

# VILLAGE OF WESTON

## FINANCIAL POLICY/PROCEDURE MANUAL

### SUBJECT: GENERAL FUND BALANCE

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**General:** The objectives of this policy are to preserve the credit worthiness of the Village for borrowing monies at favorable interest rates; provide working capital for the Village to meet cash flow needs during the year and stabilize fluctuations from year to year in property taxes paid by the Village's taxpayers.

**Procedures:** In order to achieve the objectives of this policy, the Village Board shall adhere to the following guidelines.

- 1) An undesignated general fund balance shall be maintained as of December 31 of each year equal to a minimum of two months (16.67%) of the ensuing year's budgeted general fund expenditures, with a targeted maximum of four months (33.33%) of the ensuing year's budgeted expenditures.
- 2) As part of the annual budget process, the Director of Finance will estimate the surplus or deficit for the current year and prepare a projection of the year-end undesignated general fund balance. Such projections will include an analysis of trends in fund balance levels on an historical and future projection basis. Any anticipated balance in excess of the minimum undesignated general fund balance might be budgeted to reduce the ensuing year's property tax levy.
- 3) Withdrawal of any amount of undesignated general fund balance in excess of the targeted minimum of the amount budgeted under (2) above, for the sole purpose of reducing the ensuing year's property tax levy, may be made only upon a 2/3 majority vote of the Village Board.
- 4) The Village Board, by a two-thirds vote, can declare a fiscal emergency and withdraw any amount of general fund balances for purposes of addressing the fiscal emergency. Any such action must also provide for necessary appropriations to restore the undesignated general fund balance to the minimum balance within a three-year period.
- 5) This policy will be reviewed by the Finance Committee every two years following adoption or sooner at the discretion of the Finance Committee or the Village Board.