

**FRANKFORT SQUARE PARK DISTRICT
COOK AND WILL COUNTY, ILLINOIS**

RESOLUTION 19-06-23

A RESOLUTION ADOPTING A FUND BALANCE POLICY

WHEREAS, the Frankfort Square Park District, Cook County and Will County, Illinois (the “District”) is an Illinois unit of local government organized and operating under the Illinois Park District Code, as amended and supplemented; and

WHEREAS, the District is subject to the financial reporting guidelines promulgated by the Government Accounting Standards Board (GASB); and

WHEREAS, the Board of Park Commissioner finds it to be in the best interest of the District to adopt a fund balance policy;

NOW, THEREFORE, BE IT RESOLVED by the Board of Park Commissioners of the Frankfort Square Park District, Cook and Will County, Illinois, as follows:

1. Recitals. The Board finds the foregoing recitals to represent a complete and accurate description of the purpose of this resolution and incorporates them as part of this resolution as though fully set forth herein.
2. Fund Balances. The Board hereby adopts the fund balance policy attached hereto as **Exhibit A**, incorporated and made a part hereof as though fully set forth herein.
3. Conflicts. All prior resolutions or administrative directives in conflict with this resolution are hereby repealed to the extent of such conflict.

SO RESOLVED this 20th Day of June, 2019.

AYES:

NAYS:

ABSENT:

APPROVED:

ATTEST:

President

Secretary

EXHIBIT A

FUND BALANCE POLICY

FRANKFORT SQUARE PARK DISTRICT FUND BALANCE POLICY

I. Statement of Purpose:

The purpose of this policy is to establish the principles and parameters to which fund balance targets are defined. It will establish fund balance classifications utilized to identify and define appropriate reserve requirements.

This policy is established to provide financial stability, sufficient cash flow for operations, support long-term infrastructure plans, and assure that the District will be able to respond to emergencies with fiscal strength.

In the event that unexpected situations may cause the District to fall below the minimum level, certain steps will be followed to correct the deficiency, as outlined in the section below, "Minimum Targets."

II. Definitions:

a. Governmental Funds:

Are used to account for all the District's general activities, including the collection and disbursement of earmarked funds (Special Revenue Funds), the acquisition or construction of general capital assets (2018 Referendum Fund), and the servicing of short-term or long-term debt (Debt Service Fund). The Corporate Fund is utilized to account for all District activities not recorded in another fund.

b. Fund Balance:

The difference between assets and liabilities in a Governmental Fund.

c. Operating Expenditures:

Total expenditures minus capital and debt service.

III. Governmental Funds:

The Frankfort Square Park District has ten governmental funds.

Governmental Funds include:

- Corporate
- Recreation
- Audit
- Liability Insurance
- Paving & Lighting
- Special Recreation
- Debt Service
- Social Security
- Golf Course
- 2018 Referendum

IV. Fund Balance: composed of three primary categories:

1. Non-Spendable Fund Balance:

The portion of a Governmental Fund's fund balance that is not available to be spent, either in the short-term or long-term or through legal restrictions (inventories, prepaid items, land held for resale and endowments).

2. Restricted Fund Balance:

The portion of a Governmental Fund's fund balance that is subject to external enforceable legal restrictions (grants, debt proceeds, and property tax levies).

3. Unrestricted Fund Balance

This portion is made up of three components:

a. Committed Fund Balance

The portion of a Governmental Fund's fund balance that is constrained to specific purposes by the government itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

b. Assigned Fund Balance

The portion of a Governmental Fund's fund balance that the government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official body to which the governing body delegates authority; does not require formal Board action.

c. Unassigned Fund Balance

The portion of fund balance available for expendable financial resources that are not the object of a tentative management plan.

V. Guiding Parameters:

The following fund balance parameters will be used as part of the budget process and in operations to establish and maintain the following funds accordingly.

It is the District's philosophy to support long-term financial strategies, where fiscal sustainability is its first priority, while also accumulating funds for future growth and opportunity. It is essential to maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. Additionally, it is important to recognize that credit rating agencies carefully monitor levels of fund balance to evaluate the District's credit worthiness.

It is the goal of the District to increase the combined unassigned fund balance of the Corporate, Recreation, Audit, Liability Insurance, Paving & Lighting, Special Recreation, Social Security, and Golf Course funds over the next five years to the following levels:

Fiscal Year 2019-2020: 4.25% of annual expenditures in those funds.

Fiscal Year 2020-2021: 5.50% of annual expenditures in those funds.

Fiscal Year 2021-2022: 6.75% of annual expenditures in those funds.

Fiscal Year 2022-2023: 8.00% of annual expenditures in those funds.

Fiscal Year 2023-2024: 9.00% of annual expenditures in those funds.

Adjustments will be made year to year to maintain available funds as required and needed. It will take multiple years to reach the goals the District's stated goals for fund balance growth.

2018 Referendum Fund:

No target is established for this fund. The Fund is used to record revenues and expenditures authorized by the voter approval of the issuance of \$1.5 million in general obligation bonds to pay for capital projects and improvements.

Debt Service Fund:

No target is established for this fund. The fund is used to accumulate monies for principal and interest payments on the District's general obligation bonded debt. Financing is provided by an annual property tax levy. All amounts maintained in this fund are restricted for the purpose of paying scheduled debt service payments.

VI. Authority and Reporting:

Staff will prepare and include in annual budget documents a work paper that shows the status of the District's funds' balances compared to targets outlined in this policy. The Executive Director Park District is given authority within this policy to assign fund balances to specific projects/expenditures.

VII. Minimum Targets:

Management will monitor major revenue collections and amount of cash available by reviewing monthly financial reports. During the year, if projections indicate that revenues will not meet expectations and fund targets will not be met by year-end, the Executive Director will take the following actions to reach the goals established in the adopted budget:

- Review expenses with management;
- Reduce expenditures, where appropriate, while maintaining adopted budget goals; and/or,
- Present to the Park Board other expenditure control options, including those that may modify goals established in the adopted budget.

Any amounts above the minimum level may be maintained in those funds or re-classified through Board action. Adequate levels of fund balance protect and provide stability for Park District operations over time or against downturns in the economy.

VIII. Deviations from the Policy:

Any deviations from this Policy must be approved by a majority of the Board of Commissioners with a plan for adhering to this Policy within the defined period of time.