

Distribution thru Waterfall at Year End 2016		\$ 5,276,282
	<u>2017 Budget</u>	
Emergency (5% of Total unreserved budgeted GF Exp)	\$35,734,549	\$ 1,786,727.45
Revenue Stabalization (3.5% of Total unreserved budgeted GF Exp)	\$35,734,549	\$ 1,250,709
Total		\$ 3,037,437
Remaining Balance to distribute between Pension and Building Reserves		\$ 2,238,845
Pension (50% Remaining Balance):		\$ 1,119,423
Balance over \$1M Make Distribution to Pension Funds		
<u>Distribution to Pension Funds:</u>		
IMRF: 20%		\$ 23,885
Police Pension: 40%		\$ 47,769
Fire Pension: 40%		\$ 47,769
Building (50% Remaining Balance)		\$ 1,119,423

Example

Eliminate Utility Reserve Fund & Allocate \$'s to New Reserves

\$5.332M



Fill up Emergency Reserve Fund

Maintained equal to 5% of the current year's budgeted expenses in the General fund

\$1.765M

- May be used for unexpected, large-scale events where costs in excess of \$1M are incurred, and immediate, remedial action must be taken to protect the health and safety of residents (e.g. major flood, earthquake, event requiring significant overtime, ect.).

Fill up Revenue Stabilization Fund

Maintained equal to 3.5% of the current year's budgeted expenses in the General Fund

\$1.235M

Revenues should be down at least 1.5% compared to prior year budget to utilize this fund.

- May be used to provide funding to temporarily offset unanticipated fluctuations in on-going revenues or unanticipated events, such as unexpected external mandates, closure of large sales taxpayer, reductions in state shared revenues, etc.
- This Fund will provide time for the Village to restructure its operations in a deliberate manner to ensure continuance of critical Village activities. If this reserve is spent down, it shall be restored within the following three years.

Building Reserve Fund

\$1.166M

- May be used to help fund the cost to build new, replace, or complete a major renovation to an existing Village owned building.

Remaining funds should be split equally (50/50) between both funds



Pension Stabilization Fund

\$1.166M

- May be used if the annual actuarially determined pension funding requirement exceeds the total statutorily permissible annual property tax levy
- Funds over \$1M should be distributed as follows to pay down unfunded pension liabilities:

Distribute \$166K to pension funds:
 20% IMRF: \$34K
 40% Police Pension Fund: \$66K
 40% Fire Pension Fund: \$66K

YEAR-END GENERAL FUND RESERVE MAINTENANCE POLICY

Maintaining reserves is a prudent management practice. Reserves are an important indicator of the Village's financial position and its ability to withstand adverse events. At the end of each fiscal year, year-end revenues over expenses should be distributed to each reserve in the following order:

1. An Emergency General Fund Reserve should be maintained equal to 5% of the current year's budgeted unassigned expenses in the General Fund. The Emergency Reserve may be used for unexpected, large-scale events where costs in excess of \$1 million are incurred, and immediate, remedial action must be taken to protect the health and safety of residents (e.g. major flood, earthquake, event requiring significant overtime, etc.).
2. The Village should maintain a "Revenue Stabilization" reserve with a goal of reaching 3.5% of the current year's budgeted unassigned expenses in the General fund. This reserve may be used to provide funding to temporarily offset unanticipated fluctuations in on-going revenues or unanticipated events, such as unexpected external mandates, reductions in state shared revenues, closure of large sales taxpayer, etc. The reserve funds will provide time for the Village to restructure its operations in a deliberate manner to ensure continuance of critical Village activities. Revenues should be down at least 1.5% compared to prior year budget to utilize this fund.
3. Remaining funds should be split equally (50/50) between a Building Reserve Fund and a Pension Stabilization Fund.
 - The Building Reserve Fund may be used to help fund the cost to build new, replace, or complete a major renovation to an existing Village owned building.
 - The Pension Stabilization Fund may be used if the annual actuarially determined pension funding requirement exceeds the total statutorily permissible annual property tax levy. Funds over \$1M should be distributed as follows to pay down unfunded pension liabilities:
 - Illinois Municipal Retirement Fund: 20%
 - Police Pension Fund: 40%
 - Fire Pension Fund: 40%