

**ORDINANCE NO. 13-03**

**AN ORDINANCE AMENDING THE RULES AND REGULATIONS  
OF THE WARRENVILLE FIRE PROTECTION DISTRICT TO  
INCLUDE A POLICY ON ACCOUNTING FUND BALANCES**

**WHEREAS**, the Warrenville Fire Protection District (the "District") is a fire protection district duly incorporated under the laws of the State of Illinois including but not limited to the Illinois Fire Protection District Act (the "Act", 70 ILCS 705/1 *et seq.*); and

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

**WHEREAS**, the District has established, adopted and continues to maintain rules, regulations and policies to govern the internal corporate administration and operations of the District; and

**WHEREAS**, the Board has determined it necessary and important for the District to adopt a policy regarding accounting and financial targets for excess fund balances; and

**WHEREAS**, the Board believes that the adoption of and adherence to this policy is in the best interests of the District and its administration; and

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Trustees of the Warrenville Fire Protection District, DuPage County, Illinois, as follows:

**Section One:** That the Board hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and they are incorporated into this Ordinance by reference.

**Section Two:** The "Fund Balance Policy" attached to this Ordinance as *Exhibit A* shall be adopted in its entirety and shall be included as a part of the District's rules and regulations.

**Section Three:** A copy of the updated rules and regulations shall be disseminated to all trustees and made available to the public upon request.

**Section Four:** The invalidation of any section, part, provision, term or phrase of this Ordinance by a court of competent jurisdiction shall not affect the validity of the remaining sections, parts, provisions, terms or phrases of this Ordinance.

**Section Five:** That this Ordinance shall be in full force and effect from and after its passage and approval into law.

**ADOPTED** this 20<sup>th</sup> day of March, 2013, by roll call vote as recorded below.

AYES: 3  
NAYS: 0  
ABSTAIN: 0  
ABSENT: 0

  
\_\_\_\_\_  
President, Board of Trustees  
Warrenville Fire Protection District

ATTEST:  
  
\_\_\_\_\_  
Secretary, Board of Trustees  
Warrenville Fire Protection District

STATE OF ILLINOIS        )  
                                      )  
COUNTY OF DUPAGE        )        SS

**SECRETARY'S CERTIFICATE**

I, Kathleen Perkins, the duly qualified and acting Secretary of the Board of Trustees of the Warrenville Fire Protection District, DuPage County, Illinois, do hereby certify that attached hereto is a true and correct copy of an Ordinance entitled:

**ORDINANCE NO. 13-03**

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which said Ordinance was adopted by the Board of Trustees of the Warrenville Fire Protection District at a regular meeting held on the 20<sup>th</sup> day of March, 2013, at which meeting a quorum was present.

I do further certify that the Ordinance of which the foregoing is a true and correct copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 20<sup>th</sup> day of March, 2013.

  
\_\_\_\_\_  
Secretary, Board of Trustees  
Warrenville Fire Protection District

# EXHIBIT A

## Warrenville Fire Protection District Fund Balance Policy

### **Purpose and Scope:**

Fund balance is defined as the excess of assets over liabilities. This Fund Balance Policy establishes a minimum level (Target Range) at which the projected end-of-year fund balance should be maintained to provide financial stability, cash flow for operations, and the assurance that the Fire District will be able to respond to emergencies with fiscal strength.

The purpose of this policy is to establish fund balance classification that establish a hierarchy based on the extent to which the Fire District must observe constraints imposed upon use of the resources that are reported by the governmental funds. More detailed fund balance financial reporting and the increased disclosures will aid the user of the financial statements in understanding the availability of resources.

The fund balance will be composed of the following primary categories:

1. Nonspendable Fund Balance
2. Restricted Fund Balance
3. Committed or Assigned for Land/Building
4. Committed or Assigned for Apparatus/Equipment
5. Unassigned Fund Balance

### **Definitions:**

1. *Governmental Funds* - are used to account for all or most of the Fire District's general activities, including the collection and disbursement of earned monies, the acquisition or construction of general capital assets (Capital Project Funds) and the servicing of general long-term debt. The General Fund, comprised of the Corporate and Ambulance sub-funds, is used to account for all activities of the Fire District not accounted for in some other fund.
2. *Fund Balance*-the difference between assets and liabilities in a governmental fund.
3. *Restricted Fund Balance*-the portion of governmental fund's net assets that are subject to external enforceable legal restrictions (e.g., property tax levies).
4. *Committed or Assigned for Land/Building*-the portion of a governmental fund's net assets to denote an intended use of resources.
5. *Committed or Assigned for Apparatus/Equipment* -the portion of a governmental fund's net assets to denote an intended use of resources.
6. *Unassigned Fund Balance*-is made up of three components;
  - a. *Committed Fund Balance*-the portion of government funds net assets with self-

## EXHIBIT A

imposed constraints or limitations that have been placed at the highest level of decision making.

- b. *Assigned Fund Balance*-the portion of a governmental fund's net assets to denote an intended use of resources.
- c. *Unassigned Fund Balance*-available expendable financial resources in a governmental fund that are not the object of tentative management plan (i.e., assignments). Positive unassigned fund balance can only be reported in the general fund. Any residual fund balance in all other governmental funds is assumed at a minimum to be assigned for the purpose of the fund.

### **Minimum Unrestricted Fund Balance Levels:**

This policy applies to the Fire District governmental funds as follows;

1. *General Fund*-The General Fund is a major fund, comprised of the Corporate and Ambulance sub-funds, and the general operating fund of the Fire District. It is used to account for all financial resources except those that are accounted for in another fund. Each year a portion of the spendable fund balance will be determined as follows;
  - a. *Restricted*-a portion of the fund balance may be restricted through external legal requirements.
  - b. *Committed*-a portion of the fund balance may be committed through formal action from the Fire District board of trustees through a resolution or ordinance adopted before the end of the fiscal year.
  - c. *Assigned*-a portion of the fund balance may be assigned by action of the Fire District administrator. The amount will represent the funds the Fire District intends to use for a specific purpose. This will be adjusted annually.
  - d. *Unassigned*-the unassigned fund balance will be reviewed annually during the budget process. This unassigned fund balance will be maintained at a target level of 25% to 50% of annual budgeted expenditures. Balance in excess of 50% of annual budgeted expenditures may be transferred to the Capital Project Fund to support future capital projects, such as the Assigned for Land/Building or the Assigned for Apparatus/Equipment.
2. *Capital Project Funds*-These funds are established to account for and report the financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets, excluding those types of capital related outflows financed by propriety funds.

The Capital Projects Fund's fund balance will be considered restricted, committed, or assigned depending on the intended source/use of the funds

3. *Special Revenue Funds* – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted to expenditure for specified

## EXHIBIT A

purposes other than debt services or capital projects. Financing for most special revenue funds is provided by a specific annual property tax levy. In some cases, financing is received from a motor fuel tax imposed by the state. These proceeds are devoted exclusively to the purposes for which the special tax was authorized

### **Flow Assumptions:**

Some projects (funds) are funded by a variety of resources, including both restricted and unrestricted (committed, assigned and unassigned). When restricted funds exist, those funds are used first, then unrestricted. For unrestricted funds, committed funds are used first, then assigned, then unassigned.

### **Authority:**

1. *Committed Fund Balance*-A self-imposed constraint on spending the fund balance must be approved by ordinance or resolution by the Fire District Board of Trustees. Any modifications or removal of the self-imposed constraint must use the same action used to commit the fund balance. Formal action to commit fund balance must occur before the end of the fiscal year. The dollar amount of the commitment can be determined after year-end.
2. *Assigned Fund Balance*-A self-imposed constraint on spending the fund balance based on the Fire Districts intent to use fund balance for a specific purpose. The authority may be delegated to the Fire District Administrator.

### **Minimum Targets:**

Management will monitor the major revenue collections and the amount of cash available by reviewing the monthly financial reports. During the year, if revenue projections suggest that revenue will not meet expectations and the fund targets will not be met by the end of the year, the Fire District Administrator will take the following actions to reach the goals established in the adopted budget:

1. Review expenses with the Fire District Trustees.
2. Reduce capital asset expenditures.
3. Reduce operational expenditures, where appropriate, while maintaining the adopted budget goals.
4. Present to the Fire District Board of Trustees other expenditure control options, including those that might modify the goals established in the adopted budget.

### **Exceptions to the policy:**

If the Fire District Board of Trustees adopts a budget that does not meet the parameters of this policy, then the budget will include a plan for adhering to this policy within a five year period.