

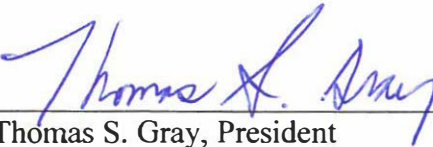
RESOLUTION NO. 06-12

A RESOLUTION ADOPTING A GOVERNMENTAL FUND
BALANCE POLICY

BE IT RESOLVED BY THE VILLAGE PRESIDENT AND BOARD OF TRUSTEES OF THE
VILLAGE OF CHATHAM, SANGAMON COUNTY, ILLINOIS.

Section 1: There is hereby adopted a Village of Chatham Fund Balance policy, a copy which is
attached hereto as Exhibit A and herein incorporated by reference.

Section 2: This Resolution is effective upon passage and approval.



Thomas S. Gray, President
Village of Chatham

ATTEST: 

Pat Schad, Clerk

YEAS: 5 HERR MAU BOYLE HOLDEN SCHATTENMAN

NAYS: 0 ABSENT: 1 KAVANAGH

PASSED: 2-28-12

APPROVED: 2-28-12



VILLAGE OF CHATHAM
FUND BALANCE POLICY

- I **Policy:** It is the policy of the Village of Chatham to operate with sound financial management and to provide a stable financial base for the Village at all times in order to maintain sufficient balances to fund operations and protect against the need to reduce service levels or programs.
- II **Scope:** This fund balance police is established for the governmental funds of the Village of Chatham as accounted for in the Annual Financial Report in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
- III **Definitions:** The following individual components constitute the fund balance for all the Village's funds:
- A. **Nonspendable** - Represents fund balances that cannot be spent because of their form or legally or contractually required to be maintained intact.
 - B. **Restricted** – Represents fund balances which are subject to externally enforceable limitations imposed by external parties or enabling legislation.
 - C. **Committed** – Represents fund balances that have self-imposed limitations put in place by formal action by the Village Board.
 - D. **Assigned** - Represents fund balances that have limitations due to being earmarked for an intended use. Authority to assign fund balances is delegated to the Village's Chief Fiscal Officer.
 - E. **Unassigned** - Represents the residual classification for the General Fund. This is the fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report a deficit fund balance as unassigned.
- IV **Committing Fund Balance:** In order to commit fund balance, the Board of Trustees, as the Highest level of decision-making authority, must incorporate in an ordinance or resolution of the commitment of funds for specific purposes. These funds must be fully expended for their committed purpose or a separate action by the Board of Trustees for the funds to become uncommitted.
- V **Assigning Fund Balance:** In order to assign fund balance, the Board of Trustees designates the Chief Fiscal Officer as the authority to assign fund balance.

VI **Order of Resource Use:** The Village requires the most restricted fund balances first; in the following order.

- A. Restricted
- B. Committed
- C. Assigned
- D. Unassigned

VII **Annual Review and Determination of Fund Balance Policy:** Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process. Actual final classification of restricted, committed, assigned, non-spendable and unassigned fund balances shall be determined during the annual fiscal year-end process for presentation in the Village's Annual Financial Report.

VIII **Adoption/Amendment:** The Village's fund balance policy shall be adopted by resolution of the Board of Trustees. This policy shall take effect immediately upon adoption and will be applied Beginning with the preparation of the Village's 2012 Annual Financial Report.

