

Resolution No. 10-04-10-01
A Resolution Establishing a Working Capital Policy for the Village of Fontana on Geneva Lake

Whereas, the Village of Fontana Finance Committee and Village Board of Trustees recognize that the Village's working capital has decreased over the years to offset unbudgeted needs; and,

Whereas, the Village Auditor has noted the decreasing working capital in his management letter and has expressed concern that the Village take steps to resolve the decreasing fund balance; and,

Whereas, the finance committee has recommended the following language to be adopted in the form of this resolution as the official working capital policy for the Village of Fontana on Geneva Lake:

The Village shall seek to maintain its undesignated and unreserved fund balance at a minimum of 30% of total general fund annual revenues, this shall include both levy and non-levy revenues. The purpose of the first 25% of this balance is to provide adequate cash flow during the year, and any use of these funds would require a two thirds vote of the Village Board. The additional 5% is to provide the ability of the Village to respond to unforeseeable contingencies and opportunities that may not have been known at the time of budget preparation. Any use of the 5% fund balance referred to above must be replenished during the next budget process.

In addition, the use of any amounts in excess of 30%, shall not be made, unless one of the following applies:

- A. Board approved by two-thirds majority vote Capital Expense Purchase
- B. Expenses which, in the opinion of the Village Board would constitute an investment in the community.
- C. Expenses which are deemed an emergency.

Whereas, the Village of Fontana on Geneva Lake has established this policy in an effort to provide criteria that would allow the Village to implement needed projects with capital financing, but to also maintain a reasonable debt profile that will allow the community to stabilize its current "A1" rating on general obligation debt.

Whereas, the finance committee and Village Board recognize that the Village must comply in two to three years with this policy.

Now, Therefore, Be it Resolved that the Village Board of Trustees hereby adopts the afore mentioned language as the working capital policy for the Village of Fontana on Geneva Lake.

Approved and Adopted this 4th day of October, 2010.

Village of Fontana on Geneva Lake
Board of Trustees

By: 

Arvid Petersen, President

Attest: 

Dennis L. Martin, Clerk