

**ORDINANCE NUMBER 21 - 13**

**AN ORDINANCE OF THE VILLAGE OF EAST DUNDEE, COOK AND KANE COUNTIES, ILLINOIS, AMENDING CHAPTER 34 OF THE VILLAGE OF EAST DUNDEE VILLAGE CODE REGARDING A CASH BALANCE POLICY**

**WHEREAS**, the Village of East Dundee (“Village”) is a home rule unit of local government pursuant to Section 6 of Article VII of the Constitution of the State of Illinois, and has the authority to exercise any power and perform any function pertaining to its government and affairs; and

**WHEREAS**, the President and Board of Trustees of the Village find that amending Chapter 34 of the Village of East Dundee Village Code (“Village Code”) as set forth below regarding a cash balance policy best serves the public’s health, safety and welfare;

**NOW THEREFORE BE IT ORDAINED BY THE VILLAGE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF EAST DUNDEE, COOK AND KANE COUNTIES, ILLINOIS, AS FOLLOWS:**

**SECTION 1: Incorporation.** That the recitals above shall be and are hereby incorporated in this Section 1 as if restated herein.

**SECTION 2: Amendments.** That Chapter 34 of the Village Code is amended by adding Sections 34.90 – 34.93 thereto, which shall read as follows:

**“CASH BALANCE POLICY**

**§ 34.90 CASH BALANCE POLICY PURPOSE**

The purpose of the Cash Balance Policy is to establish the following:

- (A) A target level of cash balance required for the General Fund and Water and Sewer Fund.
- (B) A process and criteria for the continued evaluation of that target level as conditions warrant.
- (C) A process for reaching and/or maintaining the targeted level of cash balance and the priority for the use of resources in excess of the target.
- (D) A mechanism for monitoring and reporting the General Fund and Water and Sewer Fund cash balance.

**§ 34.91 POLICY BACKGROUND AND CONSIDERATIONS**

The Village’s administration, credit rating agencies, and others monitor the levels of cash balance in the General Fund and Water and Sewer Fund as an important indicator of the Village’s economic condition. In establishing

an appropriate level of cash balance, the Village has considered the following factors:

- (A) The predictability of its revenues and the volatility of its expenditures.
- (B) The Village's perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts).
- (C) The potential drain upon General Fund and Water and Sewer Fund resources from other funds as well as the availability of resources in other funds.
- (D) Liquidity (i.e. the disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained).
- (E) Commitments and assignments (i.e., the Village may wish to maintain higher levels of unassigned cash balance to compensate for any portion of the cash balance already committed or assigned by the government for a specific purpose).

### **§ 34.92 CASH BALANCE POLICY AND PROCEDURES**

The following shall apply to both the General Fund and Water and Sewer Fund. The minimum cash balance reserve to be committed shall be twenty-five percent (25%) of budgeted expenditures. An additional ten percent (10%) cash flow reserve shall be committed in each fund for cash flow purposes. This ten percent (10%) cash flow reserve shall be used at the discretion of the Village Administrator provided that the ten percent (10%) shall only be used for cash flow to address revenue that is expected but has not yet been received.

The total thirty-five percent (35%) cash balance reserve required for each fund shall be calculated prior to the adoption of the annual budget as follows:

$$\textit{Projected Beginning Cash Balance} \div \textit{Budgeted Expenditures} = 35\%$$

As part of the annual budget process, the Village Administrator shall report to the Village Board the required thirty-five percent (35%) cash balance reserve. This thirty-five percent (35%) cash balance reserve shall be held in the General Fund and Water and Sewer Fund, respectively, and shall be approved by ordinance each year in conjunction with the adopted budget.

A super majority vote of five (5) affirmative votes of the Village President and Board of Trustees is required for the Village Board to take action on any item that will temporarily reduce the thirty-five percent (35%) cash balance reserve below this minimum target level, other than for cash flow purposes. In the event that the thirty-five (35%) cash balance reserve drops below this minimum target level through the approval of the Village Board,

the Village Administrator will develop a plan, implemented through the annual budgetary process, to bring the balance back to the target level over a period of no more than three (3) fiscal years.

**§ 34.93 SURPLUS**

(A) General Fund. Upon determining the minimum thirty-five percent (35%) General Fund cash balance reserve, any excess (surplus) shall be transferred to the Capital Projects Fund and shall be either utilized for budgeted capital projects or restricted for capital projects identified within the Village's Capital Improvement Plan. These transfers shall be made as available, recommended by the Village Administrator based upon current needs, and approved by ordinance.

(B) Water and Sewer Fund. Upon determining the minimum thirty-five percent (35%) Water and Sewer Fund cash balance reserve, any excess (surplus) shall be either utilized for budgeted capital projects within the Water and Sewer Fund or restricted for Water and Sewer capital projects identified within the Village's Capital Improvement Plan, as recommended by the Village Administrator and approved by ordinance."

**SECTION 3: Continuation.** That all provisions of the Village Code not amended herein shall remain in full force and effect.

**SECTION 4: Severability.** That if any Section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such Section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

**SECTION 5: Repeal.** That all ordinances, resolutions, motions or parts thereof in conflict with this Ordinance shall be and the same are hereby repealed.

**SECTION 6: Effect.** That this Ordinance shall be in full force and effect upon its adoption, approval and publication in pamphlet form as provided by law.

**[THIS SPACE INTENTIONALLY LEFT BLANK]**

**ADOPTED** this 19th day of April, 2021 pursuant to a roll call vote as follows:

AYES: Trustees Lynam, Selep, Mahony, Andresen and Kunze

NAYES: None

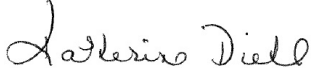
ABSENT: Trustee Wood

**APPROVED** by me this 19th day of April, 2021.



\_\_\_\_\_  
Lael Miller, Village President

**ATTEST:**



\_\_\_\_\_  
Katherine Diehl, Village Clerk

Published in pamphlet form this 19<sup>th</sup> day of April, 2021, under the authority of the Village President and Board of Trustees.

Recorded in the Village records on April 20, 2021.