

RESOLUTION 11-23 Passed March 28, 2011

**AMENDING THE FUND BALANCE
RESERVE POLICIES FOR THE CITY OF
DEKALB.**

WHEREAS, the City of DeKalb adopted written fund balance reserve policies on February 8, 2010 to help achieve the objectives of avoiding cash flow interruptions, generating investment income, and reducing the need for borrowing; and,

WHEREAS, the City Council of the City of DeKalb wishes to include updates on TIF Fund balances in the quarterly budget reports and semi-annual updates on Workers' Compensation Fund balances; now,

THEREFORE BE IT RESOLVED BY THE CITY COUNCIL of the City of DeKalb, Illinois, as follows:

Section 1. The amended "Fund Balance Reserve Policies," attached to this Resolution as Exhibit A, shall be, and is hereby, approved.

Section 2. This Resolution shall be in full force and effect from and after its passage and approval according to law.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois at a regular meeting thereof held on the 28th day of March, 2011 and approved by me as Mayor on the same day. Passed on roll call vote: 6-0-1. Aye: Simpson, Teresinski, Verbic, Naylor, Baker, Kammes. Nay: None. Absent: Gallagher.

ATTEST:


STEVEN C KAPITAN, City Clerk


KRIS POVLSSEN, Mayor



EXHIBIT A

CITY CLERK FILES:
Number: RES. 11-23
Date: 3/28/11

CITY OF DEKALB FUND BALANCE RESERVE POLICIES Adopted February 8, 2010 Amended on March 28, 2011

Fund balance reserve policies are established to avoid cash flow interruptions, generate investment income, and reduce the need for borrowing. The following levels are the minimums necessary to accomplish these objectives. The City Council shall receive an update on these fund balances as part of each quarterly report on the budget.

General Fund

The unassigned fund balance for the General Fund will be maintained at a minimum level equal to 25% of annual expenditures.

Development Services Fund

The Development Services Fund was established in FY2005 as an enterprise fund, with revenues coming from a development services fee, plumbing and sewer permits, motor fuel tax, and inspection fees. This fund shall be self supporting and the fund balance shall be 3 months of operational expenditures. If additional revenue is required to cover the total costs of this fund, a transfer from the General Fund will be utilized.

Economic Development Fund

The Economic Development Fund accounts for the agreements with outside agencies that help provide various economic development functions on behalf of the City. These agencies are paid through hotel/motel revenue. This fund shall be self supporting and the fund balance shall be equal to the planned costs for the current fiscal year. If additional revenue is required to cover the total costs of this fund, a transfer from the General Fund will be utilized.

Water Fund

The unassigned fund balance for the Water Fund will be maintained at a minimum level equal to 25% of annual expenditures, minus any water impact fee revenue.

Airport Fund

The Airport Fund shall maintain a fund balance of 25% of annual expenditures, plus the planned improvements for the current fiscal year.

TIF Funds

The City currently has two TIF funds in the budget (the Central Area TIF and TIF II). These funds shall be self supporting and shall maintain a fund balance of the planned improvements for the current fiscal year. The City Council shall receive an updated report on these funds by the end of March and by the end of September of each year.

Internal Service Funds

The Internal Service Funds are defined as including the following funds: Workers' Compensation Fund, Health Insurance Fund, Liability/Property Insurance Fund.

The **Health Insurance Fund** shall maintain unassigned net assets of \$1,200,000 (or 3 months of expenditures). Any amount above this \$1,200,000 can be transferred to the Workers' Compensation Fund or Liability/Property Insurance Fund to be used toward employee claims.

The **Workers' Compensation Fund** and **Liability/Property Insurance Fund** shall maintain unrestricted net assets of \$1,000,000 collectively (or 1 year premium for reinsurance plus the average annual retention costs associated with that premium). The City Council shall receive an update on workers' compensation claims through December 31 by the end of March and claims through June 30 by the end of September of each year.

Capital Improvement Funds

The Capital Improvement Funds are defined as including the following funds: Capital Projects Fund, Fleet Replacement Fund, and Equipment Fund.

The **Capital Projects Fund** is used for resources accumulated and used in right of way improvements such as street repair & reconstruction and curb & gutter replacement. Costs associated with this fund must not be MFT eligible and must cost over \$5,000 and have a useful life of at least three years. The funding source for this fund will be the local home rule motor fuel tax. The Capital Projects Fund shall maintain a fund balance of the planned improvements for the current fiscal year.

The **Fleet Replacement Fund** will account for revenue and expenditures associated with the acquisition of City vehicles and major equipment (i.e. trailers and plows). A chargeback system from each division and fund requiring vehicles will be utilized as the main revenue for the fund. The Fleet Replacement Fund shall maintain a fund balance of the planned replacements for the current fiscal year.

The **Equipment Fund** is used to track the resources collected for and used in obtaining major improvements to equipment, which costs over \$5,000 and has a useful life expectancy of at least three years. Equipment to be funded includes computer equipment, office furniture, copy and facsimile machines and other like equipment. A chargeback system from each division and fund requiring equipment will be utilized as the main revenue for the fund. The Equipment Fund shall maintain a fund balance of the planned replacements for the current fiscal year.