



## Mayor & Village Board Standard Operating Procedure – No. 002

Date Adopted: November 22, 2011

Date Last Revised: April 4, 2018

Mayor and Village Board Standard Operating Procedure No. 002, having been first adopted by the Mayor and Village Board on November 22, 2011, shall:

1. Be updated on at least an annual basis;
2. Be administered by the Mayor and Village Manger; and
3. Serve as the Villages Account Fund Guidelines for the purpose of budgeting and financial planning.

Signed:

Date: May 9, 2018

### **THE VILLAGE'S ACCOUNTING FUND GUIDELINES**

The Mayor and Village Board have hereby established **Accounting Fund Guidelines**. This SOP will serve as the **Village's Accounting Fund Guidelines** for the purpose of budgeting and financial planning. Guidelines are hereby established for each and every fund the Village utilizes in its budgeting process. Each individual fund guideline will include the following information:

Fund Purpose  
Projected Fund Balance – Based on Budget Surplus (Deficit)  
Suggested Minimum Fund Balance  
Suggested Maximum Fund Balance  
Major Sources of Revenue  
Traditional Areas of Expenditures  
Expenditure Limitations

As with all Mayor and Village Board SOP's, the document shall be updated annually.

## **GENERAL FUND (Fund 10)**

**Fund Type – General** – The General Fund accounts for all revenue and expenditures of a governmental unit that are not accounted for in other funds.

**Purpose** – The General Fund serves to finance the Village’s daily operations.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$4,600,000 at 04/30/2018.

**Suggested Minimum Fund Balance** – The greater of \$2,250,000 or three months of the current fiscal year’s operating budget.

**Suggested Maximum Fund Balance** – The greater of \$3,800,000 or six months of the current fiscal year’s operating budget. Any amount over the maximum fund balance could be transferred to the Park and Recreation Fund or Capital Project Fund, by Village Board approval.

**Major Sources of Revenue** – Sales Taxes, State Income Tax, Intergovernmental Reimbursements, Local Use Tax, Licenses, Fines, Cable and NICOR Franchise Fees, Gaming Tax, Other Fees and Development Revenue.

**Traditional Areas of Expenditures** – Personnel Services and Benefits, Commodities, Contractual Services, Repairs, Maintenance and Equipment.

**Limitations** – As recorded in the Illinois State Statutes governing the operations of home rule government.

## **SPECIAL EVENTS FUND (Fund 12)**

**Fund Type – General Fund - Restricted** – General Funds (Restricted) are used to account for the accumulation of surpluses and/or deficits from the Village’s co-sponsored community festival.

**Purpose** – To account for the Village co-sponsored community festival. The annual operating surplus and/or deficit will be set aside as restricted general fund balance for the intent of offsetting future event costs.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$48,000 at 04/30/2018.

**Suggested Minimum Fund Balance** – \$30,000

**Suggested Maximum Fund Balance** – \$60,000

**Source of Revenue** – Original transfer from Village General Fund and gross receipts, profits, from yearly festival events.

**Traditional Areas of Expenditures** – Traditional festival expenditures to include entertainment, carnival, fireworks, insurance, staff support liaison and other festival expenditures.

**Future Needs** – Continued festival surpluses to defray event costs.

**Limitations** – Limited to Village’s Community Festival Event. Fund balance in excess of \$60,000 could be transferred back into the Village’s unreserved general fund balance, by Village Board approval.

## **ENVIRONMENT FUND (Fund 14)**

**Fund Type – General Fund - Restricted** – General Funds (Restricted) are used to account for the environment related revenues and expenditures.

**Purpose** – To account for environmental revenues and expenditures. The annual operating surplus or deficit from environmental activities will be set aside as restricted general fund balance for the intent of offsetting future environmental initiatives.

**Projected Fund Balance** – Based on FY 2018 Estimated Budget Surplus (Deficit) - \$58,000 at 04/30/2018.

**Suggested Minimum Fund Balance** – Undetermined.

**Suggested Maximum Fund Balance** – \$60,000

**Source of Revenue** – Environmental surcharge fee from the refuse service provider.

**Traditional Areas of Expenditures** – Traditional environmental programming expenditures to include tree plantings, staff support liaison, environmental education, paper shredding/recycling events and household hazardous waste events, earth day ~ arbor day event, electronic recycling expenditures, environmental association memberships, stargazing events and watershed initiatives.

**Future Needs** – Continued surcharge to fund program expenses.

**Limitations** – Limited to Village environmental initiatives. Fund balance in excess of \$60,000 could be transferred back into the Village's unreserved general fund balance, by Village Board approval.

## **MOTOR FUEL TAX FUND (Fund 20)**

**Fund Type – Special Revenue** – Used to account for revenue derived from specific taxes or other earmarked revenue sources.

**Purpose** – The maintenance and construction of public transportation infrastructure as approved and allowed by the Illinois Department of Transportation.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$2,464,000 at 04/30/2018.

**Suggested Minimum Fund Balance** – The greater of \$250,000 or three months of the current fiscal year's MFT revenue.

**Suggested Maximum Fund Balance** – This depends on our future needs based on our long term Capital Improvement Program.

**Source of Revenue** – Motor Fuel Tax Allotments. Motor Fuel Tax Allotments are based on fuel taxes charged by the state and reapportioned to local municipalities on a per capita basis.

**Traditional Areas of Expenditures** – Street repairs and maintenance, street light repair, traffic light repair, right-of-way acquisition, Homer Township Road District I/G road maintenance agreement and drainage projects.

**Other Possible Areas of Expenditures** – Personnel Services and benefits, Street ROW mowing and maintenance.

**Future Needs** – Ongoing.

**Limitations** - All projects must be approved by the Illinois Department of Transportation.

## **PARKS AND RECREATION FUND (Fund 50)**

**Fund Type – Special Revenue** – Used to account for revenue derived from specific taxes and fees and other earmarked revenue sources.

**Purpose** – The Fund will be used for major parks and recreation projects as approved by the Village Board and park facilities maintenance.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$4,096,000 at 04/30/2018.

**Suggested Minimum Fund Balance** - This depends on the Village's future needs based on the long-term Parks and Recreation Capital Improvement Program.

**Suggested Maximum Fund Balance** – This depends on the Village's future needs based on the long-term Parks and Recreation Capital Improvement Program.

**Source of Revenue** – Developer's obligations - This revenue/improvement source is directly dependent upon the completion of existing and new housing developments. This source of revenue is dependent on available property and the housing development market. Local motor fuel tax and CMAQ grants are another source of revenue.

**Traditional Areas of Expenditures** – Improvements to and maintenance of the Village's Park Properties and Expansion and maintenance of the Village's Heroes Trail system.

**Future Needs** – Continued local motor fuel tax revenue and developer fees to support ongoing parks and recreation improvement projects and maintenance.

**Limitations** – Expenditures are limited to capital improvement projects involving the Village's parks and recreation programs and maintenance of the park and trail systems.

## **DEBT SERVICE FUND (Fund 65)**

**Fund Type – Debt Service** – Debt Service Funds are used to account for the payment of bond principal and interest.

**Purpose** – To account for the revenues pledged against 2012A bond issue and retirement of debt per bond amortization schedule.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$2,576,000 at 04/30/2018.

**Suggested Minimum Fund Balance** – Undetermined.

**Suggested Maximum Fund Balance** – If annual home rule sales tax is greater than the \$2,000,000 (annual debt service), the maximum fund balance calculated on December 31 (after paying annual bond principal) is \$1,000,000.

**Source of Revenue** – Home Rule Sales Tax, as pledged in bond ordinance.

**Traditional Areas of Expenditures** – Bond interest and principal.

**Future Needs** – Home rule sales tax revenue stream sufficient to retire debt.

**Limitations** – Limited to repayment of bond series 2012A. Fund balance in excess of \$1,000,000, as defined in suggested maximum fund balance, shall be transferred back into the Village unreserved general fund balance, by Village Board approval.

## **CAPITAL PROJECTS FUND (Fund 70)**

**Fund Type – Capital Project** – Capital Project Funds are used to account for major infrastructure repair, restoration and installation projects.

**Purpose** – Street improvement projects and the repair and maintenance of street intersections, street lighting, sidewalks and other related projects. Drainage and flooding mitigation improvements can also be paid for out of this fund.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$1,018,000 at 04/30/2018.

**Suggested Minimum Fund Balance** – Undetermined.

**Suggested Maximum Fund Balance** – This depends on the Village's future needs based on the long-term Capital Improvement Program.

**Source of Revenue** – Transfer from General Fund Surplus, grant income and letter of credit draws.

**Traditional Areas of Expenditures** – Repair and maintenance (streets, street lights, traffic signal and signs, traffic calming), street and intersection improvement projects and related engineering. Drainage and flooding mitigation improvements.

**Future Needs** – Street, sidewalk and intersection improvements. A permanent, dedicated revenue source is needed to support ongoing infrastructure improvement projects.

**Limitations** - Expenditures should be related to infrastructure/transportation improvements, drainage improvements, flooding mitigation improvements and storm water improvements.



## **EAB TREE RESTORATION FUND (Fund 71)**

**Fund Type – Capital Project** – Capital Project Funds are used to account for major infrastructure repair, restoration and installation projects.

**Purpose** – Remove and/or replace trees damaged by the emerald ash borer insect.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$355,000 for FY 04/30/2018.

**Suggested Minimum Fund Balance** – N/A.

**Suggested Maximum Fund Balance** – N/A.

**Source of Revenue** – Fund transfers from General Fund and Capital Project Fund.

**Traditional Areas of Expenditures** – Arborist, public parkway tree removal and tree replacement.

**Future Needs** – As determined by the Village Board of Trustees.

**Limitations** – Expenditures should be related to EAB affected tree issues.

## **CAPITAL PROJECT- BOND FUNDED (Fund 72)**

**Fund Type – Capital Project** – Capital Project Funds are used to account for major infrastructure repair, restoration and installation projects (funded from 2012 general obligation bond issue).

**Purpose** – Infrastructure improvement projects including the following: Bedford Park Water Transmission Line acquisition project; Drainage and flooding mitigation studies and improvements; and Village costs related to IDOT'S 159<sup>th</sup> Street Improvement Project.

**Projected Fund Balance** – Based on FY 2018 Estimated Operating Surplus (Deficit) - \$14,120,000 at 04/30/2018.

**Suggested Minimum Fund Balance** – Fund will expire with the complete spend down of bond proceeds.

**Suggested Maximum Fund Balance** – N/A

**Source of Revenue** – Bond proceeds \$17,000,000, 319 grant and investment income.

**Traditional Areas of Expenditures** – Infrastructure improvement projects including the following: Bedford Park Water Transmission Line acquisition project; Drainage and flooding mitigation studies and improvements; and Village costs related to IDOT'S 159<sup>th</sup> Street Improvement Project.

**Future Needs** – Infrastructure improvements as determined by the board of trustees.

**Limitations** - Expenditures should be related to infrastructure improvement projects including the following: Bedford Park Water Transmission Line acquisition project; Drainage and flooding mitigation studies and improvements; and Village costs related to IDOT'S 159<sup>th</sup> Street Improvement Project.