

***CITY OF  
WARRENVILLE***

***FINANCIAL  
PRACTICES***

***and***

***POLICIES***

*REVISED for FY 2015  
05/01/2014*

## **General Financial Policies**

### **Independent Audit**

An audit, performed by an independent auditing firm will be conducted annually.

### **Annual Financial Statements**

The City will produce an annual Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

### **Accounting Fund Guidelines**

See “Appendix A” for the Purpose and Use of City Funds, including a detailed description of fund names, fund types, recommended minimum and maximum fund balances, major sources of revenue, traditional areas of expenditures, and fund limitations.

### **Cash Management**

In order for the City to properly manage the funds of the City, a “Concentration Account” is maintained and contains comingled cash accounts for various City “funds”. From time-to-time it is necessary to utilize interfund loans and interfund transfers to cover negative cash balances that occur during the normal flow of everyday financial activity. The Finance Director is authorized to make such interfund loans and transfers as necessary to eliminate negative cash balances.

### **Collection Policy**

The City will take an aggressive approach when pursuing all revenues due for services, and ensure that all fines and permits due to the City are collected in a reasonable fashion. This policy will hold true for all revenue due to the City, without regard to destination fund.

### **Funding for Day-to-Day Operations**

Funding for day-to-day operation shall not come from one-time revenues, but from sustainable, on-going well diversified revenue sources.

# **Budgetary Policy**

## **Overview**

The City of Warrenville operates under the Budget Officer Act of the Illinois Municipal Code (65 ILCS 5/8-2-9). (City Ordinance 1025, March 6, 1989)

The City has designated the City Administrator as the Budget Officer.

## **Balanced Budget**

It is the policy of the City of Warrenville that the budget for each fund always be balanced, in that expenditures cannot exceed estimated revenues plus the use of any undesignated fund balance at the beginning of the year. The longer term goal is that operating expenditures not exceed operating revenues, on an annualized basis, in order to maintain the structural stability within each fund.

## **Purpose and Objective of the Budget Process**

Through the budget process, the City will seek to maintain the service levels, given the financial constraints of current economic trends, the City's existing financial condition, and the priorities determined through the 2005 Citizen's Survey, and the 2007 Strategic Plan, and 2011 Strategic Plan Update. Requests for new, on-going programs made outside the budget process will be discouraged, unless specifically authorized by action of the City Council.

## **Budget Preparation Process**

Each department and division prepares its own budget for review by the City Administrator.

The proposed budget for the coming fiscal year will be presented for the required Public Hearing, and a first reading of the adopting ordinance no later than the first City Council meeting in April. A waiver of the second reading and final approval of the adopting ordinance is to take place at the second City Council meeting in April.

## **Submission of Decision Packages**

Decision Packages are requests for consideration off the addition of programs or expenditures to the current year's overall budget.

Decision Package submissions of \$10,000 or more will be presented individually as a part of the budget proposal, for consideration of inclusion in the final budget document.

Decision Packages of less than \$10,000, will generally be included within the proposed budget document, unless the proposed program or expenditure is a significant diversion from existing programs or expenditures, as determined by the City Administrator/Budget Officer. If they are deemed to be a significant diversion, they would be presented individually as a part of the budget proposal, for consideration of inclusion in the final budget document.

Decision Pages are initially recommended for inclusion within the proposed budget document by the City Administrator/Budget Officer, regardless of dollar value, but any item may be removed from the budget by vote of the City Council.

### **Accountability and Expenditure Monitoring**

As a part of the annual budget preparation and review process, the City will project revenue and expenditures, by fund, for no less than two years, nor more than five years, beyond the budget year, and compare those projected fund balances to the fund balance policy to identify any potential problems early enough to provide sufficient time to make any corrections necessary to address the specific problem.

The Finance Director, shall submit to the City Council or Finance and Personnel Committee, no less than quarterly (more often if deemed necessary), a Financial Update. This Financial Update will include the following information:

1. Summarized revenues and expenditures, by fund
2. A narrative explaining any significant variances from budgetary expectations
3. No less than annually, General Fund multi-year projections, for a minimum of two years beyond the current fiscal year, including expenditures, revenues, and use of fund balance.

### **Development of Budgetary Revenue Estimates**

The City will review revenue estimates no less than annually, as a part of the budgetary process. The revenue estimates should be based, in part, on past experience, current local economic conditions, current state economic conditions, and anticipated future economic trends.

The City will project revenues and expenditures for a period of five years beyond the fiscal year budget being proposed, for a total of six years of projections. At a minimum, these projections are to be prepared for the General Fund, Capital Maintenance and Replacement Fund, and Hotel Motel Fund. Other funds may be presented as well, dependent upon the financial condition of the given fund(s).

### **User Fees and Charges**

The City assesses user fees and charges based upon actual costs, market rates, and charges levied by other public and private organization for similar services. These fees and charges are to be re-evaluated no less than annually, but are generally to be reviewed by staff on a continual basis, as operating environments change.

# **Salary, Wage and Employee Benefit Budgeting and Management Policy**

## **Overview**

Approximately 75% of the General Fund expenditures in any given fiscal year are committed to employee wage and benefit expenditures. Budgeted payroll projections are based on estimates of authorized positions. The City employee population is comprised of non-represented (non-unionized) and represented (unionized) full-time employees, as well as non-represented (non-unionized) part-time employees.

## **Compensation Assumptions**

The stated goal of the City's compensation plan is to pay Warrenville's non-represented employees at the 50th percentile of the City's 28 comparable communities. A bi-annual salary survey is to be conducted of the City's 28 comparable communities, in order to assess the City's non-represented, position-by-position, salary proximity to the 50<sup>th</sup> percentile. The effected salary ranges are to be adjusted accordingly. A list of the City's comparable communities is included as Appendix "B".

Cost of Living Allowance (COLA) increases for non-represented (non-unionized) employees are to be considered annually as a part of the annual budget process. The basis for COLA increases will be the December CPI-W (Chicago, Kenosha,-Gary) figure obtained from the Federal Bureau of Labor Statistics, as well as comparisons to the increases contained in the City's union agreements, and local economic conditions. No later than the second City Council meeting in March, the City Administrator/Budget Officer is to recommend, to the City Council, a COLA percentage that is to be effective the coming May 1. The City Council can accept the recommendation as presented or adjust it accordingly. (GFOA Best Practice)

Merit increases for non-represented (non-unionized) employees are to be based upon an annual employee performance evaluation of the prior calendar year and the City of Warrenville Employee Compensation Plan Merit Increase Matrix, attached as Appendix "C". Merit increases are to be paid out with the regularly scheduled City pay date that encompasses May 1<sup>st</sup>. Any employee that has not completed his/her probationary period by May 1, is eligible for a non-retroactive, merit increase as of the date of the successful completion of the probationary period, utilizing the same City of Warrenville Employee Compensation Plan Merit Increase Matrix and performance evaluation.

The City's represented (unionized) employee compensation plan is controlled by the negotiated contracts between the City and the respective unions.

## **Authorized Strength**

Annually, prior to the start of each fiscal year, the City Administrator/Budget Officer will present, for City Council consideration and adoption, an "Authorized Strength Ordinance". This

ordinance is a listing of all city-wide positions (full-time and part-time) and the number of employees authorized to fill each position.

The Authorized Strength Ordinance is to be revised at any time during the fiscal year that a position, or the number of employees for a given position, is to be permanently increased or decreased. A revised Authorized Strength Ordinance must be presented to the City Council for consideration.

**Zero Based Staffing**

During the course of a given fiscal year, a position may experience a vacancy due to retirement, resignation, termination, etc. If the position is to receive consideration for filling of the vacancy, the City Administrator has initiated a “Zero Based Staffing” model. This model requires completion of a group of forms that aids in “justifying” the departmental and City-wide need for hiring into the vacant position. The justification forms are submitted to the City Administrator to conduct the review and hiring recommendation process.

## Revenue Policy

### Revenue Diversification

The City of Warrentville will maintain a diversified and stable revenue stream, to the extent provided by law, in an effort to insulate the City from short-term fluctuations in any one revenue source. A balance will be sought in the revenue structure between those revenues that are “elastic” and those which are “inelastic”.

### Use of One-time Revenues

The City will not utilize one-time revenue sources to fund annual operating expenditures. One time revenue sources will be utilized for non-recurring capital improvements, capital expenditures for major equipment, or for use of outside professional services for one-time projects, generally tied to economic or capital project development and implementation.

### Revenue Allocations

City revenue sources are generally accounted for within one specific fund. However, there are a number of revenue sources which, per City Council direction, are allocated to more than one fund. The allocations for FY 2014 are as follows:

Amusement Tax (5%)	General Fund - 40%
	Capital Maintenance and Replacement - 60%
Simplified Telecommunications Tax (6%)	General Fund - 16.67%
	Capital Maintenance and Replacement – 83.33%
Cell Tower Rental Income	General Fund – Rent received for Mignin Ave cell tower
	Water & Sewer Fund – All remaining towerrents

Revenue allocations are to be revisited annually as a part of the budget preparation process, to determine if the existing allocations are in need of any adjustment to meet current budgetary needs.

### User Fees and Charges

The City assesses user fees and charges based upon actual costs, market rates, and charges levied by other public and private organization for similar services. These fees and charges are to be re-evaluated no less than annually, but are generally to be reviewed by staff on a continual basis, as operating environments change.

## **Fixed Assets Policy**

### **Purpose**

The City shall maintain fixed assets records to comply with governmental financial reporting standards, and to provide a basis for determining appropriate insurable values.

### **Definition**

Fixed assets shall include land, infrastructure, buildings, machinery, equipment and vehicles. Infrastructure shall include, roads (including curb and gutter were applicable), sidewalks, bridges, water mains, sewer mains, pumping stations, lift stations, etc.

### **Capitalization Threshold**

The capitalization threshold sets the limit at which a given asset will be “capitalized”, expensed over multiple years versus expensed immediately. See Appendix “D”.

### **Depreciation Method**

All assets will be depreciated using the straight-line method over the useful life of the given asset. See exhibit “B”.

# Fund Balance Policy

## Purpose

To establish fund balance classifications for governmental funds which establish a hierarchy based upon the extent to which the City must observe constraints imposed upon the use of the resources of those funds.

The implementation of GASB statement #54, effective with the City's 2012 fiscal year, beginning May 1, 2011, has a goal of increased disclosures which will aid readers of the City's financial statements in understanding the City's resource availability.

In keeping with the imposed requirements of GASB #54, the fund balance of Governmental Funds will be composed of three main components: 1) non-spendable fund balance, 2) restricted fund balance, and 3) unrestricted fund balance.

## Definitions

**Governmental Funds** – used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds – MFT, Seized Assets, Hotel Motel), and the acquisition or construction of capital assets (capital projects funds – Capital Maintenance and Replacement, TIF, Special Projects. The General Fund is used to account for all activities of the City not accounted for in some other fund.

**Fund Balance** – the difference between assets and liabilities in a Governmental Fund.

**Non-spendable Fund Balance** – that portion of a Governmental Fund's net assets that are not in a spendable form (i.e. land, prepaid items, etc) or which are legally or contractually required to be maintained intact.

**Restricted Fund Balance** - the portion of a Governmental Fund's net assets that are subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.

**Unrestricted Fund Balance** –

**Committed Fund Balance** - the portion of a Governmental Fund's net assets that are subject to self-imposed constraints on spending due to *formal action of the highest level of decision making authority* (the City Council)

**Assigned Fund Balance** - the portion of a Governmental Fund's net assets that are constrained by the government's *intent* to utilize fund balance for a specific purpose

**Unassigned Fund Balance** - the portion of a Governmental Fund's net assets that are available expendable resources, generally the remaining fund balance

## **Fund Balance Policy** (continued)

### **Flow Assumptions**

Some funds are funded by a variety of resources, which include both restricted and unrestricted (committed, assigned, and unassigned) sources. When restricted funds exist, those funds are to be utilized first, followed by the use of unrestricted resources. From unrestricted resources, committed resources are used first followed by assigned resources, and finally unassigned resources.

### **Purpose and Use of City Funds**

Appendix “A” to this document entitled “Purpose and Use of City Funds“, details the specific fund balance policies on a fund-by-fund basis. This document is to be updated annually as a part of the annual budget process

### **Authority**

- A. Committed Fund Balance – A self imposed constraint on spending the fund balance of a Governmental Fund, which must be approved by ordinance or resolution of the City Council. Any modifications or removal of the self-imposed constraint must use the same action (ordinance or resolution) used to establish the original commitment.

Any formal action to commit fund balance must occur *before the end of the fiscal year*, while the dollar amount of that commitment can be determined after year-end.

- B. Assigned Fund Balance – A constraint based upon the City’s intent to use the fund balance for a specific purpose but does not require formal action of the City Council. The authority to assign fund balance may be designated to the City Budget officer.

## **Authorized Depositories**

### **Purpose**

Title 1, Chapter 8, Section 1, of the Warrenville City Code, required by the passage of Ordinance 2040, on 02/18/2003, and as required by 30 ILCS 235 – The Public Funds Investment Act, reads as follows:

*“Monies received by the city shall be deposited in financial institutions approved by the city council pursuant to the public funds investment act as now existing or hereafter amended.”*

### **Authorized Depositories**

The following shall be official authorized depositories for City monies:

- 1) The Illinois Funds (Financial Institution: US Bank)
- 2) JPMorgan Chase Bank, N.A.
- 3) MB Financial Bank
- 4) Illinois Metropolitan Investment Fund (IMET)

**GENERAL CORPORATE FUND  
(Fund 01)**

**FUND TYPE – GENERAL FUND** – The General Corporate Fund accounts for all revenue and expenditures of a governmental unit that are not accounted for in other funds.

**PURPOSE** – The General Fund serves to finance the day-to-day operations of all the basic City services, except the Water and Sewer Enterprise Fund operations.

**SUGGESTED MINIMUM UNASSIGNED FUND BALANCE** – 25% of the current fiscal year’s operating expenditures budget.

**SUGGESTED MAXIMUM FUND BALANCE** – The greater of \$3,000,000 or six months of the current fiscal year’s operating budget. Any amount over the maximum fund balance could be transferred to other City governmental funds by City Council approval

**MAJOR SOURCES OF REVENUE** – Local Property Taxes, Local Sales Taxes (1% of local retail sales), Home Rules Sales Tax, State Shared Taxes (on a per capita basis, including Income Tax and Use Tax), Building Permits, Fines and Fees (including Court Fines and administrative towing fees), Food and Beverage Tax, Amusement Tax, Telecommunications Tax, and Franchise Fees.

**TRADITIONAL AREAS OF EXPENDITURES** – Personnel Services and Benefits, Commodities, Contractual Services, Repairs and Maintenance, Equipment.

**LIMITATIONS** - Statutorily restricted to general purposes applicable to a home rule community.

**CAPITAL MAINTENANCE/REPLACEMENT FUND  
(Fund 02)**

**FUND TYPE –CAPITAL PROJECTS FUND** - Capital Projects Funds are created to account for all resources used for the maintenance and replacement of major existing City owned capital and infrastructure assets. Currently classified as a non-major governmental fund, for accounting classification purposes.

**PURPOSE** – Account for the acquisition and improvement of City property including infrastructure, major general assets and equipment. This fund is the fund that is utilized to account for the Capital Maintenance and Replacement Program (CMRP).

**MINIMUM FUND BALANCE** – Not Applicable.

**MAXIMUM FUND BALANCE** – Not Applicable.

**SOURCES OF REVENUE** – Amusement Taxes, Simplified Telecommunications Tax, Investment Income, Electric Utility Tax, Natural Gas Utility and Use Tax, Local Motor Fuel Tax, Sales of Surplus Property, and Transfers-in from the Hotel Motel Tax Fund), and the General Fund).

**TRADITIONAL AREAS OF EXPENDITURES** – Street maintenance and pavement preservation, sidewalk repair and replacement, road projects, and equipment replacement purchases, includes squad cars, and Public Works utility equipment and vehicles. CMRP quantified annual expenses of \$2,028,477.

**FUTURE NEEDS** – Vehicle purchases, mainly in the areas of Public Safety and Public Works. Maintenance of existing roadways, storm sewers, curb, gutter and sidewalk, and equipment located within and supporting City buildings and facilities.

**LIMITATIONS** – The use of this fund is limited to the ongoing administration of the Capital Maintenance and Replacement Program (CMRP).

**POLICE PENSION FUND  
(Fund 05)**

**FUND TYPE – FIDUCIARY - PENSION TRUST** – Fiduciary Pension Trusts funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post employment benefits, or other employee benefit plans.

**PURPOSE** – To account for the accumulation of resources to be used for disability or retirement annuity payments to sworn police department personnel in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an independent actuary from a specific property tax levy.

**MINIMUM FUND BALANCE** – Not applicable.

**MAXIMUM FUND BALANCE** – Not Applicable.

**SOURCES OF REVENUE** – Member contributions, City Contributions via Property Taxes, and Investment Income.

**TRADITIONAL AREAS OF EXPENDITURES** – Pension Benefit Payments and refunds, and Administrative Expenses.

**FUTURE NEEDS** – Based upon future unknown events which could include retirements or disability claims.

**LIMITATIONS** - Limited to disability or retirement annuity payments to sworn police department personnel in the future.

**MOTOR FUEL TAX FUND  
(Fund 13)**

**FUND TYPE - SPECIAL REVENUE** – Used to account for revenue derived from specific taxes or other earmarked revenue sources which are, by law, designated to finance particular functions or activities, and which cannot be diverted to other uses. Currently classified as a non-major governmental fund, for accounting classification purposes.

**PURPOSE** – The maintenance and construction of City road and bridge improvement projects as approved by the Illinois Department of Transportation.

**MINIMUM FUND BALANCE** – Not applicable.

**MAXIMUM FUND BALANCE** – Not applicable.

**SOURCES OF REVENUE** – Motor Fuel Tax Allotments (these are based on volume fuel taxes partially reapportioned by the State of Illinois to local municipalities on a per capita basis), and Investment Income.

**TRADITIONAL AREAS OF EXPENDITURES** –Road maintenance, salt for snow removal, Street light, signal and sign maintenance, Street lighting electrical costs, Tree removal and qualifying road projects.

**OTHER POSSIBLE AREAS OF EXPENDITURES** – Not applicable.

**LIMITATIONS** - All projects must be authorized and approved by the Illinois Department of Transportation.

**HOTEL MOTEL TAX FUND**  
(Fund 14)

**FUND TYPE – SPECIAL REVENUE** - Used to account for revenue derived from specific taxes or other earmarked revenue sources which are, by law, designated to finance particular functions or activities, and which cannot be diverted to other uses. Currently classified as a non-major governmental fund, for accounting classification purposes.

**PURPOSE** – To account for the costs of public relations, community events, civic promotion and tourism related activities.

**MINIMUM FUND BALANCE** – An amount equivalent to one year of grant funding and City expenditures for the coming fiscal year

**MAXIMUM FUND BALANCE** – Not applicable.

**SOURCES OF REVENUE** – Hotel Motel Tax and investment income.

**TRADITIONAL AREAS OF EXPENDITURES** – Grants, Transfers to other City funds, as approved by the City Council, and other City projects.

**LIMITATIONS** – Limited by City ordinance to the costs of public relations, community events, civic promotion, tourism related activities and transfers to other City funds.

**WATER AND SEWER FUND  
(Fund 20)**

**FUND TYPE - ENTERPRISE FUND** – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**PURPOSE** – Account for the provision of potable water and wastewater treatment services to the residents of the City. Activities necessary to provide such services in this fund are, including but not limited to, daily operations, maintenance, administration, billing and collection, the replacement and acquisition of fixed assets, and the long term capital replacement of the system.

**MINIMUM RETAINED EARNINGS** – A sufficient amount of working capital (Current Assets minus Current Liabilities) to provide for operations, fixed assets acquisition and capital projects.

**MAXIMUM FUND BALANCE** – Not applicable.

**SOURCES OF REVENUE** –Water and Sewer Sales, Cell Tower Rental income, Investment Income, other sources including one-time non-operating revenue for Water & Sewer Connection fees and other miscellaneous income. Note: this fund is not supported by tax revenue in any way.

**TRADITIONAL AREAS OF EXPENDITURES** – Personnel and Benefits, Capital Investment, Supplies & Services, System Maintenance.

**FUTURE NEEDS** – Recurring replacement programs – fire hydrants, water meters, water mains, well maintenance, and operating equipment and vehicles, as well as water and sewer main extension projects.

**LIMITATIONS** – Revenue and expenditures are to be utilized exclusively for water and sewer system purposes.

**SPECIAL PROJECTS FUND  
(Fund 49)**

**FUND TYPE–CAPITAL PROJECTS FUND** - Capital Project Funds are created to account for all resources used for the acquisition of major capital and infrastructure. Currently classified as a major governmental fund for accounting classification purposes.

**PURPOSE** – The acquisition of City property including, but not limited to land, infrastructure and major general assets, generally larger one-time purchases or one-time expenditures for services. The long-term uses of this fund remain to be determined based upon the identification of a long-term revenue source.

**MINIMUM FUND BALANCE** – TBD – based upon the identification of a long-term revenue source.

**MAXIMUM FUND BALANCE** – Not Applicable.

**SOURCES OF REVENUE** – One-time revenue sources (i.e. land sales).

**TRADITIONAL AREAS OF EXPENDITURES** – Land purchases, one-time project consultation services, pathway and trail engineering and land acquisitions.

**FUTURE NEEDS** – The City Council has identified the following needs: bicycle/pedestrian pathways, acquisition of land for economic development activities, other special capital infrastructure amenities or projects.

**LIMITATIONS** – Currently for one-time expenditures funded with one-time revenue. Long-term funding source needed.

**SEIZED ASSETS FUND**  
(Fund 60)

**FUND TYPE – SPECIAL REVENUE** - Used to account for revenue derived from specific taxes or other earmarked revenue sources which are, by law, designated to finance particular functions or activities, and which cannot be diverted to other uses. Currently classified as a non-major governmental fund, for accounting classification purposes.

**PURPOSE** – To account for the monetary and physical assets seized during drug-related arrests.

**MINIMUM FUND BALANCE** – Not Applicable

**MAXIMUM FUND BALANCE** – Not Applicable

**SOURCES OF REVENUE** – Drug related asset seizures, and the revenue from the sale of such assets during the year.

**TRADITIONAL AREAS OF EXPENDITURES** – Purchases of specific Police vehicles outside of the CMRP, as well as minor equipment, and enforcement activity funding.

**LIMITATIONS** – All expenditures are required to be limited to items used in drug enforcement activities.

**TAX ALLOCATION FUND**  
(Fund 72)

**FUND TYPE –CAPITAL PROJECTS FUND** - Capital Project Funds are created to account for all resources used for the acquisition of major capital and infrastructure. Currently classified as a major governmental fund, for accounting classification purposes.

**PURPOSE** – Account for the activities associated with improvements within the Tax Increment Financing Districts #1 and #2 prior to January 1, 2010. TIF#1 was statutorily closed in December 2009, with final fund activity accounted for during FY 2011.

**RESTRICTED FUND BALANCE** - (\$639,559) at 04/30/13

**MINIMUM FUND BALANCE** – Not applicable. Fund closed in FY 2011

**MAXIMUM FUND BALANCE** – Not applicable. Fund closed in FY 2011

**SOURCES OF REVENUE** – Incremental Property Taxes, Sales and Use Taxes, and Interest Income.

**TRADITIONAL AREAS OF EXPENDITURES (DESIGNATED PROJECTS)** – Administrative Cost Reimbursements, Debt Service, Developer Share Payments, Infrastructure, Municipal Building Improvements, and Land Acquisition.

**FUTURE NEEDS** – Not applicable, fund closed during FY 2011.

**LIMITATIONS** – Expenditures limited by the Illinois TIF Act.

**TIF DISTRICT #2 FUND**  
(Fund 76)

**FUND TYPE –CAPITAL PROJECTS FUND** - Capital Project Funds are created to account for all resources used for the acquisition of major capital and infrastructure. Currently classified as a non-major governmental fund, for accounting classification purposes.

**PURPOSE** – Account for the activities associated with improvements within the Tax Increment Financing District #2.

**RESTRICTED FUND BALANCE** - (\$2,985) at 04/30/13.

**BUDGETED (USE OF)/ADDITIONS TO FUND BALANCE** – Not applicable. TIF district dissolved 12/31/2013.

**MINIMUM FUND BALANCE** – Not applicable. TIF district dissolved 12/31/2013.

**MAXIMUM FUND BALANCE** – Not applicable. TIF district dissolved 12/31/2013.

**SOURCES OF REVENUE** – Incremental Property Taxes.

**TRADITIONAL AREAS OF EXPENDITURES (DESIGNATED PROJECTS)** – Administrative Cost Reimbursements, Infrastructure, Municipal Building Improvements, and Land Acquisition.

**FUTURE NEEDS** – TIF district dissolved 12/31/2013.

**LIMITATIONS** – Expenditures limited by the Illinois TIF Act.

**TIF DISTRICT #3 FUND**  
(Fund 73)

**FUND TYPE –CAPITAL PROJECTS FUND** - Capital Project Funds are created to account for all resources used for the acquisition of major capital and infrastructure. Currently classified as a non-major governmental fund, for accounting classification purposes.

**PURPOSE** – Account for the activities associated with improvements within the Tax Increment Financing District #3.

**MINIMUM FUND BALANCE** – Not applicable. All activities must be associated with improvements within TIF District #3.

**MAXIMUM FUND BALANCE** – Not applicable. All activities must be associated with improvements within TIF District #3.

**SOURCES OF REVENUE** – Incremental Property Taxes.

**TRADITIONAL AREAS OF EXPENDITURES (DESIGNATED PROJECTS)** – Infrastructure, Municipal Building Improvements, and Land Acquisition.

**FUTURE NEEDS** – Improvements within the TIF District include, but are not limited to, Engineering and Consulting services, infrastructure improvements, and possible land acquisition.

**LIMITATIONS** – Expenditures limited by the Illinois TIF Act.

## APPENDIX “B”

### TWENTY EIGHT COMPARABLE COMMUNITIES

Addison	Aurora	Bartlett
Batavia	Bloomington	Bolingbrook
Carol Stream	Clarendon Hills	Downers Grove
Geneva	Glen Ellyn	Glendale Heights
Hanover Park	Lisle	Lombard
Montgomery	Naperville	North Aurora
Oakbrook Terrace	Oak Brook	Oswego
St. Charles	Villa Park	West Chicago
Westmont	Wheaton	Winfield
Woodridge		

**CITY OF WARRENVILLE  
COMMERCIAL CARD  
POLICIES AND PROCEDURES**

**INTRODUCTION**

The City of Warrenville utilizes a supplementary approach to purchase some products and services, through the use of a Commercial Card. The Commercial Card does not replace the normal purchasing procedures established by the City Code (1-8), but it can be used in instances where it is not advantageous or cost effective to make a purchase by other means.

It's as easy to use as any MasterCard card and is widely accepted. The only difference between the Commercial Card and a credit card is a Commercial Card is a corporate liability charge card with certain restrictions and limitations imposed on the cardholder. Card privileges may be rescinded at any time at the discretion of the Department Head, Finance Director or City Administrator, if policies and/or procedures are not followed. Commercial Card usage will be audited by the City Administrator Department Head, Finance Director, and Accounts Payable. The cardholders will be personally liable for any unauthorized use, which occurs on their assigned Commercial Cards.

This memorandum provides guidelines under which cardholders may utilize their Commercial Cards. All cardholders should read it carefully. A cardholder's signature on the Cardholder Agreement or any use of the Commercial Card indicates that the cardholder understands the intent of the program and agrees to adhere to the guidelines.

Charges on the Commercial Card are billed on a Monthly Summary Invoice Statement. This cuts down on paperwork and streamlines the payment process. Each Commercial Card is assigned to a specific individual (position).

The cardholder must keep his/her assigned Commercial Card in a secure place as he/she does with their personal charge cards. Although the Commercial Card is issued in the cardholder's name, it is the property of the City of Warrenville, and is only to be used for City purchases as allowed by the program and the City's Purchasing Policies and Procedures. Remember, cardholders are committing City funds (taxpayer dollars) each time they use the Commercial Card. This is a responsibility that should not be taken lightly! The information regarding any and all purchases is subject to the Freedom of Information Act (FOIA) disclosure provisions

The attached information explains in further detail how the Commercial Card is used and how the cardholder's transactions are invoiced, as well as the many benefits of the Commercial Card.

It is the City of Warrenville's policy to maintain and practice the highest possible standards of business ethics, professional courtesy and competence in all purchases and business transactions. It is your responsibility to purchase only those goods or services that are necessary for City of Warrenville business purposes.

## PURPOSE

The Commercial Card is a charge card, which provides the City of Warrenville with an alternate method of purchasing needed goods and services, with in the provisions of the City Purchasing Procedures.

- The Commercial Card enables employees to order and receive products or services directly from any MasterCard vendor.
- The Commercial Card gives employees the power and flexibility to purchase supplies and services when the organization needs them.
- The Commercial Card means employees may get faster delivery and low cost items, because there is less paperwork.

## POLICES

### A. GENERAL

City Commercial Cards are issued to the following positions with pre-approval of the Finance Director, Department Head and City Administrator:

- City Administrator
- Assistant City Administrator
- City Clerk
- Finance Director
- Community Development Director
- Senior Planner
- Senior Civil Engineer
- Police Chief
- Deputy Police Chief
- Public Works Superintendent
- Streets Lead Supervisor
- Utility Lead Supervisor
- Buildings and Grounds Lead Supervisor

No person other than the person to whom the Commercial Card is issued is authorized to use the assigned Commercial Card.

The Commercial Card is to be used for purchases within maximum various dollar limits for any single transaction, or number of transaction during a statement cycle. It is the card holder’s responsibility to obtain and submit a receipt for all purchases made. The Department Head or Finance Director may set lower limits on the Commercial Card for the maximum dollar amount per transaction, as well as the maximum number of transactions that can occur within a billing period.

**APPENDIX “C”**

Any transaction over your limit for a single item will be rejected by MasterCard. All purchases must follow the City of Warrenville Purchasing Policies and Procedures.

A Monthly Statement copy, per card number, will be sent to the card holders Department Head for review and approval. The Monthly Statement will contain all charges from the previous month or billing period.

The card is to be used for official City of Warrenville **BUSINESS ONLY**.

If the cardholder needs assistance with a vendor, or unapproved/rejected transactions, please contact the Finance Director, who is the designated City Commercial Card program administrator.

**B. APPROPRIATE USE OF THE COMMERCIAL CARD**

A wide variety of goods and services can be purchased using the Commercial Card, including, but not limited to:

Maintenance	Flowers
Repairs	Rentals
Supplies	Training, Travel and Meetings (with appropriate pre-approval)
Gasoline (generally outside Warrenville)	Copying jobs
Subscriptions	Memberships (professional associations)

**C. INAPPROPRIATE USES OF THE COMMERCIAL CARD**

**THE CARD MUST NOT BE USED FOR:**

- Capital purchases
- Alcohol or cigarettes
- Pornographic material
- Personal use

**HOW TO OBTAIN A CITY AUTHORIZED  
COMMERCIAL CARD**

**PROCEDURES**

1. The initial step in obtaining a Commercial Card is for a Department Head to submit a request to the Finance Director.
2. Commercial Card limits will be set in accordance with the purchasing limits established by the City Code.
3. The Finance Department will forward a copy of the Policies and Procedures along with a Cardholder Agreement to the employee.
4. Once the Cardholder Agreement form has been completed and all the proper approvals obtained, the form must be returned to the Finance Department.
5. After the Finance Department receives the completed Cardholder Agreement, the Commercial Card will be delivered to Finance in accordance with the established policies and practices of the card issuing company, and generally occurs within one week.
6. Once the Finance Department receives the Commercial Card, a meeting will be scheduled with the employee and the Finance Director to review the Policies and Procedures and to answer any questions.
7. After this meeting has been completed, the Finance Department will present the card to the employee. The employee will sign the Cardholder Agreement. A copy of the Agreement will be kept with the employee personnel file and one copy of the Agreement will be given to the employee.
8. The employee can begin to use the Commercial Card., once the card activation process, as required by the Commercial Card issuer, has been completed.

**PURCHASING PROCESS**

**PROCEDURES**

A. **MAKING A PURCHASE**

Buying low cost goods and services is easy with the Commercial Card. Only the cardholder named on the Commercial Card can use that card. It is also the cardholder’s responsibility to take the steps necessary to avoid payment of sales tax. A copy of the City Tax Exemption letter may be obtained from the Finance Department.

## **APPENDIX “C”**

1. The cardholder will present the card at the cash register, sign, and obtain the charge receipt or cash register tape for filing and leave with the purchase. It is the responsibility of the card holder to code the purchase to the proper general ledger account number. Any incorrectly assigned general ledger account number will be corrected by the Finance Department.
2. The cardholder may also place an order over the phone. When a telephone order is placed, the cardholder should request from the vendor a receipt showing prices and quantities. When the goods are received, the cardholder should check the goods against the packing slip, and forward that packing slip to the Finance Department.
3. The cardholder may also place an order over the Internet. When an Internet order is placed, the cardholder should printout a copy of the order, and forward that copy to the Finance Department.

### **B. SHIPPING/RECEIVING**

1. The cardholder must provide the vendor with the appropriate shipping information or a delay in the delivery of the shipment may occur. **All goods must be shipped to the City of Warrenville, and not to the cardholder’s home address.**

### **C. INCORRECT SHIPMENTS OR RETURNS**

1. If a shipment is incorrect, the cardholder should contact the vendor to arrange for a return, exchange or refund (credit). If the vendor agrees to issue a refund, that information should be conveyed to the Finance Department, so it can be verified that the refund (credit) is properly reflected in the next Monthly Statement.
2. It is the cardholder’s responsibility to know the vendor’s return policy.

## **RECONCILING MONTHLY PURCHASES**

### **PROCEDURES**

#### **A. CARDHOLDER RESPONSIBILITIES**

1. The person named on the Commercial Card is responsible for keeping track of how the Card is used and for keeping it safe. Although the cardholder will not be responsible for actually paying the expense, the cardholder must keep all receipts for his/her purchases. And just like any credit card, the cardholder should protect against fraudulent use of the Card.
2. It is the cardholder’s responsibility to make certain that any and all, receipts for any purchase or transaction, made with their assigned card, is forwarded to the Finance Department, within in one week of that purchase or transaction.

**B. MONTHLY STATEMENT/SUMMARY INVOICE STATEMENT**

1. Monthly, the City receives an itemized statement, detailing all charges made by the cardholder. Submitted receipts will be reconciled to the monthly statement, by the Finance Department, and the cardholder may be contacted regarding any missing or incomplete purchase or transaction records.
2. The monthly statement will be reviewed and approved by the cardholder's department head, thereby authorizing the cardholder's transactions.
3. Following the aforementioned approval process, the monthly statement is presented to the City Council, for final payment authorization.

**DISCREPANCIES OR UNAUTHORIZED USAGE**

**TYPES OF DISCREPANCIES**

1. The amount of the transaction is incorrect.
2. A purchase appears on the Monthly Memo Statement that was not made by the authorized cardholder.
3. There is a product quality or service issue.

**PROCEDURES**

1. If there are any discrepancies on the cardholder's Monthly Memo Statement, the vendor will need to be contacted immediately to try to resolve the issue(s) in question.
2. If the discrepancies cannot be resolved with the vendor, the cardholder will then need to contact the Finance Director within 15 days from the date of the statement on which the discrepancy appeared.

**CARD DEACTIVATION**

**PROCEDURES**

**A. TERMINATION OF CARDHOLDER**

Upon voluntary or involuntary termination of employment of a cardholder, the Commercial Card must be turned in to the cardholder's Department Head and forwarded to the Finance Director

The Finance Director will immediately take the steps prescribed by the issuing company to deactivate the Commercial Card.

Upon successful deactivation of the cardholder account, the card is to be destroyed by the Finance Director.

**B. MISUSE OF THE CARD BY THE CARDHOLDER**

Whenever a Commercial Card is misused or the policies and procedures are violated, the Department Head will work with the City Administrator to determine appropriate disciplinary action. ***TERMINATION OF THE CARDHOLDER'S EMPLOYMENT IS A VIABLE OPTION.***

1. The Department Head or City Administrator may request suspension or cancellation of the Commercial Card at any time by notifying the Finance Director.
2. The Department Head along with the City Administrator or his designee will work together in determining the appropriate action. The Department Head will then inform the Finance Director if the Commercial Card should be deactivated.
3. The Finance Director may unilaterally suspend or cancel a Commercial Card if:
  - a. The City of Warrenville Commercial Card Policies and Procedures are not followed.
  - b. The cardholder makes unauthorized purchases, or continually tries **to exceed** the per purchase limit or the specified purchase frequency.
  - c. If the cardholder continually makes purchases with the City Commercial Card, when other means for making the specific purchase have been established,( i.e. use of the Commercial Card to purchase gasoline or diesel fuel for a City vehicle, instead of using a fleet gasoline purchasing card)

**REPORTING LOST OR STOLEN CARDS****PROCEDURES**

1. If a Commercial Card is lost or stolen, the cardholder must immediately inform the Finance Director and his/her Department Head.
2. The Finance Director will immediately suspend or deactivate the Commercial Card and will send an acknowledgement to the cardholder and Department Head informing them of this action.
4. In order to receive a replacement Commercial Card, the cardholder's Department Head must complete a new Commercial Card Request Form and the cardholder must complete a new Cardholder Agreement.
5. The Finance Director will produce a replacement Commercial Card after the proper forms have been completed and returned.
6. The cardholder is responsible for review and reconciliation of the Monthly Memo Statement of the deactivated Commercial Card as well as the Monthly Memo Statement on the new Commercial Card.

**Receipt & Acknowledgement  
Of the City of Warrentville  
Commercial Card  
Policies and Procedures**

The Commercial Card Policies and Procedures (CCCPP) contain a general description of some of the policies and procedures concerning use of the City of Warrentville Commercial Card, a MasterCard charge card. These policies and procedures will serve as a guide, but may not be the final word in all cases.

Changes in the CCCPP may occur and as a result the contents of the CCCPP may change from time to time and may be changed at any time at the discretion of the City of Warrentville. No changes will be made without due consideration of the mutual advantages, disadvantages, benefits and responsibilities such changes will have on the employee of the City of Warrentville.

Please read the following statements and sign below to indicate your receipt and acknowledgment of the City of Warrentville, Commercial Card Policies and Procedures.

- I have received and read a copy of the City of Warrentville Commercial Card Policies and Procedures. I understand that the policies, rules and benefits described in it are subject to change at the sole discretion of the City of Warrentville at any time.
- I understand that should the content be changed in any way, the City of Warrentville may require an additional signature from me to indicate that I am aware of and understand any new policies.
- I understand that my signature below indicates that I have read and understand the above statements and have received a copy of the City of Warrentville Commercial Card Policies and Procedures.

\_\_\_\_\_  
Employee's Printed Name

\_\_\_\_\_  
Position

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date