

**AN ORDINANCE
ESTABLISHING A GENERAL FUND BALANCE POLICY**

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF CAMPTON HILLS, KANE COUNTY, ILLINOIS AS FOLLOWS:

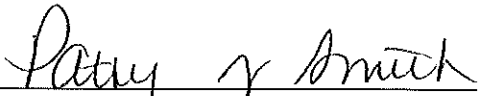
Section 1. The General fund Balance Policy in words and figures as attached hereto as EXHIBIT A, shall be and hereby is approved.

Section 2. This ordinance shall take full force and effect upon its passage and approval as provided by law.

Passed this 17th day of June, 2014 by roll call vote:

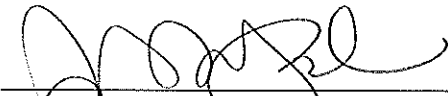
| | AYES | NAYS | ABSENT | ABSTAIN |
|---------------------------|--------|--------|--------|---------|
| Trustee Laura B. Andersen | _____ | X_____ | _____ | _____ |
| Trustee Harry Blecker | X_____ | _____ | _____ | _____ |
| Trustee Susan P. George | X_____ | _____ | _____ | _____ |
| Trustee Jim W. Kopec | X_____ | _____ | _____ | _____ |
| Trustee Albert Lenkaitis | _____ | _____ | X_____ | _____ |
| Trustee Mike D. Millette | X_____ | _____ | _____ | _____ |
| President Patsy J. Smith | _____ | _____ | _____ | _____ |

APPROVED THIS 20th DAY OF June, 2014



 Patsy J. Smith, Village President

(SEAL)

ATTEST: 

 Juliette Paul, Village Clerk

EXHIBIT A

VILLAGE OF CAMPTON HILLS

GENERAL FUND BALANCE POLICY

Effective June 29, 2014

Policy Purpose

The purpose of this Policy is to establish a target level of fund balance for the General Fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. This policy shall also establish a process for reaching and/or maintaining the targeted level of fund balance and the priority for the use of resources in excess of the target. Finally, this policy shall provide a mechanism for monitoring and reporting the Village's General Fund balance.

Background and Considerations

Fund balance is a term used to describe the net assets of the General Fund. It is calculated as the difference between the assets, liabilities, deferred inflows and outflows of resources intended to serve as a measure of financial resources in a governmental fund. The Village's administration, credit rating agencies, and others monitor the levels of fund balance in the General Fund as an important indicator of the Village's economic condition. In establishing an appropriate level of fund balance, the Village has considered the following factors:

1. The predictability of its revenues and the volatility of its expenditures.
2. The Village's perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts).
3. The potential drain upon General Fund resources from other funds as well as the availability of resources in other funds.
4. 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).
5. Commitments and assignments (i.e., the Village may wish to maintain higher levels of unassigned fund balance to compensate for any portion of the fund balance already committed or assigned by the Corporate Authorities for a specific purpose).

Fund Balance Policy and Procedures

The General Fund balance determination shall be based upon the most recently audited financial statements. The total fund balance shall be net of any restrictions, commitments, assignments, and non-spendable balances. For financial reporting purposes, the General Fund Reserve (50% Stabilization Fund Balance Reserve) shall be designated as a committed fund balance by Resolution/Ordinance of the Corporate Authorities.

EXHIBIT A

The minimum unrestricted fund balance reserve to be committed shall be fifty percent (50%) of the next year's budgeted expenditures. These committed reserves shall be used for Personnel and pension liabilities in addition to the 50% operating reserves. This 50% Stabilization Fund Balance Reserve shall be held in the General Fund, based upon the current annual budgeted expenditures, and approved by Ordinance each year. The 50% Stabilization Fund Balance Reserve may be used for cash flow purposes to address revenue that is expected, but has not been received.

A super majority vote of five (5) affirmative votes would be required for the Corporate Authorities to take action on any item that would temporarily reduce the 50% Stabilization Fund Balance Reserve below this minimum target level, excluding cash flow purposes as described above. In the event that the 50% Stabilization Fund Balance Reserve drops below this minimum target level through the approval of the Corporate Authorities, the Village would develop a plan, implemented through the annual budgetary process, to bring the balance back to the target level over a period of no more than three (3) fiscal years.

Upon completion of the annual audit, the Village Administrator shall report to the Corporate Authorities the necessary 50% Stabilization Fund Balance Reserve required for the current fiscal year.

Upon determining the minimum fund balance reserve, which in addition to the 50% Stabilization Fund Balance Reserve, may also include additional reserves required for personnel, pension, or other General Fund liabilities; any excess shall be transferred to the following reserve funds listed below. The amount to be transferred shall be recommended by the Village Administrator based upon current needs and transferred after approval by Ordinance of the Corporate Authorities.

1. Capital Projects Reserve Fund
2. Any Future Reserve Fund

Should the Village fall below the minimum target level for either the 50% Stabilization Fund Balance Reserve, the Village Administrator shall prepare, and the Village Board shall approve, a plan to bring the balance back to the target level over a period of no more than three (3) fiscal years.

The Personnel Reserve Fund Policy adopted on April 15, 2014 is hereby replaced.

Approved by the Village President and Board of Trustees on June 17, 2014.