fees; appraisal and negotiation fees; damage payments; site preparation costs; and cost related to demolition of unwanted structures.
- c. Buildings and Improvements. Professional fees of engineers, attorneys, appraisers, financial advisors, etc.; damage payments; costs of fixtures permanently attached to a building or structure; insurance premiums, interest and related costs incurred during construction; and any other costs necessary to place the building or structure into its intended location.
- d. Other Capital Fixed Assets. Transportation charges; installation costs; extended maintenance warranty contracts at time of purchase; any other normal or necessary costs required to place the asset in its intended location and condition for use.

**Controlled Fixed Asset.** Fixed assets that have a value of \$1000 or more per individual unit, but are under the capitalization threshold. Controlled fixed assets will be included on the fixed asset inventory listing, but will not be capitalized nor included on the balance sheet. They will be expensed in the fiscal year in which they have been placed into service.

**Capitalization Threshold.** The monetary criterion which determines whether a fixed asset should be capitalized and reported on the balance sheet and depreciation expense calculated and recorded in the schedule of expenses of the Park District's Comprehensive Annual Financial Report.

**Depreciation Expense.** The process of expensing the purchase price of a capital fixed asset over the useful life of the asset.

**Straight-line Depreciation Method.** This method assumes the asset provides constant benefits. If an asset has a useful life of ten years, then each year 1/10 of that asset's depreciable value is expensed based on the month it was placed into service.

## POL.A.04.10 - Insurance

### **Insurance Coverage for District**

The District shall obtain sufficient insurance protection from losses arising out of physical damages due to fire, storm, vandalism, accident or other hazards; injuries arising from work-related sources; judgments against the District and its employees predicated on liability for acts due to negligence; vehicle liability;

and physical damage explosion protection. Such insurance is to be obtained from qualified carriers at the lowest effective cost.

In the alternative, the District may become a member of an intergovernmental self-insured cooperative, as permitted by the Illinois Intergovernmental Cooperative Act, in order to pool its funds with funds of other districts and share with them the cost of losses, including those set forth above.

Additionally, the District shall obtain adequate insurance that provides protection against both internal and external acts of fraud, dishonesty, and theft that may arise either from criminal intent or negligence. The following minimum coverage is to be maintained by the District or such policies included in the annual PDRMA coverage documents:

- a. Public Officials' Errors and Omissions Liability Coverage. This coverage protects the District and members of the Board from lawsuits arising out of decisions made by the Board. It also covers the organization from civil suits that arise from the announcement of statements or the distribution of documents to the public by either a Board member or employee that are flagrantly in error or fraudulent in their content. It does not cover any of the costs of a criminal defense that results in conviction.
- b. Blanket Bond Coverage. This coverage protects the District against losses due to dishonest or fraudulent acts by District employees.
- c. Comprehensive Dishonesty, Disappearance, and Destruction Coverage. This coverage protects the District from losses of money and securities resulting from robbery and theft. This covers all District-controlled premises. It also covers losses from check forgeries.

### **Insurance Coverage for Employees**

Insurance membership in a self-insured pool shall also be obtained to protect full-time employees of the District as to losses due to non-work related injuries or illness. The District may provide coverage for hospital rooms, board and services, dental, vision care, physicians' and surgeons' fees, and medications and other supplies. It may also provide insurance for life, accidental death, disability, and income protection.

## **POL.A.04.11 - Internal Reports & Audits**

### **Cash Receipts**

A Daily Income Report should be generated for each day's operation, even if the operation did not generate any inflow of funds. The Daily Income Report should have the following attached to it:

- Cash register tape(s) (where used)
- Copy of deposit slip(s)
- Credit card slip(s) (where used)
- Redeemed gift certificates
- Void(s) documentation

Appropriate supervisory personnel shall review and approve the report and sign it. The report should be physically brought to (or picked up by) Business Operations at no less than a two-day delay (this includes weekends and holidays). A detailed, written explanation of any Overs and Shorts of \$5.00 or more should

accompany the Daily Report. Overs and Shorts of \$20.00 or more should be communicated to Business Operations at time of delivery of the report. In the event deposits cannot be made daily and/or the income reports cannot be turned in on a timely basis, the Finance Director shall be notified.

### **Monthly Financial Reports**

On a monthly basis, staff will provide the Board with a summarized income statement, comparing current monthly and year-to-date totals to the prior year's monthly and year-to-date totals. Additionally, the total annual budget amount for all revenue and expense accounts will be shown with a percentage, showing the actual amount of the annual budget earned or expended year to date. This report will be presented in summarized fashion with fund-level account detail.

### **Internal Auditing**

The Director of Finance shall periodically conduct such audits, investigation and implement such changes as are needed to guarantee the proper conduct of District activities related specifically to the collection and disbursement of funds, accounting allocation of those funds, budget administration, inventory of material, supplies and equipment, employment records, authorization, contracts, report of hours worked and wages paid, and shall periodically conduct said payroll audits.