

5. Public hearings for each fiscal year of the Biennial Budget will be held before the Village Board. The public hearing format will provide Village residents with the opportunity to express their opinions regarding estimated revenues, proposed fee or tax increases, and proposed expenditures/expenses. Residents will have the opportunity to express their reasons for wishing to increase or decrease any expenditures/expenses. The notice of public hearing will be published in newspapers circulating in the community not less than seven days in advance of the date of the public hearing (ILCS 5/8-2-9.9)
6. The Budget Document will be published in a format that satisfies all criteria of the Government Finance Officer's Association Distinguished Budget Program. The final budget document will be published no later than 90 days following the adoption of the second year of the biennial budget and will be made available to the public on the Village's web site.
7. The Budget Officer of the Village may approve the transfer of money between accounts within an Accounting Fund at his/her discretion as long as these transfers do not result in a change to the total expenditure amounts included in the approved budget for the respective Accounting Fund. If it becomes necessary to effectuate a change that impacts total expenditure dollars budgeted in a particular Accounting Fund, such change can only be made following the approval, by a two-thirds vote of the members of the Corporate Authorities then holding office (65 ILCS 5/8-2-9.6), of an ordinance amending the budget for the respective Accounting Fund.

#### ***Minimum Fund Balances and Balanced Budgets***

---

1. The Village will avoid the appropriation of fund balance for recurring operating expenditures. If at any time the utilization of a fund balance to pay for operating expenditures is necessary to maintain the quality or level of current services, an explanation of the circumstances of the utilization of fund balance and the strategy to arrest the future use of fund balance will be included in the Transmittal Letter.
2. The Village will maintain a minimum Undesignated/Unreserved General Fund Balance that is sufficient to provide financial resources for the Village in the event of an emergency or the loss of a major revenue source. Therefore, the Village has set the minimum Undesignated/Unreserved Balance for the General Fund at an amount equal to three months of General Fund operating expenditures. Any General Fund Balance that the Village has designated as a contingency reduces the amount of Undesignated/Unreserved Balance that must be maintained in accordance with this policy (the formula is: Three months budgeted operating expenditures – any General Fund Balance designated as a contingency).
3. The minimum Fund Balance for the Unreserved – Undesignated Fund Balance in the Capital Improvement Fund has been established at one half (50%) of the amount needed to fund the annual Street Maintenance Program. This is necessary to ensure sufficient resources are available in the Fund to begin work on the following year's program early in the following year before the Fund has received the majority of its revenues for the year. The maximum Fund Balance allowable in the Capital Improvement Fund is equal to 3% of the equalized assessed value of the taxable real property located in the corporate boundaries of the Village (ILCS 5/8-2-9.5). Based on the 2007 equalized assessed value of the Village, this limit was equal to \$19,747,032.
4. No minimum Fund Balance has been established for the TIF Fund. This Fund was established to account for the resources associated with capital infrastructure construction and maintenance within the TIF District. Throughout the majority of its existence, it is likely that the TIF Fund will have a negative Unreserved – Undesignated Fund Balance because capital projects within the Fund will require more resources in the beginning than have been accumulated. The TIF Fund, in order to pay for these capital projects, may receive loans from other accounting funds of the Village and these loans will lead to a negative Fund Balance until they are repaid by the TIF Fund.
5. No minimum Fund Balance is set for the Debt Service Fund. The Fund collects Property Tax Revenue

for the payment of General Obligation Bonds that have been authorized by referendum. The amount of Property Tax collected is set at the time the General Obligation Bonds are issued and is directly tied to the amount needed to pay the debt related to the bonds during any particular fiscal year. Therefore there is no need to set a minimum Fund Balance as the Property Tax revenue should always offset expenditures in the Fund.

6. The minimum Unrestricted Net Assets for the Enterprise Funds is established at three months of operating expenditures plus one quarter (25%) of the accumulated depreciation of the Capital Assets of the Fund. Enterprise fund revenues are traditionally stable and predictable; establishing a minimum fund balance of three months operating expenditures should provide sufficient security for operating activities in these Funds. The addition of one quarter (25%) of accumulated depreciation of the Capital Assets of the enterprise funds is necessary to ensure adequate resources are available to reconstruct or rehabilitate capital assets as they reach the end of their useful lives. The expense of reconstructing or rehabilitating capital assets in enterprise funds can be prohibitive unless an adequate reserve has been accumulated in the fund for the purpose of reconstruction or rehabilitation.
7. Minimum Unrestricted Net Assets for the Internal Service Funds have been established at three months of operating expenditures plus the amount needed for future equipment replacement purchases. Internal Service Funds have stable revenue sources and which are predictable enough to safely establish a three month operating expenditure spending limit. Equipment replacement schedules are maintained for each Internal Service Fund. The schedules establish the minimum fund balance needed in each year to replace equipment in the future; each of these funds will maintain a fund balance sufficient to provide resources for the future replacement of equipment as required according to the appropriate equipment replacement schedule.
8. The Pension Trust Funds minimum fund balances are established by actuarial projections. The Village will strive to provide enough resources to fully fund current estimates of future pension liabilities.
9. An assessment of the minimum Unrestricted Net Assets for the enterprise and internal service funds will be conducted once the Village's Comprehensive Annual Financial Report (CAFR) becomes available for each Fiscal Year. The Minimum Unrestricted Net Assets is not predictable and therefore a balanced budget in the enterprise and internal service funds (*as defined below*) may not necessarily indicate that minimum Unrestricted Net Assets are equal to an amount set by policy (*please see the Village's most recent CAFR to assess whether the Village has been able to comply this policy*).
10. The definition of a balanced budget for each accounting fund for which budget appropriations occur shall be:
  - a. General Fund – A General Fund balanced budget is determined by the positive or negative results of the Unreserved – Undesignated Fund Balance. The expenditures associated with General Fund operating activities are supported by the revenues and accumulated resources of this category of Fund Balance. Increases or decreases in this Fund Balance category are indicative of the General Fund's ability to support continuing operations.
  - b. Capital Improvement Fund – A balanced budget in the Capital Improvement Fund is determined by whether the Unreserved – Undesignated Fund Balance is greater than the minimum Fund Balance required by Village Policy; in 2009 this amount is \$425,000 and in 2010 the amount is \$594,000.
  - c. Tax Increment Financing Fund – A balanced budget in the TIF Fund is determined by the Fund's ability to provide resources for anticipated projects. An analysis of a balanced budget for the TIF Fund must therefore focus on the cash balance of the Fund and its ability to provide funding for future projects.
  - d. Debt Service Fund - A balanced budget in the Debt Service Fund has been established by Village Policy as a positive Net Change in Fund Balance (*i.e., a Net Change in Fund Balance greater*