

ORDINANCE #11/12-09

FUND BALANCE AND RESERVE POLICY

In response to the requirements established by GASB Statement No. 54, the Village of Bradford has established this policy to provide guidance on implementing the new reporting requirements in regards to fund balance for financial statement purposes.

Effective Date

This policy will take effect 11-7-2011.

Definitions:

Fund Balance/Net Assets: is the difference between assets and liabilities in Village Funds.

Nonspendable Fund Balance: the portion of a Fund's net assets that cannot be spent because they are either (1) not in spendable form (i.e. prepaid amounts, inventories, etc.) or (2) are legally or contractually required to be maintained intact.

Restricted Fund Balance: the portion of a Fund's net assets that are restricted to specific purposes when the restrictions on the use of resources are either (1) externally imposed (by creditors, grantors, contributors, etc.) or imposed by law through constitutional provisions or enabling legislation (authority of the government to levy, charge or mandate payment of resources from external parties and the authority includes a legally enforceable requirement that the resources be used only for specific purposes stipulated in the legislation, for example special tax levies).

Committed Fund Balance: the portion of a Fund's net assets that can be used only for specific purposes that are imposed by formal action of the government's highest level of decision making (Board of Trustees).

Assigned Fund Balance: the portion of a Fund's net assets that are constrained by the Village's intent to be used for a specific purpose, but is neither "restricted nor committed".

Unassigned Fund Balance: the residual portion of a Fund's net assets that are not "assigned" "restricted", "committed" or "nonspendable". (Only in the General Fund, unless negative).

Policy:

- A. It is the policy of the Village of Bradford, Illinois to maintain a fund balance in the General Fund to fund operations for a period of at least 0 months ("cash flow commitment"). The amount of "cash flow

commitment" in the General Fund is calculated as 0 months of General Fund expenditures for the prior fiscal years.

- B. The Village shall spend the most restricted funds before less restricted funds, in the following order:
- 1) Nonspendable (if funds become available),
 - 2) Restricted (if funds can be used),
 - 3) Committed,
 - 4) Assigned,
 - 5) Unassigned
- C. The Village Treasurer will determine if a portion of fund balance should be assigned.
- D. This policy may be amended from time to time according to the wishes of the Village of Bradford, Illinois Board of Trustees.

PASSED by the Corporate Authorities on 11-7-2011

Approved



President of Village of Bradford
Bradford, Stark County, Illinois

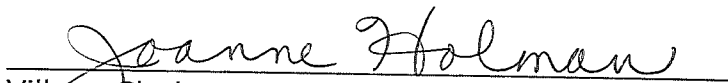
AYES: Corey Moodie, Dave Ferman, Henry Waldinger,
Nick Johnson, Kevin Rasmussen, & Tony Carlton

NAYS: NONE

ABSENT: NONE

RECORDED in the Village Records on 11-7-2011

ATTEST:



Village Clerk
Village of Bradford, Stark County, Illinois