

RESOLUTION NO. 24-R-88

**A RESOLUTION ADOPTING A GENERAL FUND BALANCE
POLICY SUBJECT TO FUTURE REVISION ON AN ANNUAL
BASIS**

WHEREAS, the City of Rolling Meadows has reviewed the requirements of the Governmental Accounting Standards' Board (GASB) Statement No. 54 governing fund balance; and

WHEREAS, the City Staff recommends the adoption of the GASB-54 requirements; and

WHEREAS, the City recognizes the need to prepare for unforeseen circumstances and the importance of building fund balance reserves; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Rolling Meadows, Illinois, that the following General Fund Balance Policy is adopted for the City of Rolling Meadows, subject to future revisions, a copy of which is included in this Resolution.

AYES: Boucher, Reyez, Koehler, McHale, Budmats, O'Brien, Vinezeano,

NAYS: 0

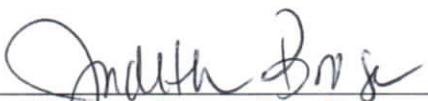
ABSENT: 0

Passed and Approved this 12th day of November, 2024.



Lara Sanoica, Mayor

ATTEST:



Judith Brose, Deputy City Clerk

City of Rolling Meadows

General Fund Balance Policy

Fund Balance for the General Fund (Approved by Resolution #24-R-88)

Purpose

A fund balance policy will provide the City of Rolling Meadows a basis to prepare for unforeseen circumstances and to provide sufficient cash flow to avoid the need for short-term borrowing.

Terms

The Governmental Accounting Standards Board (GASB) Statement 54 has identified five categories of fund balances, addressing by whom or why the classification exists. The five categories are as follows: Non-spendable, Restricted, Committed, Assigned, and Unassigned.

Non-spendable is the portion of a fund balance that is not supported by cash; this includes assets such as prepaid insurance and inventories.

Restricted is essentially the same as reserved. There is generally an outside influence which causes the restriction. Examples include bondholders' rights for a general obligation bond.

Committed fund balance occurs when the City Council takes a formal action such as adopting a resolution or entering into a contract.

Assigned fund balance generally occurs through the budget process for a City.

Unassigned fund balance is the residual portion of fund balance that does not meet any of the criteria described above. Note: The General Fund is the only fund that can report an Unassigned fund balance.

1. Amounts Held in Reserve (Unassigned Fund Balance)

The City of Rolling Meadows shall strive to hold an amount known as Unassigned Fund Balance of 20% of the General Fund's operating expenditures. Operating expenditures do not include Transfers to Other Funds, Debt Service, Internal Service Chargebacks, and Police & Fire Pension funding. These non-operational costs are either directly funded, such as Police and Fire Pensions through dedicated property tax levies, or are quickly controllable by management, such as Internal Service Chargebacks. Fund Balance is expressed as a goal to recognize the fact that fund balance levels can fluctuate from year-to-year due to operational fluctuations.

2. Conditions for Use of Reserves

The use of reserves shall be limited to anticipated, non-recurring needs, or anticipated future obligations or a hedge for circumstances needing attention or life safety issues. Fund balances shall not be used for normal or recurring annual operating expenditures. Priority will be given to one-time projects in the General Fund in an upcoming year and to support the Local Road Fund through a one-time transfer of fund balance over the policy amount.

The City Manager is authorized to offer recommendations to the City Council for the use of General Fund reserves beyond the priority items. The City Council will approve the use of General Fund reserves.