

VILLAGE OF GLEN ELLYN
FINANCIAL POLICY NO. 1
BUDGET

1. The Village will pay for all current operating expenses with current revenues.
2. The Village will avoid budgetary procedures that balance current costs at the expense of future years, such as postponing necessary expenses, accruing future revenues, or the rolling over of short-term debt.
3. The budget will provide for adequate funding and maintenance of capital plant. Capital plant is defined as new construction, or existing facilities requiring maintenance or expansion. Expenditure projections will include estimated operating costs of new facilities.
4. The budget will provide for adequate maintenance of operating equipment and for its orderly replacement. The Village will project its equipment replacement needs for the next five years and will update this projection annually. From the projection, a maintenance and replacement schedule will be developed and followed.
5. The Village will prepare and maintain a multi-year capital improvements plan, from which projects will be selected for each budget year.
6. The budget will provide for adequate funding of all employee pension plans.
7. If expenses should be projected to exceed anticipated revenues, the Village will act to reduce costs or to adjust revenues so that expenditures will not exceed resources.
8. The Village will strive to integrate performance and productivity indicators within the narrative portion of the annual budget document.
9. The Village will develop a multi-year plan for capital improvements and update it annually.
10. The Village will project its equipment replacement needs to the next five years and will update this projection annually. From this projection, a maintenance and replacement schedule will be developed and followed.

VILLAGE OF GLEN ELLYN
FINANCIAL POLICY NO. 2
REVENUES

1. The Village will maintain a diverse and stable revenue base to protect its operations from short-term fluctuations in any one revenue source.
2. The village will systematically review its sources of revenue annually, based upon past experience and anticipated future trends in order to efficiently prepare the spending plan of the Village.
3. The Village will follow a reasonable but aggressive policy of collecting revenues, keeping customer accounts current, and collecting fees as defined by Village ordinances.
4. The Village will establish fees necessary to support the enterprise funds at a level sufficient to cover the cost of the service. These fees will be reviewed annually. Enterprise funds include water and sewer, recreation, solid waste, and parking.
5. The Village will set reasonable service charges to recover the cost of services provided by one fund to another. This charge should fully support the total direct and indirect cost of the activity. These charges will include replacement of the capital assets of these funds.

VILLAGE OF GLEN ELLYN
FINANCIAL POLICY # 3
(Approved 1-5-87)
RESERVES

1. The Village will maintain a contingency reserve to provide for unanticipated expenses of a non-recurring nature. This reserve will be maintained at no less than an amount equal to 25% of the operating budget, exclusive of capital expenditures and debt service. Those funds to which this policy would apply are operating funds, and should include the General Fund, Water and Sewer Fund, Recreation Fund, Parking Fund, Cable TV (Special Programs) Fund, and Solid Waste.
2. The Corporate Reserve Fund will be available for interfund loan to departments of the Village. Each such loan will be approved by the Village Board, including the conditions of the loan, its repayment schedule, and the rate of interest. Those funds which are self-supporting, such as the enterprise funds, will be required to pay interest at a reasonable market rate.
3. The Corporate Reserve Fund will be Acapped@ at the level of \$3,700,000, which includes the additional \$1,500,000 transferred from General Fund cash reserves as a part of the FY 99/00 Village Budget approved by the Village Board on 4-12-99. Interest earned from investment of these dollars will be credited to the General Fund of the Village.
4. At no time should the Corporate Reserve Fund be depleted below \$500,000.

VILLAGE OF GLEN ELLYN
FINANCIAL POLICY NO. 4
ACCOUNTING, AUDITING AND REPORTING

1. The Village will establish and maintain a high standard of accounting practices.
2. The accounting system will maintain records on a basis consistent with generally accepted standards for local governmental accounting.
3. Regular monthly and annual financial report will be prepared, presenting a summary of all activity within each fund.
4. An independent public accounting firm will perform an annual audit and will publicly issue a report of the financial condition of the Village to be completed within four months of the end of the FY. The Village will change audit firms at least once every five years.
5. The Village will strive to achieve the Certificate of Conformance in financial reporting within three years.
6. The Village will provide a summarized quarterly budget report to the Village Board. This report will be supported by narrative sufficient to make clear any significant trends or special areas of interest.