

**ADOPT A NEW FINANCE AND BUDGET MANAGEMENT POLICY**

That the Board of Finance of the City of Chicago do hereby adopt the Finance and Budget Management Policy

**II. BALANCED BUDGET**

The Board will adopt and maintain a balanced budget throughout its fiscal year for governmental funds which consist of the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service

Funds. For the purposes of this policy, revenues and expenditures are defined in accordance with Generally Accepted Accounting Principles (GAAP). A balanced budget is achieved when the total

resources, including revenues and expendable prior year fund balances, equal or exceed the total

Fund can be appropriated in the following budget year for one-time expenditures or under certain circumstances as outlined below:

- a. To offset temporary reduction in revenues from local, state, and federal sources
- b. When the Board decides to not increase the city of Chicago property taxes to the maximum allowable property tax cap
- c. To retire the Board's debt

- e. To fund necessary one-time equipment or capital spending required for the Board
- f. To pay for costs related to an unforeseen emergency or natural disaster
- g. To pay for specific education initiatives lasting no more than three years

The unreserved fund balance range for the Debt Service Funds shall be sufficient enough to cover potential risks such as termination, counterparty, and basis point. The Treasury Department will determine a proper level of funds every year.

**B. Monitoring and Reporting**

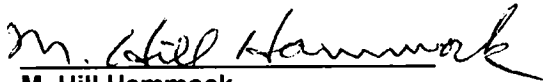
The CFO shall annually prepare a statement about the status of the fund balance in relation to this policy and present to the Board their findings in conjunction with the development of the annual budget. Should the CFO disclose that the stabilization funds have below 5% of the

shall be included in the statement.

**IV. ONE-TIME REVENUE**

shall be considered to be one-time if it is not recurrent in the prior fiscal year and if it is unlikely


Approved for Consideration:

  
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M. Hill Hammock  
Chief Operating Officer

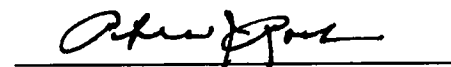
Noted:

  
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Pedro Martinez  
Chief Financial Officer

Respectfully Submitted:

  
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Arne Duncan  
Chief Executive Officer

Approved as to Legal Form: 

  
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Patrick J. Rocks  
General Counsel