

CITY OF WARRENVILLE

FINANCIAL PRACTICES

and

POLICIES

Proposed for FY 2018

The procedures and policies contained in this document are those which have been previously approved by the City Council, as well as those recommended adjustments to the practices and policies being proposed in the FY 2018 Budget at the end of February 2017. Additional changes to this document may be necessary as directed and approved by the City Council, at which time this document will be updated.

Introduction

The Government Finance Officers Association (GFOA) has endorsed the National Advisory Council on State and Local Budgeting's (NACSLB) comprehensive set of recommended budget practices recommendation. GFOA recommends that, at a minimum, financial policies regarding Financial Planning, Revenues, and Expenditures be developed by professional staff and formally adopted by the jurisdiction's governing board. The adopted financial policies should then be used to frame major policy initiatives and be summarized in the budget document. It is further recommended that these policies be reviewed during the budget process. Professional staff should review the policies to ensure continued relevance and to identify any gaps that should be addressed with new policies.

A governmental entity with financial policies in place aids in the public transparency related to the use of taxpayer dollars. In addition, such policies provide the framework for a stable financial condition and allow for proactive decision-making by the governing board. Lending institutions look more favorably on any organization with comprehensive financial policies. For these reasons, the City of Warrenton has adopted a Financial Practices and Policies document, which is reviewed annually by staff and City Council.

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 and short-term 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 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 and 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

Each fund within the City Budget will be balanced, meaning that expenditures cannot exceed estimated revenues plus the use of any undesignated fund balance at the beginning of the year. Further, the operating expenditures should not exceed operating revenues, on an annualized basis, in order to maintain the structural stability of each fund.

Purpose and Objective of the Budget Process

Through the budget process, the City will seek to maintain service levels, given the financial constraints of current economic trends, the City's existing financial condition, and the priorities determined through the City Council's adopted plans and priorities. 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 any required Public Hearing, and a first reading of the adopting ordinance no later than the first City Council meeting in April. The adopting ordinance is to be presented at the second City Council meeting in April.

Submission of Requests for new Expenditures

Decision Packages

Decision Packages are requests for consideration of the addition of new or significantly expanded programs, services, personnel, projects and capital expenditures for the next year's overall budget.

Decision Package submissions are required for new expenditures of \$20,000 or more, and for all proposed personnel additions. Decision Packages will be presented individually as a part of the budget proposal, for consideration of inclusion in the final budget document.

Decision Packages are initially recommended for inclusion within the proposed budget document by the City Administrator/Budget Officer, 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, for each operating fund, for no less than five years, including the budget year, and compare those projected fund balances to the fund balance policy to identify any potential issues of concern early enough to provide sufficient time to make any corrections necessary to address the specific issue.

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

1. Summarized revenues and expenditures, by fund
2. A narrative providing context on the overall revenues and expenditures and listing any concerns which arise and 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, including the current fiscal year, the fiscal year budget being proposed, and three additional fiscal years, for a total of five years of projections. At a minimum, these projections are to be prepared for the General Fund, Capital Maintenance and Replacement Fund, Hotel Motel Fund and Enterprise 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

Historically, 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 and represented full-time employees, as well as non-represented part-time employees.

Compensation Assumptions

The stated goal of the City's compensation plan is to pay Warrenville's employees at the 50th percentile of the City's 15 comparable communities. A bi-annual salary survey of the City's 15 comparable communities shall be conducted, in order to assess the City's non-represented, position-by-position, salary proximity to the 50th percentile. A list of the City's comparable communities is included as Appendix "B".

A new appendix, Appendix B-1, entitled "Bi-Annual Salary Survey for Non-Represented Positions Evaluation Guidelines Policy", has been added to detail how the position classification ranges are to be adjusted as a result of the bi-annual salary survey

Cost of Living Adjustment (COLA) increases for non-represented employees are to be considered annually as a part of the annual budget process. The basis for COLA increases will be the December Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) 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. The City Administrator/Budget Officer typically presents a recommendation for the non-represented employee COLA increases effective the coming May 1, annually in March during a City Council meeting closed session.

Merit increases for non-represented employees are to be based upon an annual employee performance evaluation of the prior 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 1st. 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. Employees who are at the top of their range effective May 1st have the ability to receive a Top of the Range cash merit bonus payment, which is not included in the base hourly rate of pay. The amount of this lump sum payment is the difference between the top step for the given employee's position and the calculated annual wages following the completion of the annual performance evaluation process.

The City's represented employee compensation plan is controlled by the collective bargaining agreements between the City and the respective unions.

Authorized Strength

Annually, and prior to the start of each fiscal year, the City Administrator/Budget Officer will present an Authorized Strength Ordinance, for City Council consideration and adoption. 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 may be revised at any time during the fiscal year when 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 become vacant due to retirement, resignation, or layoff. Department Heads are required to complete a Zero based Staffing form to justify the departmental and City-wide need for filling the vacant position. The form is submitted to the City Administrator for review and determination whether or not to authorize filling of the position. .

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 elastic (fluctuating amounts) revenues and those which are “inelastic” (static amounts).

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 expenditures, such as 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 several revenue sources which are allocated proportionally to more than one fund by City Council direction. The allocations for FY 2016 are as follows:~~

Amusement Tax (5%)	General Fund – 40%
	Capital Maintenance and Replacement – 60%
Cell Tower Rental Income	General Fund – Rent received for Mignin Ave cell tower
	Water & Sewer Fund – All remaining tower rents

~~Revenue allocations are reviewed annually as part of the budget preparation process, to determine if the existing allocations should be adjusted to meet current budgetary needs.~~

User Fees and Charges

The City assesses user fees and charges based upon actual City costs of providing the service or program, with a comparison to the market rates, and charges levied by other public and private organizations for similar services. These fees and charges are to be re-evaluated annually, and reviewed by staff on a continual basis, as the operating environments change.

Fixed Assets Policy

Purpose

The City shall maintain fixed assets records to comply with generally accepted accounting principles (GAAP) governmental financial reporting standards, and to provide a basis for determining appropriate insurable values.

Definition

Fixed assets shall include land, infrastructure, buildings, park shelters, machinery, mobile equipment and vehicles. Infrastructure shall include: roads (including curb and gutter), sidewalks, pedestrian and bicycle paths, bridges, water mains, sewer mains, pumping stations, lift stations, and street lights.

Capitalization Threshold

The capitalization threshold sets the limit at which a given asset will be “capitalized” (reported as an asset rather than an expense), or 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. “Straight line depreciation” is a method of calculating depreciation by taking an equal annual amount of the assets cost as an expense for each year of the assets useful service life. .

Fund Balance and Reserve Policy

Introduction

According to the Government Finance Officers Association (GFOA), “It is essential that governments maintain adequate levels of fund balance to mitigate risks and provide a back-up for revenue shortfalls.” The GFOA’s mission is to promote the professional management of government by identifying, developing, and advancing fiscal strategies, policies, and practices. Communities, like Warrenville, rely on the GFOA for guidance and best management practices.

Just like it is essential for individuals to have personal savings accounts if the primary income earner loses their job or unplanned expenditures come up, so it goes for municipalities. For a community, loss of state-shared revenue, closure of a large retailer, or an adverse judgement from litigation are examples of unplanned expenditures. Maintaining a fund balance also allows a community to take advantage of opportunities, such as cleaning up a brownfield for economic development in an effort to expand the tax base.

GFOA recommends that governments, regardless of size, have a fund balance in their general fund of no less than two months of operating expenditures. Twenty-five percent is a requirement of municipal bond rating agencies, so that the City can borrow money at a less expensive interest rate than those communities without a fund balance of 25%.

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, established the 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 (such as special revenue funds – State Motor Fuel Tax MFT, Seized Assets, and Hotel Motel taxes), and the acquisition or construction of capital assets (capital projects funds – such as Capital Maintenance and Replacement, Tax Increment Financing (TIF), and 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 (anything tangible or intangible that can be converted into cash) and liabilities (any claims against the assets) in a Governmental Fund.

Non-spendable Fund Balance – that portion of a the City’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 the City’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 the City’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). An example would be the Hotel Motel fund balance committed for tourism related activities

Assigned Fund Balance - the portion of the City’s net assets that are constrained by the government’s intent to utilize fund balance for a specific purpose. An example would be the use of the Special Projects fund balances for one-time projects or purchases.

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

Flow Assumptions

Some funds include revenues from a variety of resources, which may include both restricted and unrestricted (committed, assigned, and unassigned) sources. When restricted revenues exist, those are to be utilized first, followed by the use of unrestricted revenues. 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 shall be updated annually as a part of the annual budget process.

Authority to Encumber or Earmark Fund Balance

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 which does not require formal action of the City Council. The authority to assign fund balance may be designated to the City Budget Officer by City Council action.

Interfund Transfers of fund balance

Annually, during the budget process, the City Council will consider and can authorize the use of interfund transfers of fund balance from one fund to another, as a subsidy to the receiving fund. These subsidies are not repaid to the originating fund. The following illustrates the use of these interfund transfers of fund balance:

<u>From</u>	<u>To</u>	<u>Amount</u>
Hotel Motel Tax Fund	General Fund	\$200,000
Hotel Motel Tax Fund	Capital Maintenance and Replacement Fund	\$300,000
Hotel Motel Tax Fund	Special Projects	\$50,000
General Fund	Capital Maintenance and Replacement Fund	\$37,000

Additional transfers are made between funds. However, these additional transfers are reimbursements for expenditures incurred by one fund, which are eligible expenditures of another fund. For example, the Seized Assets fund reimburses the General Fund for certain public safety related expenditures, such as radar re-certifications, costs associated with directed patrols, and certain vehicle maintenance costs. These transfers are also considered during the annual budget process.

Authorized Depositories

Purpose

To identify the authorized depositories for the investing of City funds in accordance with the Illinois Public Funds Investment Act.

Title 1, Chapter 8, Section 1, of the Warrenville City Code states:

“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 City Council has designated the following 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 – The City Council shall annually allocate a minimum of 25% of the current fiscal year's operating expenditures budget to be reserved for emergencies or unplanned and significant revenue declines each fiscal year.

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, 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 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.

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 – The City Council shall annually allocate \$100,000 of the current fiscal year’s Hotel Motel tax expenditures 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. This fund will not be 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. Classified as a major governmental fund for accounting 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** - None~~

~~**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: 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.~~

Note: The proposed FY 2018 Budget recommends closing this fund into the General Fund at the end of Fiscal Year 2017. As a result, this fund reference section of the Accounting Fund Guidelines would be eliminated. However, at the time of initial publication of the proposed FY 2018 Budget that action is only proposed, and has not yet been approved by the City Council.

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. Classified as a non-major governmental fund for accounting 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.

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. Classified as a non-major governmental fund for accounting purposes.

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

MINIMUM FUND BALANCE – Not applicable.

SOURCES OF REVENUE – Incremental property taxes.

TRADITIONAL AREAS OF EXPENDITURES (DESIGNATED PROJECTS) –TIF eligible redevelopment expenses, 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.

TIF DISTRICT #4 FUND
(Fund 74)

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

PURPOSE – Account for the activities associated with improvements within the Tax Increment Financing District #4.

MINIMUM FUND BALANCE – Not applicable.

SOURCES OF REVENUE – Incremental property taxes.

TRADITIONAL AREAS OF EXPENDITURES (DESIGNATED PROJECTS) –TIF eligible redevelopment expenses, 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.

FIFTEEN COMPARABLE COMMUNITIES
(Approved by City Council 02/06/2017)

Aurora

Clarendon Hills

Darien

Glen Ellyn

Lemont

Lisle

Montgomery

Naperville

North Aurora

Oakbrook Terrace

Roselle

South Elgin

West Chicago

Wheaton

Willowbrook

Bi-Annual Salary Survey for Non-Represented Positions Evaluation Guidelines Policy

City staff will conduct a salary survey of the City’s accepted comparable communities (currently 15 communities), for all non-represented employee position classifications. The salary survey will be conducted on a bi-annual (every other year) basis, with the actual survey conducted during the fall of even numbered calendar years, with the range adjustments to be implemented for the coming even numbered fiscal year. For example, in fall 2014, the salary survey was conducted and will be implemented for the fiscal year beginning May 1, 2015, which is City Fiscal Year 2016.

In keeping with the current City policy of maintaining the 50% percentile for employee pay, the Warrenville ranges are to be compared to the mean of the comparable communities’ maximum and minimum range values as of the preceding May 1st.

Where the salary survey results in a negative variance of five percent (5%) or more of the maximum salary, meaning the Warrenville maximum salary range is five-percent (5%) or more below the survey mean for a given position classification, the Warrenville position classification range maximum will be adjusted to the survey mean, and the corresponding minimum salary for that position classification will be set with a 37.5% spread.

Where the salary survey results in a positive variance of five percent (5%) or more of the maximum salary, meaning the Warrenville maximum salary range is five-percent (5%) or more above the survey mean for a given position classification, the Warrenville position classification range maximum will frozen at its current level.

In all cases, the spread between the bottom and top of a given position classification range is to be maintained at 37.5%.

Finally, individual employee’s actual salaries are not adjusted based upon the results of any range adjustments made due to the bi-annual survey, unless the individual employee’s salary were to fall below the adjusted position classification range minimum. If that does occur, the employee’s actual salary will be adjusted to the position classification range minimum before any merit or COLA component is factored in to the employees May 1 salary.

**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 (Title 1, Chapter 8-4), but it can be used in instances where it is not advantageous or cost effective to make a purchase by other means.

The 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.

Guidelines under which cardholders may utilize their Commercial Cards are provided below. 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
- Senior Accountant
- Community Development Director
- Chief Code Official
- Senior Planner
- Senior Civil Engineer
- Police Chief
- Deputy Police Chief
- Deputy Public Works Director
- Streets Lead Supervisor
- Utility Lead Supervisor
- Buildings and Grounds Lead Supervisor

No person other than the person to whom the Commercial Card is issued, or his or her expressly authorized designee 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.

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**

Only the cardholder named on the Commercial Card, or his or her expressly authorized designee 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.

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 Warrentville, 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 obtain 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

City of Warrenville Capitalization Policy: Classes, Thresholds, and Descriptions

APPENDIX "D"

Class of Asset	Minimum Threshold for Capitalization	Type of Activity Capitalized	Depreciable Life	Asset Description	Description of Initial Asset Analysis
1. Governmental Funds (General Fund, Capital Maintenance Fund, TIF Fund)					
Land	All Land	Any Purchase/Donation of Land	N/A	Includes all parcels of land owned by City, not including public Right of Way.	A list of all parcels of land owned by City was compiled. A search was conducted of City and Township Records to determine if a acquisition date and historical cost was available. If a historic cost was not available, an estimated cost was calculated by using the date of acquisition and applying the following formula (Current Price Per Square Foot x Number of Square Feet x Deflator based on the CPI). If an exact acquisition year was not available, then the year was estimated based on knowledge of City Staff.
Rights-Of-Way	All Land	Any Purchase/Donation of Right-Of-Way	N/A	The rights of way owned by the City, typically the public roads and alleys in the City along with the parkway and the sidewalks, usually a width of either 60', 66', or 80'.	A list of all segments of Rights Of Way was compiled.
Bridges	\$20,000	Acquisition, Construction or Reconstruction in excess of \$20,000	40 Years	All acquisitions, construction, or reconstruction of a bridge that exceeds \$20,000	A list of bridges owned by the City was compiled. Historical costs were used if available from records. If a historic cost was not available, an estimated cost was calculated by using the date of construction or reconstruction and applying the following formula (Current Price for reconstruction x Deflator based on the Federal Highway Construction Price Index). If an exact acquisition year was not available, then the year was estimated based on knowledge of City Staff.
Buildings	\$20,000	Acquisition, Construction or Reconstruction in excess of \$20,000	40 Years	All acquisitions, construction, or reconstruction of buildings that exceed \$20,000	The historic cost to acquire or construct buildings was obtained from City records. If no historic cost was available, the original date the building was acquired or built was established, the current cost per square foot for reconstructing that building was estimated and then multiplied by the total square footage of the building to get a current replacement cost and this current replacement cost was deflated to the year of acquisition/construction using the historic trends of the US Department of Labor Consumer Price Index for Construction.
Streets	All Streets	Acquisition, Construction or Reconstruction	60 Years	All acquisitions, construction, or reconstruction of streets	A list of all City owned streets was compiled. The year of acquisition, construction, or reconstruction was determined or estimated based on City records. The square yardage of the segment of road was determined from City records and then a current cost per square yard to reconstruct that segment of road was determined by the Director of Finance or from the Capital Maintenance and Replacement Plan (CMRP). The cost per square yard to reconstruct was multiplied by the total square yardage and a current cost to reconstruct each segment was determined. This current cost was then deflated to the estimated year of acquisition, construction, reconstruction using the historic trends of the Federal Highway Road Construction Cost Index.
Vehicles & Equipment	\$20,000	Acquisition of Equipment with a cost exceeding \$20,000	Variable, Depending on Item	All City owned vehicles and equipment with an acquisition cost exceeding \$20,000	The cost of acquisition of each piece of equipment was determined from the City's financial records. Vehicles will be capitalized regardless of proximity to threshold. Equipment below the threshold may be capitalized upon the discretion of the Public Works Superintendent and Finance Director.
Stormsewer System	All Stormsewer Segments	Acquisition, Construction or Reconstruction	75 Years	All acquisitions, construction, or reconstruction of storm sewer segments	An average current cost to construct a linear foot of storm sewer was determined by the City Engineer. This current cost was then applied to the storm sewer segments to determine the current cost to construct the storm sewer segments in the City. This current cost was then deflated using the Federal Highway Administration's Highway Construction Price Trends Analysis
Traffic Signals	\$20,000			Traffic Signals will be treated as individual units.	
Sidewalk	\$20,000			Sidewalks will be capitalized	
Streetlights	\$20,000			Streetlights will be treated as individual units.	

City of Warrenville Capitalization Policy: Classes, Thresholds, and Descriptions

APPENDIX "D"

<u>Class of Asset</u>	<u>Minimum Threshold for Capitalization</u>	<u>Type of Activity Capitalized</u>	<u>Depreciable Life</u>	<u>Asset Description</u>	<u>Description of Initial Asset Analysis</u>
Water Main	All Mains	Acquisition, Construction or Reconstruction	75 Years	All acquisitions, construction, or reconstruction of Water Main or Water System Segments	Determined by the current financial records of the City. These assets are owned by an Enterprise Fund, and the City has been required to record and depreciate these capital assets since the establishment of the Water and Sewer Fund.
Sewer Main	All Mains	Acquisition, Construction or Reconstruction	75 Years	All acquisitions, construction, or reconstruction of Sewer Main or Sewer System Segments	Determined by the current financial records of the City. These assets are owned by an Enterprise Fund, and the City has been required to record and depreciate these capital assets since the establishment of the Water and Sewer Fund.
Fixed assets for the Enterprise Fund that can be classified in a category already detailed under Governmental Funds are subject to the same thresholds and classifications as those assets in the Governmental Funds.					