

RESOLUTION NO. 2021-01

A RESOLUTION ADOPTING A FUND BALANCE POLICY

WHEREAS, the Addison Fire Protection District No. 1 ("the District") is a fire protection district duly organized under the laws of the State of Illinois(70 ILCS 705/1 *et seq.*); and

WHEREAS, the Board of Trustees of the District ("the Board") has full power to pass all necessary ordinances and rules and regulations for the proper management and conduct of the business of the Board of Trustees and for carrying into effect the objects for which the District was formed pursuant to Section 6 of the Fire Protection District Act (70 ILCS 705/6); and

WHEREAS, the Board has determined that it is in the best interest of the District and its employees to adopt and approve a Fund Balance Policy.

NOW, THEREFORE, Be It Resolved by the Board of Trustees of the Addison Fire Protection District No. 1, DuPage County, Illinois as follows:

Section One: To the District to operate with sound financial management principles to provide a stable financial base for the District at all times in order to maintain sufficient balances to fund operations and protect against the need to reduce service levels or programs.

Section Two: This Fund Balance Policy is established for the governmental funds of the Addison Fire Protection District as accounted for in the Comprehensive Annual Financial Report (CAFR) in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Section Three: The primary objectives of this policy shall be to maintain fund balance sufficient to fund all cash flows of the District, and to provide financial reserves for acquiring and renovating facilities and for purchasing/leasing new apparatus.

Section Four: This Resolution shall supersede any ordinances, resolutions, or motions, or parts of ordinances, resolutions, or motions in conflict with any part herein, and any such

ordinances, resolutions, motions, or parts thereof, are hereby repealed.

Section Five: If any section, paragraph or provision of this Resolution or shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any of the remaining provisions of this Resolution.


ADOPTED this 6th day of January, 2021, by a roll call vote as follows:

AYES: 3


NAYS: Ø

ABSENT: Ø




President, Board of Trustees
Addison Fire Protection District No. 1

ATTEST:


Secretary, Board of Trustees
Addison Fire Protection District No. 1

STATE OF ILLINOIS)
)
COUNTY OF DUPAGE) SS

SECRETARY'S CERTIFICATE

I, CHARLES BAXA, JR., the duly qualified and acting Secretary of the Board of Trustees of the Addison Fire Protection District No. 1, DuPage County, Illinois, do hereby certify that attached hereto is a true and correct copy of a Resolution entitled:

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which Resolution was duly adopted by said Board of Trustees at a meeting held on the 6th day of January, 2021.

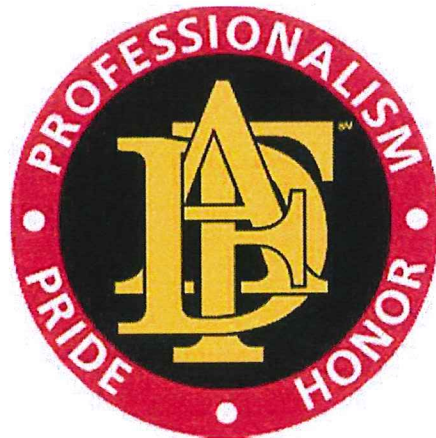
I do further certify that a quorum of said Board of Trustees was present at said meeting, and that the Board of Trustees complied with all the requirements of the Illinois Open Meetings Act.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of January, 2021.





Secretary, Board of Trustees
Addison Fire Protection District No. 1



FUND BALANCE POLICY

ADDISON FIRE PROTECTION DISTRICT

1. **Policy:** It is the policy of the Addison Fire Protection District (the “District”) to operate with sound financial management principles to provide a stable financial base for the District at all times in order to maintain sufficient balances to fund operations and protect against the need to reduce service levels or programs.
2. **Scope:** This fund balance policy is established for the governmental funds of the Addison Fire Protection District as accounted for in the Comprehensive Annual Financial Report (CAFR) in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
3. **Objectives:** The primary objectives of this policy shall be to maintain fund balance sufficient to fund all cash flows of the District, and to provide financial reserves for acquiring and renovating facilities and for purchasing/leasing new apparatus.

4. **Definitions:** The following individual components constitute the fund balance for all of the District's Governmental Funds:

Classification	Definition	Examples
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	<ul style="list-style-type: none"> • Inventories • Prepaid items • Long-term receivables • Permanent endowments
Restricted	Resources that are subject to constraints imposed by external parties or enabling legislation.	<ul style="list-style-type: none"> • State statute restrictions • Unspent bond proceeds • Grants earned, but not spent • Debt covenants • Taxes dedicated to a specific purpose • Revenues restricted by enabling legislation
Unrestricted:		
Committed	Amounts constrained for specific purposes by District's Board of Trustees through formal action.	<ul style="list-style-type: none"> • Amounts Board of Trustees sets aside by ordinance or resolution
Assigned	Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.	<ul style="list-style-type: none"> • Board of Trustees delegates the authority to assign fund balance to the Finance Director
Unassigned	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned.	<ul style="list-style-type: none"> • Available and expendable for any General Fund purpose

5. **Committing Fund Balance:** In order to commit fund balance, the Board of Trustees, as the highest level of decision-making authority, must incorporate in an ordinance or resolution the commitment of funds for specific purposes and pass said ordinance or resolution before the fiscal year end. These funds must be fully expended for their committed purpose or a separate action by the Board of Trustees for the funds to become uncommitted.
6. **Assigning Fund Balance:** In order to assign fund balance, the Board of Trustees designates the Finance Director as the authority to assign fund balance. Any fund balance in a governmental fund other than the Corporate Fund that is not restricted or committed is, at a minimum, assumed to be assigned for the purpose of that fund.

7. **Order of Resource Use:** The District requires restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

8. **Operating Reserves:** It is a goal that a portion of the revenue in excess of expenditures as determined by the annual audit at fiscal year-end, be set aside for maintaining reserves as follows:
 - 8.1. **Corporate Fund (inclusive of Operating Reserve)** – a fund balance will be maintained at fiscal year-end sufficient to handle emergency needs, cash flow needs associated with the timing of property tax receipts, and unfavorable variances in the annual budget.
 - 8.1.1 It is the District’s goal to maintain an unassigned fund balance level in the Corporate Fund at fiscal yearend sufficient to cover, at a or between three (3) and five (5) months of operation determined as a percentage of the annual budgeted expenditures.

 - 8.1.2 Should annual Corporate Fund revenues exceed expenditures and encumbrances, a fiscal year-end operating surplus shall be reported. Any portion of Corporate Fund Balance in excess of 35% mentioned above will be considered for transfer and assigned to the funds below during the budget process in the following order:
 - 8.1.2.1. Replenish any other established fund balance targets or designations, to meet target levels.

 - 8.1.2.2. Transfer to the Pension Fund to offset shortfalls from actuarial determined contributions (ADC).

 - 8.1.2.3. Transfer to the Capital Improvement Fund for appropriation to Facilities Improvement or Fleet Replacement programs.

 - 8.1.3 If the Corporate Fund fiscal year-end balance falls below 25%, a plan will be developed and implemented to restore the fund balance to its minimum within three years.

- 8.2. Special Revenue Funds – Special Revenue Funds account for the proceeds from specific revenue sources that are legally restricted for specific purposes. These funds will be monitored and the taxes levied to support them will be adjusted to ensure they operate within target range. It may take more than one levy cycle to ensure the funds are operating within the proper range.
- 8.2.1 Ambulance and Rescue Funds - There is no target established.
- 8.2.2 Tort, Audit, IMRF, Social Security and Foreign Fire Funds – There is no target established for these non-major funds.
- 8.2.3 Pension Fund – There is no target established for this fund as additional contributions to the Pension Fund will be made as designated by the Board based on the Pension’s funded ratio as the District strives to meet its funding requirements per the Pension Funding Policy.
- 8.3. Capital Projects Fund – The District will strive to maintain a fiscal year end fund balance necessary to provide sufficient funds for the improvement of facilities and the replacement of apparatus and vehicles.
9. **Annual Review and Determination of Fund Balance Policy:** Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process. Actual final classification of restricted, committed, assigned, non-spendable and unassigned fund balances shall be determined during the annual fiscal year-end process for presentation in the District’s Comprehensive Annual Financial Report (CAFR).
10. **Adoption/Amendment:** The District’s fund balance policy shall be adopted by resolution of the Board of Trustees. This policy shall take effect immediately upon adoption and will be applied beginning with the preparation of the District’s 2020 Comprehensive Annual Financial Report.

Adopted during an open meeting of the Board of Trustees on January 6th, 2021