

# **IMPORTANT INFORMATION**

**TO:** All PDRMA Property/Casualty Program Members

**FROM:** Martha H. Rademacher, Director of Finance & Programs

**RE:** The NEW PDRMA Fixed Asset Appraisal & Exposure Program

**DATE:** November 8, 2002

## **STATEMENT**

PDRMA's Board of Directors has approved the establishment of a Fixed Asset Appraisal and Exposure Program that will be paid for by PDRMA. This program has been designed to accomplish the following:

- Accurately determine values for property insurance purposes
- Assist members with their GASB 34 compliance  
Those members in non-compliance may receive an adverse audit opinion which could have a disastrous affect on the member's ability to issue bonds. Municipal bond underwriters, purchasers and bond counsel will look for compliance.
- Accurately determine the number and location of buildings, playgrounds, tennis courts, vehicles, etc. for liability insurance purposes
- Help PDRMA target its risk management and education and training services
- Avoid potential errors and omissions claims, fiduciary liability claims, allegations that public officials have failed to faithfully perform their duties, and other potential torts due to non-compliance
- Gather and store all data electronically with the goal of significantly reducing or eliminating the annual renewal questionnaire which is time consuming for members and staff
- Make all the data available electronically which can then be synchronized with our member management system
- Have secured web access to information for members, underwriters, actuaries and PDRMA staff
- Foster the cooperative spirit on which park and recreation agencies thrive. As part of the Program, two highly respected park district business managers have volunteered to develop standard compliance information on the other aspects of GASB 34 for all members.

## **INFORMATION**

### ***Who will be doing appraisals?***

PDRMA staff are finalizing negotiations with Maximus, Inc. to provide the appraisal services. This company was selected from the two firms providing proposals, based on the quality of their program and particularly their web-based asset management system. Their system, ASSETMAX is an on-line, real-time system that allows users to securely maintain, collect and retrieve data over the web.

### ***When do appraisals have to be completed?***

The sooner accurate appraised values are obtained for property insurance purposes the better. Since compliance with GASB 34 is based on revenue size, PDRMA members are being sorted by size and by fiscal year end. Those with revenues over \$10 million will be appraised first. Those with revenues between \$1 million and \$10 million will be addressed in order of the earliest fiscal year ends requiring compliance, followed by those with revenues under \$1 million.

The implementation schedule is complicated by allowing extra time for retroactive reporting of infrastructure assets. To simplify, the following illustrates the earliest required implementation dates:

- An entity with total revenues from \$10 million to \$100 million must comply in its first fiscal year beginning after 7/1/02.
  - ♦ For example if a member's fiscal year is January 1, it must comply for the fiscal year beginning January 1, 2003 and ending December 31, 2003.
- An entity with total revenues less than \$10 million must comply in its first fiscal year beginning after 7/1/03.
  - ♦ For example if a member's fiscal year is May 1, it must comply for the fiscal year beginning May 1, 2004 and ending April 30, 2005.

### ***How will this be paid for?***

The PDRMA Board of Directors has agreed to fund the initial basic appraisal cost for each member as well as the annual ASSETMAXX software subscription cost for all members. Land research, on-going annual updates, individual inventory tagging, and any additional services requested by members will be at their own expense.

### ***How do we get started?***

A three page questionnaire will be sent to you in the next thirty days for you to complete and send back to Maximus. The information requested will assist Maximus in planning the delivery of their services depending on circumstances at each PDRMA member.

Some members have already begun this process. PDRMA and Maximus will work with them individually to get their information transferred to the Maximus system and possibly accommodate for at least partial reimbursement of fees paid.

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This project will be very large and time-consuming, but the benefits to members individually and PDRMA as a whole and will be tremendous. Please watch for more information. Contact Martha Rademacher at (630) 769-0332 or [mrademacher@pdrma.org](mailto:mrademacher@pdrma.org) with any questions.