

**AN ORDINANCE
ESTABLISHING A CAPITAL PROJECTS FUND POLICY**

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

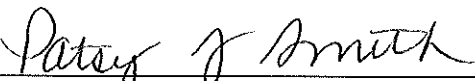
Section 1. The Capital Projects Fund Policy in words and figures as attached hereto as EXHIBIT A, shall be and hereby is approved.

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

CAPITAL PROJECTS RESERVE FUND POLICY

Effective June 29, 2014

Policy Purpose

The Capital Projects Reserve Fund shall be used to account for and report financial resources that are committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. The purpose of this Policy is to clearly articulate expenditure and fund balance guidelines for the Capital Projects Reserve Fund.

Fund Policy and Procedures

For the purpose of this policy, the term "Village" shall mean the Village Board or appropriate Village staff which possesses the authority to act according to this policy.

An amount not to exceed the total funds required by the multi-year capital plan (see below) may be accumulated in the Capital Projects Reserve Fund for the purpose of specific capital improvements, repairs, and/or replacements of Village equipment (valued over \$5,000), or other tangible property (hereinafter "capital projects"), except that this limitation may be increased up to the State statute limitation by approval of a Village Board resolution by a super majority vote of five (5) affirmative votes. Accumulated reserves shall be invested per State Statute or any applicable Village investment policy. Interest revenue accumulated within the Capital Projects Reserve Fund shall remain within the Fund for capital projects.

The Capital Projects Reserve Fund balance determination shall be based upon the most recently audited Comprehensive Annual Financial Report (CAFR). Within the Capital Projects Reserve Fund, the Village Board may designate any, or all, of the Fund Balance as *committed* for specific purposes. All other funds shall be *assigned* for capital projects. See definitions of Committed and Assigned Fund Balance below.

Committed Fund Balance: Fund balance that includes amounts that can be used only for specific purposes as approved by a Resolution of the Corporate Authorities.

Assigned Fund Balance: Fund balance which includes amounts intended to be used by the Village for specific purposes, but does not meet the criteria to be classified as restricted or committed.

Expenditures from the Capital Projects Reserve Fund shall be budgeted. No minimum Fund Balance is required for the Capital Projects Reserve Fund but the fund will only expend the amount available from the combination of the Assigned Fund Balance, Committed Fund Balance, revenues and transfers. Per the General Fund Balance Policy, the Village shall transfer

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funds annually from the General Fund, as surpluses are available, in an attempt to accumulate the funds necessary for capital projects provided for in the fund.

- The Village will coordinate the development of the Capital Projects Reserve Fund Budget with the development of the annual budget document approved each April.
- In preparing the Capital Projects Reserve Fund Budget, the Village will develop a multi-year plan that represents up to ten years of capital projects, update it annually as part of the budget process, and complete all capital projects in accordance with the plan. As part of this process, the Village will assess the condition of all major capital assets and infrastructure including, all property, including streets, and the storm sewer systems (where applicable) and project its equipment replacement need for at least the next five years.
- Capital assets with an initial cost of greater than \$5,000 and a life expectancy greater than one year will be incorporated into the Capital Projects Reserve Fund to provide for the orderly replacement of these items while minimizing the annual fluctuations in expenditures within the General Fund.
- The Village will identify the full extent of capital project costs when developing the multi-year plan and annual budget including the following:
 - The scope and timing of a planned capital project.
 - The most appropriate approach when estimating capital project and grant costs and potential revenues. The Village will use intergovernmental assistance, as available, to finance capital projects in accordance with Village plans and priorities.
 - For capital projects programmed beyond the first year of the plan, the Village will adjust cost projections based upon anticipated inflation.
 - The ongoing operating costs associated with each capital project will be quantified and included in the General Fund budget.
 - A clear estimate of all major components required to implement a capital project will be outlined, including land acquisition needs, design, construction, contingency and post-construction costs.
- The Village will prioritize and evaluate capital projects when developing the multi-year plan and annual budget as follows:
 - Reflect the relationship of capital project submittals to Village policies, plans, and studies.
 - Allow submitting departments to provide an initial prioritization of capital projects.
 - Adhere to legal requirements and/or mandates.
 - Anticipate future operating costs associated with new capital projects.
 - Apply analytical techniques, as appropriate, for evaluating potential capital projects.
 - Re-evaluate capital projects approved in previous multi-year plans.
 - Rank each capital project based upon the need of the capital project and/or condition of capital asset to be improved or replaced.

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- The Village will incorporate the following financial strategies when preparing and implementing the multi-year plan and annual budget:
 - Anticipate expected revenue, if any, and expenditure trends.
 - Prepare cash flow projections of the amount and timing of capital financing.
 - Continue compliance with all established Village financial policies.
 - Recognize appropriate legal constraints.
 - Consider and estimate funding amounts from all appropriate funding alternatives.
 - Ensure reliability and stability of identified funding sources.
 - Evaluate the affordability of the financing strategy, including the impact on debt ratios, taxpayers, ratepayers, and others.

- The Village will attempt to maintain all of its capital assets at a level adequate to protect the Village's capital investments and to minimize future maintenance and replacement costs.

- The Village may, for any reason, transfer funds no longer necessary for capital projects from the Capital Projects Reserve Fund to the General Fund upon the approval of a Village Board resolution by a super majority vote of five (5) affirmative votes.

- The separate Building Reserve Fund is hereby replaced.

Approved by the Village President and Board of Trustees on June 29, 2014.