



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

Date Adopted: November 22, 2011

Date Revised January 8, 2013, March 26, 2013, January 28, 2014 and August 12, 2015.

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: August 12, 2015

### 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
- Unreserved Fund Balance Totals
- Projected Fund Balance – Based on Budget Surplus (Deficit)
- Suggested Minimum Fund Balance
- Suggested Maximum Fund Balance
- Major Sources of Revenue for each Fund
- Percent of Major Sources of Revenue to Total Budget Per Fiscal Year
- 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.

**Unreserved Fund Balance** – \$4,204,479 at 04/30/2014.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$4,204,479 at 04/30/2015.

**Suggested Minimum Fund Balance** – The greater of \$2,250,000 or three months of the current fiscal year’s operating budget which is \$2,103,126 for F/Y 2015.

**Suggested Maximum Fund Balance** – The greater of \$3,800,000 or six months of the current fiscal year’s operating budget, which is \$4,206,252 for F/Y 2015. Any amount over the maximum fund balance could be transferred to the Park and Recreation Fund, Land Acquisition Fund or Capital Project Fund, by Village Board approval.

**Major Sources of Revenue** – Local Sales Taxes (1% of Local Retail Sales Tax), State Taxes (State income taxes and local use tax. Taxes partially reapportioned to local municipalities on a per capita basis), Intergovernmental Reimbursements Building Permits, Fines and Franchise Fees.

**Percent of Major Sources of Revenue to Total Budget** – Sales Taxes only 1% (38%), State Income Tax ( 29%), Intergovernmental Reimbursements (16%), Local Use Tax (5%), Licenses (3%), Fines (1%), Cable and NICOR Franchise Fees (3%), Miscellaneous (1%) and Development Revenue (3%).

**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.

**Fund Balance** –\$43,081 at 04/30/14.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$33,631 at 04/30/2015.

**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 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 shall be transferred back into the Village’s unreserved general fund balance on an annual basis. The \$60,000 maximum special events fund balance will remain in the fund to pay for festival expenses.

## 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 and/or deficit from environmental activities will be set aside as restricted general fund balance for the intent of offsetting future environmental initiatives.

**Fund Balance** –\$35,919 at 04/30/14.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$22,317 at 04/30/2015.

**Suggested Minimum Fund Balance** – Undetermined.

**Suggested Maximum Fund Balance** – No maximum fund.

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

**Traditional Areas of Expenditures** – Traditional environmental programming expenditures to include tree plantings, 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 and recycling revenues to fund program expenses.

**Limitations** – Limited to Village environmental initiatives.

## 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.

**Fund Balance** – \$2,085,563 at 04/30/2014.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$2,033,424 at 04/30/2015.

**Suggested Minimum Fund Balance** – The greater of \$250,000 or three months of the current fiscal year's MFT revenue which is \$361,977 for F/Y 2015.

**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. \$723,953 budgeted for F/Y 2015.

**Traditional Areas of Expenditures** – Street repairs and maintenance, street light repair, traffic light repair, right-of-way acquisition, drainage projects and Tollway Fund transfers.

**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.

## LAND ACQUISITION FUND (Fund 40)

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

**Purpose** – To pay for the purchase of general land acquisition and park land acquisition in the Village of Homer Glen.

**Fund Balance** —\$1,019,829 at 04/30/14.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$1,017,829 at 04/30/2015.

**Suggested Minimum Fund Balance** – This depends on the Village's future needs.

**Suggested Maximum Fund Balance** – This depends on the Village's future needs.

**Source of Revenue** – Transfer from the General Fund surplus reserve and grant Income.

**Traditional Areas of Expenditures** – Expenditures related to the purchase of park land in the Village of Homer Glen. Potential expenditures related to the purchase of a future Village Hall site.

**Future Needs** – A permanent, dedicated revenue source to support ongoing land acquisition.

**Limitations** – Limited to expenditures related to the purchase of land in the Village of Homer Glen.

## PARKS AND RECREATION FUND (Fund 50)

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

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

**Fund Balance** - \$2,394,239 at 04/30/14.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$1,710,664 at 04/30/2015.

**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. CMAQ grants are another source of revenue. Transfers from the General Fund surplus reserve 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** – A permanent, dedicated revenue source to support ongoing parks and recreation improvement projects.

**Limitations** – Expenditures are limited to capital improvement projects involving the Village's parks and recreation programs and maintenance of the park and trail systems. Funds are not to be utilized for land acquisition.

## 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.

**Fund Balance** – \$389,595 at 04/30/14.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$960,703 at 04/30/2015.

**Suggested Minimum Fund Balance** – Undetermined.

**Suggested Maximum Fund Balance** – Undetermined.

**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 bond series 2012A activities.

## 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. The reconstruction of major intersections. Drainage and flooding mitigation improvements can be paid for out of this fund.

**Fund Balance** – \$4,077,691 at 04/30/14.

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$841,475 at 04/30/2015.

**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, letter of credit draws and developer contributions.

**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.

**Fund Balance** - \$500,000 at 04/30/14.

**Projected Fund Balance** – Based on Budget Surplus (Deficit) - \$367,000 for FY 04/30/2015.

**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.

**Fund Balance** – \$15,695,729 at 04/30/14. (Fund began with 9/25/2012 debt issue.)

**Projected Fund Balance** – Based on FY 2015 Budget Surplus (Deficit) - \$13,291,414 at 04/30/2015.

**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 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.

**TOLLWAY FUND (Fund 75)**

FUND EXPIRED ON DECEMBER 31, 2014