

RESOLUTION 2023-58

**RESOLUTION APPROVING THE CITY OF WEST BRANCH
FISCAL MANAGEMENT POLICIES**

WHEREAS, the City Council of the City of West Branch would like to provide guidance on the City's fiscal management system; and

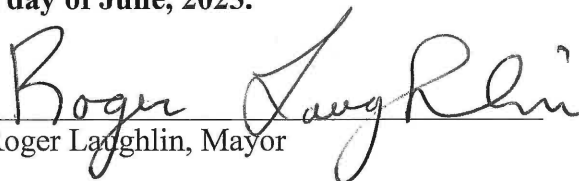
WHEREAS, the Council's intent is to support a sound and efficient financial management, investment and credit card systems which best utilizes resources and provides acceptable service levels to the citizens of West Branch; and

WHEREAS, Fiscal Management Policy should be reviewed at least annually to ensure all policies are relevant and being adhered to; and

WHEREAS, the Council now wishes to officially approve the updated Fiscal Management Policies which include the City's financial management, investment and credit card policies.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the West Branch, Iowa, that the City of West Branch Iowa Fiscal Management Polices, attached as "Exhibit A" is approved.

Passed and approved this 5th day of June, 2023.



Roger Laughlin, Mayor

ATTEST:



Leslie Brick, City Clerk



FISCAL MANAGEMENT

Financial Management Policies

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Financial Management Policies

The following financial policies have been developed to provide guidance to the City's financial management system. The City's intent is to support a sound and efficient financial management system which best utilizes resources and provides an acceptable service level to the citizens of West Branch. The following statements are not intended to restrict the City Council's authority in determining service needs and /or activities of the City. These financial policies do not limit the City Council's ability and responsibility to respond to service delivery needs above or beyond these policies. The City Council as a policy making group is still accountable for the efficient and responsive operation of the City.

SECTION 1: OBJECTIVE OF CASH MANAGEMENT POLICY

The City Council of the City of West Branch is the trustee of the public revenues which it collects, and it therefore has an obligation to the community to ensure that the City's cash resources are managed effectively, efficiently, and as economically as possible. This policy represents principles and practices that follow generally accepted accounting principles which should be used to help the City maintain financial stability.

The support of and commitment to the City's credit control policy, by the City Council and the city's officials, is an integral part of proper cash management, and by approving this policy the City Council pledges itself to such support and commitment.

SECTION 2: EFFECTIVE CASH MANAGEMENT

1. Cash Collections

All monies due to the City must be collected as soon as possible, either on or immediately after due date, and deposited on a daily basis. Any delinquent amounts should be pursued vigorously in any legal manner to include:

- Utility shutoffs as provided by local ordinance and state law
- Income Offset through the Department of Administrative Services
- Certification to taxes through the County Treasurer
- Third party collection agencies

The respective responsibilities of the City Administrator, Finance Officer, City Clerk and Deputy Clerk and other Department Directors are defined in this document. Where practical, all receipts should be handled by City Clerk's office. Off sight collections shall be promptly delivered to the City Office and deposited into City approved accounts. Each off-sight collection point will be insured/bonded as necessary.

2. Payments to Creditors

The City Administrator or Finance Officer shall ensure that all bids and quotations invited by and contracts entered into by the City stipulate payment terms favorable to the City, for example, payment should fall due no sooner than at the conclusion of the month following the month in which a particular service is rendered to or goods are received by the City and

approved by the City Council. This rule shall be departed from only where there are financial incentives for the City to effect earlier payment, and preauthorized by resolution of the City Council, such as payroll, or payroll taxes. Any early payment shall be approved by the City Council at the next council meeting.

Notwithstanding the foregoing policy directives, the City Administrator or Finance Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if it is determined that there are financial incentives for the City to do so.

Special payments to creditors shall only be made with the express prior approval of the City Council, who shall be satisfied that there are compelling reasons for making such payments prior to the normal monthly processing.

3. Management of Inventory

Each Department Director shall ensure that the inventory in their department does not exceed what is normally required in those cases where items which are not readily available from suppliers, and emergency requirements in the case of items which are readily available from suppliers.

Each Department Director shall periodically (annually by June 30) review the levels of inventory held, and shall ensure that any surplus items be made available for sale at a public auction or by other means of disposal, as provided in the City's policies.

4. Cash Management Program

An annual estimate will be prepared of the City's cash flows divided into calendar months. The estimate shall indicate when and for what periods and amounts idle revenues may be invested, when and for what amounts investments will have to be liquidated, and when (if applicable) either long-term or short-term debt must be incurred. Department Directors shall furnish the City Administrator all cash flow information as is required for large dollar items. The threshold for this notification shall be \$7,500.00.

SECTION 3: OPENING OF BANK ACCOUNTS

City of West Branch shall maintain bank accounts. Each bank account must be in the name of the City, and all monies received by the City must be paid into this bank account or accounts, promptly and in accordance with any requirements that may be prescribed.

A bank account may not be opened:

- other than in the name of the City of West Branch;
- abroad; or
- with an institution not recognized as a bank in the State of Iowa.

SECTION 4: CONTROL OF MUNICIPAL BANK ACCOUNTS

The City Administrator, Finance Officer or City Clerk of the City must administer all of the City’s bank accounts, is accountable to the City Council for the City’s bank accounts, and must enforce compliance with City’s purchasing policies.

SECTION 5: WITHDRAWALS FROM CITY BANK ACCOUNTS

Only the City Administrator, Finance Officer or City Clerk of the City, or other city official of the City acting on the written authority of the City Council, may withdraw money or authorize the withdrawal of money from any of the City’s bank accounts. All money will be withdrawn by pre-numbered checks, cashier’s check or electronic transfers from the City’s bank account only with approval of the City Council.

Such withdrawals may be made only to:

- transfer money from checking account to money market or savings account or vice versa.
- to defray expenditures appropriated in terms of an approved budget.
- pay to another government agency money received by the City on behalf of the agency, including money collected by the City on behalf of the agency by agreement, or any insurance or other payments received by the City for the agency (sales tax, or sub-recipients for grants, payroll taxes, IPERS, sales tax, debt payments, for example).
- refund money incorrectly paid to the City or consumer deposits with the city for utilities, in accordance with City policy.
- refund guarantees, sureties and security deposits.
- make investments for cash management purposes in accordance with the City’s investment policy.

SECTION 6: CASH MANAGEMENT & INVESTMENTS

The City Council of West Branch, Iowa does hereby name the following as official depositories for City funds and sets the maximum amount of deposit opposite the name of each institution:

<u>DEPOSITORY NAME</u>	<u>MAXIMUM DEPOSIT</u>
Fidelity Bank & Trust, West Branch IA	\$7,000,000
Green State Credit Union, Iowa City, IA	\$250,000
Hills Bank & Trust Company, Iowa City, IA	\$250,000
Liberty Trust & Savings Bank, Durant, IA	\$250,000

An investment policy was established and approved by City Council Resolution 964 in 2011. A monthly report describing the activity of investment purchases will be submitted to the City Council at the end of each month.

SECTION 7: REVENUE MANAGEMENT

REVENUE POLICY

The Finance Officer or City Clerk of the City is responsible for the management of the revenue of the City. The Finance Officer, City Clerk or Deputy Clerk, must among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the

requirements of this policy into the City's primary and other bank accounts with oversight by the City Administrator. The City Clerk or Finance Officer must also ensure that all revenues received by the City, including revenue received by any collecting agent on its behalf, is reconciled on a monthly basis. The City Clerk or Finance Officer must take all reasonable steps to ensure that any funds collected by the City on behalf of another governmental agency are transferred to that agency as prescribed by the agreement or grant contract but at least on a quarterly basis, and that such funds are not used for purposes of the City.

1. The City will initiate efforts to maintain a diversified and stable revenue system in an attempt to avoid short run fluctuations in any one revenue source.
2. Annual revenues will be estimated by an objective, and whenever possible analytical process.
3. Existing revenue sources will be re-examined annually with new revenue sources investigated during the annual budget preparation process.
4. Revenues will be estimated at a level to fund estimated expenditures on an annual basis. Revenues may exceed expenditures if the fund balances of any fund need to be increased to meet minimum balance requirements. Additionally, surplus fund balances may supplement revenues in order to fund estimated expenditure levels.
5. Property tax revenue collections will be established through a tax levy rate for general operations which will not exceed limits stated by the Iowa Code. This increase will not include levy collections due to natural growth of the City but will include any state mandated equalization orders.
6. In relation to enterprise funds which have been established to support expenditure levels, user fees and charges will be established to fund direct and indirect costs of the activity whenever feasible.
7. Licenses, fees and charges: The City will review licenses, fees and charges during the 4th quarter of each year (prior to budget) to determine if the revenues support the cost of providing the service. Adjustments will be made in the same manner as the enabling legislation.
8. User fees in other governmental areas such as recreational services will be established at a level which will not inhibit participation by all. The City will attempt to establish all user charges and fees at levels sufficient to cover the full cost (operating, direct and indirect) of providing proprietary services. Rate adjustments will be done by ordinance if state or locally legislated, or by resolution if not legislated by state or local code.
9. All user fees and charges will be re-evaluated on an annual basis during the budget preparation process.
10. One-time or special purpose revenues such as grant funds will be utilized to fund capital expenditures or expenditures required by that revenue. Such revenues will not be used to subsidize reoccurring personnel, operating, and maintenance costs.
11. The City will on a continuous basis seek methods to reduce the City's reliance on the property tax through seeking legislative support for local option taxes, investigating additional non-property tax revenue sources, and encouraging the expansion and

diversification of the City tax base with residential, commercial and industrial development.

SECTION 8: RECEIPT MANAGEMENT & INTERNAL CONTROLS

Proper control of cash and receivables is very important to the City. This is especially difficult (particularly with a limited staff) because a true segregation of duties and establishment of internal controls requires a clear-cut separation of activities. This is very challenging when responsibilities are shared. Without proper controls and policies, cash can be easily misappropriated; therefore, in accordance with good internal control, the following procedures need to be monitored and control must be established.

1. RECEIPT NUMBERING - All receipts must be pre-numbered, out of the control of those receiving cash or cash equivalents.
2. RETURNED CHECKS - from customer payments: Customers are mailed a letter notifying them of the NSF check, amount of the bill due and the \$30.00 service charge by the City of West Branch for NSF checks. A service charge in the amount of \$30.00 shall be assessed to any customer whose payment is not honored by the customer's financial institution for any reason when presented. The service charge shall be in addition to the late payment penalty. If two or more payments are dishonored within a twelve-month period, the City may require future payments in cash, credit card, cashier's check or money order. Such cash, credit card, cashier's check or money order payments shall be maintained until account has not been delinquent for twelve (12) consecutive months. (Ord. 640)
3. CASH DEPOSITS - Not less than daily, the City Clerk or Deputy Clerk, shall deposit all receipts of the City in accounts designated for such purpose in legal depositories, authorized by the City Council.
4. DIRECT DEPOSITS - ACH REMITTANCES. THIS IS A FORM OF ELECTRONIC FUNDS TRANSFER (EFT) - Revenues due to the City such as property taxes, Road Use Tax Allocations, LOST, alcohol license fees, credit card payments, grant programs, etc., may be deposited directly into the accounts of the City with authorization of the Finance Officer or City Clerk and the respective agency. This method of fund transfer can be initiated by either the payer or the City. This transaction may incur some expense from the bank and bookkeeping departments.
5. SEPARATION FROM DUTIES. With limited staff the City Clerk, Deputy Clerk or Finance Officer handles cash or has the ability to process payroll, accounts receivable or accounts payable. This is part of cross training. Internal controls that are in place: The Finance Officer reconciles all financial transactions and investments of the City. The City Clerk or Deputy Clerk reconciles utility billing records (monthly), reviews account

payable claims and payroll entries (bi-weekly). The City Administrator reviews the monthly financial reconciliations and payroll time sheets for each pay period.

SECTION 9: DISBURSEMENTS & CHECK MANAGEMENT

1. Checks should pre-number and are printed in batch format. To prevent the removing of checks, checks should be delivered in sealed boxes where strict control is exercised over the numerical sequence of checks on the expenditure system (a check register).
2. Delegation/Rights for Disbursement (paper and electronic) execution:
 - a. The incumbents of the following positions are authorized to sign checks on behalf of City Council:
 - i. A-Signatory: City Administrator, Finance Officer, City Clerk and/or Mayor.
 - ii. Each payment needs to be signed by two signatures.
 - iii. Blank checks are never to be signed in advance.
 - iv. All invoices and other documentation should accompany the paper checks for payment so verifications of amount and appropriateness of purchase can be done.
 - v. Authorization should be done by two individuals, same as for checks above.

SECTION 10: FINANCIAL REPORTING

1. Monthly banking reports
2. Each account of the City shall be reconciled on a monthly basis.
3. Monthly financial reports to the City Council must include (at a minimum):
 - (a) Each investment to include the ownership of the investment by fund.
 - (b) Any changes to the investment portfolio during the reporting period.
 - (c) Summary of all receipts and disbursements made during the month by fund.
 - (d) Amounts of outstanding checks.
 - (e) Bank balances for each account in the City's name.
4. The Finance Office or City Clerk shall report to the City Council, the actual cash received and disbursed for the month, the cumulative to date, as well as the budgeted estimates or revised estimates of the anticipated revenue and expenditures for the remaining months of the fiscal year.
4. The City Administrator, Finance Officer or City Clerk shall also prepare all annual reports as required by federal, state or local requirements with presentation to or approval by the City Council as appropriate.
5. Audits shall be done in accordance with Iowa Code requirements by an external CPA firm versed in municipal audit requirements or State Auditor's office.

SECTION 11: CASH RESERVE POLICIES

The City Administrator and/or Finance Officer must report on the projected reserve requirements each fiscal year during budget season.

1. All general obligation debt will be paid from the Debt Service Fund. All enterprise revenues pledged to abate general obligation issues will be a budgeted transfer to the Debt Service Fund.
2. All reserves required by bond covenant or other external agreements shall be allocated to the fund required (not comingled with the general fund reserve).

Operating cash balances at fiscal year-end will be maintained at a level to ensure sufficient cash flow throughout the fiscal year as follows: Per Resolution 2022-11 (February 7, 2022)

- General Fund: 25% or 3 months of operating expenses.
- Hotel Motel: 100% or one-year's receipts.
- Tort and Liability: 25% or 3 months of operating expenses.
- Employee Benefits: 25% or 3 months of operating expenses.
- Local Option Sales Tax: 100% or one-year's receipts, unless the referendum changes the intent of local option sales tax.
- Road Use Tax: 50% of Expected Operating Expenses.
- Storm Sewer: 50% of Expected Operating Expenses.
- Capital Reserve: 100% or one-year's receipts.

SECTION 12: STATE REVOLVING FUND PROGRAMS

As required by state sponsored State Revolving Fund programs the City must maintain a minimum account balance: Per Resolution 2022-11 (February 7, 2022)

- Water Funds: 50% of Operating Expenses & 100% Annual Debt Payments
- Sewer Funds: 50% of Operating Expenses & 100% Annual Debt Payments

SECTION 13: OPERATING BUDGET & EXPENDITURE POLICY

1. The City Administrator and Finance Officer will compile and submit to the City Council a balanced budget by the first Monday in March of each year.
2. The balanced budget will reflect expenditures which will not exceed estimated resources and revenues.
3. The operating budget for the City will be developed and established on a service level basis. Any additions, deletions, and/or alterations in the operating budget will be related to services to be provided to the general public.
4. The operating budget will emphasize productivity of human resources in providing services, efficient use of available revenue sources, and quality of services.
5. New service levels will be considered when additional revenues or offsetting reductions of expenditures are identified, the new services fall within the broad framework of the City operation, or when such services are mandated by the State of Iowa or the federal government.

6. The City will avoid the postponement of current expenditures to future years, accruing future year's revenues, or utilization of short-term debt to fund operating expenditures.
7. The operating budget will provide funding for the on-going maintenance and replacement of fixed assets and equipment. These expenditures will be funded from current revenues and, in the case of replacement of equipment, surplus fund balances in excess of the minimum working balance reserve.
8. The budget will provide adequate funding for all retirement systems as prescribed by state law.
9. A working fund balance for general operations will be maintained in order to support expenditures prior to the collection of taxes.
10. Each year the City will revise current year expenditure projections during the succeeding year's budget preparation process. Costs of operating future capital improvements included in the capital projects budget will be included in the operating budget.
11. The City will participate in a risk management program to minimize losses and reduce costs. This program will also protect the City against catastrophic losses through the combination of insurance, self-insurance, and various federal and state programs.
12. The City will maintain a budgetary control system to monitor its adherence to the approved operating budget.
13. Budget amendments may be made throughout the year with approval of the City Administrator and Finance Officer. The City Council will publish notice of the public hearing as required by law before taking action. The City Council will then formally review and approve all amendments via resolution.
14. The City administration will prepare monthly expense and revenue reports comparing actual revenues and expenditures to budgeted amounts.
15. Department Directors shall furnish the City Administrator and Finance Officer all information as is required for large dollar items. The threshold for this notification shall be \$7,500.00. City Administrator or Finance Officer shall have authority to authorize purchases, repairs or replacement equipment for water and sewer plants as requested by the Public Works Director, without City Council approval, up to \$15,000.00 in an emergency situation, to keep the infrastructure operational for the citizens.
16. The purpose of Tax Increment Financing (TIF) is to provide business friendly tax incentives while balancing the demands of City services. Developers must attend a pre-application meeting with two (rotating) City Council members, Mayor, City Administrator and /or Finance Officer before a request is presented to the City Council for consideration. If applicable, pre-application meetings must have a conceptual site plan, proposed zoning classification, estimated property value, description of the business, additions to City infrastructure, and number of jobs created. Staff or the City's financial advisor must run a cost analysis before a City Council vote to ensure the elected body has a holistic picture of future development agreements.

SECTION 14: DEBT ADMINISTRATION POLICY

1. The City will limit its long-term borrowing to capital improvements or projects which cannot be financed from current revenues or for which current revenues are not adequate.
2. Long-term borrowing will only be utilized to fund capital improvements and not operating expenditures.
3. The payback period of the bonds issued to fund a particular capital project will not exceed the expected useful life of the project.
4. The City will attempt to keep the average maturity of general obligation bonds at or below 20 years.
5. The City will maintain its debt limitation at 5 percent or less of actual property valuation as mandated by the State of Iowa.
6. Whenever possible, special assessment, revenue and/or general obligation bonds abated by enterprise revenues will be issued instead of general obligation bonds funded by property tax.
7. For those general obligation bonds issued and funded by property taxes, debt service and interest payment schedules shall be established whenever possible in such a manner to provide equalization of debt and interest payments each year for the life of the total outstanding general obligation bonds.
8. The City shall encourage and maintain good relations with the financial and bond rating agencies and prepare any reports so requested by these agencies. Full and open disclosure on every financial report and bond prospectus will be maintained.

SECTION 15: ANNUAL REVIEW POLICY

This Financial Management Policy will be reviewed annually or earlier if so desired by the City Council. Any changes to the policy must be adopted by City Council and be consistent with the Code of Iowa.

INVESTMENT POLICY

SECTION 1: SCOPE OF INVESTMENT POLICY

The Investment Policy of the City of West Branch shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the City of West Branch. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.

The investment of bond funds or sinking funds shall comply not only with this Investment Policy, but also be consistent with any applicable bond resolution.

This Investment Policy is intended to comply with Iowa Code Chapter 12B.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following:

1. The City Council of the City to which the Investment Policy appears.
2. All depository institutions or fiduciaries for public funds of the City.
3. The auditor engaged to audit any fund of the City.
4. Any fiduciary or third party assisting with or facilitating investment of the funds of the City.

SECTION 2: DELEGATION OF AUTHORITY

In accordance with Section 12B.10(1), the responsibility for conducting investment transactions resides with the Finance Officer and/or City Clerk of the City. Only the Finance Officer and/or City Clerk and those authorized by resolution may invest public funds and a copy of any empowering resolution shall be attached to this Investment Policy.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for the City shall require the outside person to notify in writing the City Administrator and/or Finance Officer within thirty days of receipt of all communication from the Auditor of the outside person or any regulatory authority of the existence of a material weakness in internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to the City by the outside person.

The records of investment transactions made by or on behalf of the City are public records and are the property of the City whether in the custody of the Finance Officer and/or City Clerk or in the custody of a fiduciary or other third party.

The City Administrator and/or Finance Officer shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of the City responsible for elements of the investment management. The controls shall provide for receipt and review of the audited financial statement and related report on internal control structure of all outside persons performing any of the following for this public body:

1. Investing public funds.
2. Advising on the investment of public funds.
3. Directing the deposit or investment of public funds.
4. Acting in a fiduciary capacity for this public body.

A Bank Savings and Loan Association or Credit Union providing only depository services shall not be required to provide an audited financial statement and related report on internal control structure.

SECTION 3: OBJECTIVES OF INVESTMENT POLICY

The primary objectives, in order of priority, of all investment activities involving the financial assets of the City shall be the following:

1. Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective.
2. Liquidity: Maintaining the necessary liquidity to match expected liabilities is the second investment objective.
3. Return: Obtaining a reasonable return is the third investment objective.

SECTION 4: PRUDENCE

The City Administrator and/or Finance Officer, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the Section 3 investment objectives. This standard requires that when making investment decisions, the City Administrator and/or Finance Officer shall consider the role the investment or deposit plays within the portfolio of assets of the City and the investment objectives stated in Section 3.

SECTION 5: INSTRUMENTS ELIGIBLE FOR INVESTMENT

Assets of the City may be invested in the following:

- A. Interest bearing savings accounts, interest bearing money market accounts and interest-bearing checking accounts at any bank, savings and loan association or credit union in the State of Iowa. However, primary consideration will be given to any bank, savings and loan association or credit union with an operating office located within the city limit of West Branch. Each bank must be on the most recent Approved Bank List as distributed

by the Treasurer of the State of Iowa or as amended as necessary by notice inserted in the monthly mailing by the Rate Setting Committee. Each financial institution shall be properly declared as a depository by the governing body of the City. Deposits in any financial institution shall not exceed the maximum amount approved by the City Council of West Branch.

- B. Obligations of the United States government, its agencies and instrumentalities.
- C. Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12C.

All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Section 7 investment maturity limitations and Section 8 diversification requirements.

SECTION 6: PROHIBITED INVESTMENTS AND INVESTMENT PRACTICES

Assets of the City shall not be invested in the following:

- 1. Reverse repurchase agreements.
- 2. Futures and options contracts.

Assets of the City shall not be invested pursuant to the following investment practices:

- 1. Trading of securities for speculation or the realization of short-term trading gains.
- 2. Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.
- 3. If a fiduciary or other third party with custody of public investment transaction records of the City fails to produce requested records when requested by this public body within a reasonable time, the City shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

SECTION 7: INVESTMENT MATURITY LIMITATIONS

Operating Funds must be identified and distinguished from all other funds available for investment. Operating Funds are defined as those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.

All investments authorized in Section 5 are further subject to the following investment maturity limitations:

- 1. Operating Funds may only be invested in instruments authorized in Section 5 of this Investment Policy that mature within three hundred ninety-seven (397) days.
- 2. The City Administrator and/or Finance Officer may invest funds of the City that are not identified as Operating Funds in investments with maturities longer than three hundred

ninety-seven (397) days. However, all investments of the City shall have maturities that are consistent with the needs and use of the City.

SECTION 8: DIVERSIFICATION

Investments of the City are subject to the following diversification requirements:

Prime banker's acceptances:

1. At the times of purchase, no more than ten percent (10%) of the investment portfolio of the City shall be invested in prime bankers' acceptances, and
2. At the time of purchase, no more than five percent (5%) of the investment portfolio of the City shall be invested in the securities of a single issuer.

Commercial paper or other short-term corporate debt:

1. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the City shall be in commercial paper or other short-term corporate debt,
2. At the time of purchase, no more than five (5%) of the investment portfolio of the City shall be invested in the securities of a single issuer, and
3. At the time of purchase, no more than five percent (5%) of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second-highest classification.

When possible, it is the policy of the City to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.
2. Liquidity practices to ensure the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury bills or cash on hand shall be used at all times.
3. Risks of market prices volatility shall be controlled through maturity diversification so that aggregate price losses in instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

SECTION 9: SAFEKEEPING AND CUSTODY

All invested assets of the City involving the use of a public fund's custodial agreement, shall comply with all rules adopted pursuant to Section 12B.10C. All custodial agreements shall be in writing and shall contain a provision that all custodial services be provided in accordance with the laws of the State of Iowa.

SECTION 10: ETHICS AND CONFLICT OF INTEREST

The City Administrator, Finance Officer, City Clerk and all other officers and employees of the City involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

SECTION 11: REPORTING

The Finance Officer and /or City Administrator shall submit an annual investment report that summarizes recent market conditions and investment strategies employed since the last investment report. The investment report shall set out the current portfolio in terms of maturity, rates of return and other features and summarize all investment transactions that have occurred during the reporting period and compare the investment results with the budgetary expectations.

SECTION 12: INVESTMENT POLICY REVIEW AND AMENDMENT

This Investment Policy shall be reviewed every two years or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.

CREDIT CARD POLICY

The following credit card use policy has been developed to provide guidance to the City's financial management system. The City's intent is to support a sound and efficient financial management system which best utilizes resources and provides an acceptable service level to the citizens of West Branch.

SECTION 1: PURPOSE

To allow City personnel access to efficient and alternative means of payment for approved purchases of goods or services for official business of the City of West Branch.

The City Administrator shall be issued a credit card of up to \$5,000 for their use in the course of City business. Additional credit cards shall be issued to the Finance Officer \$3,000 limit, Park & Recreation Department, Public Works, Library, and the Police Department with a \$2,000 limit.

SECTION 2: USE OF CREDIT CARDS

City authorized credit cards may be used while an employee is on official City business, including but not limited to the following uses:

- Travel / Lodging
- Meal expenses when on City business. (Subject to the provisions of the City of West Branch Employee Handbook).
- On-line purchases requiring a credit card and no other payment or billing option is available. On-line purchases require prior approval for non-budgeted items.
- Purchases requiring immediate payment if the City is unable to issue a check for the purchase. Prior approval is required.
- Emergency City vehicle maintenance
- Gasoline for City vehicles

SECTION 3: REQUIRED DOCUMENTATION

The employee using the credit card must submit detailed receipts, documentation listing the goods or services purchased, cost, date of the purchase and the official business explanation. All receipts from credit card use must be turned into the City Office within 14 days of the charge. If receipts are not turned in within 14 days after the expense was incurred, the employee will be responsible for such expense. The credit card may not be used for cash advances or personal use under any circumstance.

SECTION 4: INTERNAL CONTROL PROCEDURES

- a) The City Administrator or Designee is the administrator of this policy and responsible for overseeing compliance. The City Administrator or Designee is hereby authorized to enter into an agreement with a financial institution to provide for the issuance of a credit card account.

- b) The Finance Officer or Designee shall be responsible for the accounting and payment of expenses and ensuring accuracy of the statement and that activity and account information is noted on the credit card statement. The Finance Officer or Designee shall be responsible for compliance with the State of Iowa records retention requirements for safekeeping of statements and receipts for five years.

SECTION 5: MISUSE OF CREDIT CARDS

Misuse of City Credit Cards, failure to secure or report stolen or missing credit cards immediately upon discovering, could result in disciplinary action toward the employee and possible employment termination. Employees may be held responsible for any unauthorized purchases on the card while in their possession. The City may revoke the credit card privileges of any employee at any time. Employees must immediately surrender the credit card upon termination of employment.