

Item #5:
Resolution Establishing General Fund Minimum Reserve Policy

VILLAGE POLICY - PROCEDURE STATEMENT
Village of Long Grove, Illinois

SUBJECT: **General Fund Minimum Reserve Policy**

ISSUED BY: David A. Lothspeich, Village Manager **EFFECTIVE DATE:** April 26, 2011

CHECK ONE: [X] Official Village Policy Approved by Board

 [] Administrative Regulation Issued by Village Manager

 [] Departmental Procedure Applying to All Departments and Sworn Personnel

THIS IS A: [X] New Policy or Procedure

 [] Amends or [] Supersedes Previous Policy Dated: _____

PURPOSE:

The Village of Long Grove has established a General Fund Minimum Reserve Policy in order to insure that the Village maintains adequate cash reserve levels necessary to fund the Village's normal reoccurring obligations while providing sufficient reserve funds for any unexpected expense(s) or loss in revenue(s) (emergency). This policy sets minimum reserve levels which should be maintained and available for any such emergency. All elected officials and employees are expected to follow this procedure.

POLICY:

Minimum reserve levels shall be established annually by the Board of Trustees in conjunction with the budget process and confirmed during review of the Village's audited financial statements. The recommended minimum reserve balance shall be equal to [100] % of the projected and actual total annual revenues (excluding Enterprise Fund revenues). Reserves are to be held in cash or short-term investments allowed by the Illinois Compiled Statues, Chapter 30, Section 235/2 and Chapter 5, Section 220/15 with a maximum duration of 6 months.

Expenditures reducing the reserve below the minimum established level shall be limited to emergency or crises situations and shall require a [super] majority vote by the Board of Trustees.