

## CHAPTER 5 CITY FINANCE

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2-5-1 BUDGET PREPARATION. Annually, the City shall prepare and adopt a budget, and shall certify taxes as follows:

1. A budget shall be prepared for at least the following fiscal year. When required by rules of the State City Finance Committee, a tentative budget shall be prepared for one or two ensuing years. The proposed budget shall show estimates of the following:
  - a. Expenditures for each program
  - b. Income from sources other than property taxation
  - c. Amount to be raised by property taxation, and the property tax rate expressed in dollars per one thousand dollars valuation

The budget shall show comparisons between the estimated expenditures in each program in the following year and the actual expenditures in each program during the two preceding years. Wherever practicable, as provided in rules of the State City Finance Committee, a budget shall show comparisons between the levels of service provided by each program as estimated for the following year, and actual levels of service provided by each program during the two preceding years.

2. Not less than twenty days before the date that the budget must be certified to the County Auditor and not less than ten days before the date set for hearing, the Clerk shall provide a sufficient number of copies of the budget to meet reasonable demands of taxpayers, and have them available for distribution at the offices of the Mayor and Clerk and at the City library, if any, or at three places designated by Ordinance for posting notices.

[Code of Iowa, Sec. 384.16(2)] (ECIA Model Code Amended in 2014)

3. The Council shall set a time and place for public hearing on the budget before the final certification date and shall publish notice before the hearing as provided in Iowa law. Proof of publication shall be filed with the County Auditor.
4. At the hearing, any resident or taxpayer of the City may present to the Council objections to any part of the budget for the following fiscal year or arguments in favor of any part of the agenda.

5. After the hearing, the Council shall adopt a budget for at least the following fiscal year, and the Clerk shall certify the necessary tax levy for the following year to the County Auditor and the County Board of Supervisors. The tax levy certified may be less than, but not more than, the amount estimated in the proposed budget, unless an additional tax levy is approved at a City election. Two copies of the complete budget as adopted shall be transmitted to the County Auditor and the State Comptroller.

2-5-2 BUDGET AMENDMENTS. The City budget as finally adopted for the following fiscal year becomes effective July first and constitutes the City appropriation for each program and purpose specified therein until amended. The City budget for the current fiscal year may be amended for any of the following purposes:

1. To permit the appropriation and expenditure of unexpected, unencumbered cash balances on hand at the end of the preceding fiscal year which had not been anticipated in the budget.
2. To permit the appropriation and expenditure of amounts anticipated to be available from sources other than property taxation, and which had not been anticipated in the budget.
3. To permit transfers from the debt service fund, the capital improvements reserve fund, the emergency fund, or other funds established by State law, to any other City fund, unless specifically prohibited by state law.
4. To permit transfers between programs within the general fund.
5. The budget amendment shall be prepared and adopted in the same manner as the original budget, and is subject to protest as provided in Section 2-5-3 of this chapter, except that the Committee may by rule provide that amendments of certain types or up to certain amounts may be made without public hearing and without being subject to protest.

2-5-3 BUDGET PROTEST. Within a period of ten days after the final date that the budget or amended budget may be certified to the County Auditor, persons affected by the budget may file a written protest with the County Auditor, specifying their objections to the budget or any part of it. A protest must be signed by qualified voters equal in number to one-fourth of one percent of the votes cast for Governor in the past preceding general election in the City, but not less than ten persons, and at least three of the signers must have filed a written objection or appeared and objected to the budget at the budget hearing held by the Council.

2-5-4 APPROPRIATIONS. The City shall keep separate accounts corresponding to the programs and items in its adopted or amended budget, as recommended by the State City Finance Committee.

The City shall keep accounts which show an accurate and detailed statement of all public funds collected, received or expended for any City purpose, by any City officer, employee, or other person, and which show the receipt, use, and disposition of all City property. Public monies may not be expended or encumbered except under an annual or continuing appropriation.

2-5-5 ANNUAL REPORT. Not later than December first of each year, the City shall publish an annual report containing a summary for the preceding fiscal year of all collections and receipts, all

accounts due the City, and all expenditures, the current public debt of the City, and the legal debt limit of the City for the current fiscal year. A copy of this report shall be furnished to the Auditor of the State. (Ord. 991, 04-19-2004)

2-5-6 COUNCIL TRANSFERS. When the City Clerk determines that one or more appropriations account needs added authorization to meet required expenditures therein he/she shall inform the Council or if the Council upon its own investigation so determines, and another account within the same program has an appropriation in excess of foreseeable needs, or, in the case of a clear emergency or unforeseeable need, the contingency account has an unexpended appropriation which alone or with the other accounts can provide the needed appropriations, the Council shall set forth by resolution the reductions and increases in the appropriations and the reason for such transfers. Upon the passage of the resolution and approval of the Mayor, as provided by law for resolutions, the City Clerk shall cause the transfers to be set out in full in the minutes and be included in the published proceedings of the Council. Thereupon the Clerk, and where applicable, the City Treasurer, shall cause the appropriations to be revised upon the appropriation expenditure ledgers of the City, but in no case shall the total of the appropriation to a program be increased except for transfers from the contingency account, nor shall the total appropriation for all purposes be increased except by a budget amendment made after notice and hearing as required by law for such amendments.

#### 2-5-7 RESERVED

2-5-8 BUDGET OFFICER. The City Clerk shall be the City Budget Officer and is responsible for preparing the budget data in cooperation with the Council or Mayor. The Budget Officer shall be responsible for carrying out the authorizations and plans in the budget as set forth in the budget, subject to Council control and the limitations set out in this ordinance.

2-5-9 EXPENDITURES. No expenditure shall be authorized by any City officer or employee except as herein provided. All purchases of services, supplies and equipment shall be made only after issuance of a purchase order and no invoice shall be accepted unless authorized by such an order. Purchases not exceeding ten dollars (\$10.00) may be made by those officials authorized by the Council but only on issuance of a spot purchase order in writing signed by the authorized officer. A copy of such spot purchase order must be delivered to the Clerk within twenty-four (24) hours, weekends and holidays excepted. All other purchases shall be valid only if a purchase order has been given in writing and signed by the Clerk. Purchases from petty cash shall be excepted.

2-5-10 AUTHORIZATION TO EXPEND. All purchase orders other than those excepted herein shall be authorized by the City Budget Officer after determining whether the purchase, if a major item, has been authorized by the budget or other Council approval. The Clerk shall then determine whether a purchase order may be issued by checking the availability of an appropriation sufficient to pay for such a purchase. A purchase order may be issued only if there is an appropriation sufficient for the purchase and for other anticipated or budgeted purposes. If no adequate appropriation is available for the expenditure contemplated the Clerk shall not issue a purchase order until a budget amendment or transfer of appropriation is made in accordance with power delegated by the Council and within the limits set by law and the Council.

The Clerk shall draw a warrant/check only upon an invoice received, or progress billing for a public improvement, supported by a purchase order and a signed receipt or other certification indicating the materials have been delivered of the quality and in the quantities indicated or that the services have been performed satisfactorily to the extent invoiced.

2-5-11 ACCOUNTING. The Clerk shall set up and maintain books of original entry to provide a chronological record of cash received and disbursed through all receipts given, written, which receipts and warrants shall be pre-numbered, in accordance with modern, accepted methods, and ledger controlling all cash transactions, budgetary accounts and recording unappropriated surpluses. Warrants/checks shall be signed by two of the following persons: Manager, Deputy City Clerk, Finance Clerk, Mayor, Mayor Pro Tem. Transfers between accounts shall be authorized by two of the following persons: Manager, Deputy City Clerk, Finance Clerk, Mayor, Mayor Pro Tem.

(Ord. 831, 3-21-1994) (Ord. 1088, 10-18-2010)

2-5-12 BUDGET ACCOUNTS. The Clerk shall set up such individual accounts to record receipts by source and expenditures by program and purpose as will provide adequate information and control for budgetary purposes as planned and approved by the Council. Each individual account shall be maintained within its proper fund as required by Council order or state law and shall be so kept that receipts can be immediately and directly compared with specific estimates and expenditures can be related to the appropriation which authorized them. No expenditure shall be posted except to the appropriation for the function and purpose for which the expense was incurred.

2-5-13 CONTINGENCY ACCOUNTS. Whenever the Council shall have budgeted for a contingency account the Clerk shall set one up in the accounting records, but he shall not charge any claim to a contingency account. Said contingency accounts may be drawn upon only by Council resolution directing a transfer to a specific purpose account within its fund and then only upon compelling evidence of an unexpected and unforeseeable need or emergency.

All administrative transfers shall be reported in writing at the next regular meeting of the Council after being made and the fact set out in the minutes for the information of the Mayor and the Council.

2-5-14 SCOPE OF INVESTMENT POLICY. The Scope of Investment Policy of Maquoketa 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 Maquoketa. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.

1. 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.
2. This Investment Policy is intended to comply with Iowa Code Chapter 12B.
3. Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following:
  - a. The City Council or officer of the City of Maquoketa to which the Investment Policy applies.
  - b. All depository institutions or fiduciaries for public funds of the City of Maquoketa.
  - c. The Auditor engaged to audit any fund of the City of Maquoketa.

- d. In addition, a copy of this Investment Policy shall be delivered to every fiduciary or third party assisting with or facilitating investment of the funds of the City of Maquoketa.
4. Delegation of Authority: In accordance with Section 452. 10(1), the responsibility for conducting investment transactions resides with the Treasurer of the City of Maquoketa. Only the Treasurer and those authorized by ordinance or resolution may invest public funds and a copy of any empowering ordinance or resolution shall be attached to this Investment Policy.
5. 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 of Maquoketa shall require the outside person to notify in writing the City of Maquoketa within thirty (30) days of receipt of all communications 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 of Maquoketa by the outside person.
6. The records of investment transactions made by or on behalf of the City of Maquoketa are public records and are the property of the City of Maquoketa whether in the custody of the City of Maquoketa or in the custody of a fiduciary or other third party.
7. The Treasurer 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 of Maquoketa responsible for elements of the investment process and to address the capability of 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.
  - a. Investing public funds
  - b. Advising on the investment of public funds
  - c. Directing the deposit or investment of public funds
  - d. Acting in a fiduciary capacity for this public body
  - e. Purchase and cash-in of City Certificates of Deposit shall be authorized by two of the following persons: Manager, Deputy City Clerk, Mayor, Mayor Pro Tem, and City Treasurer. (Ord. 830, 03-21-1994)
8. The Treasurer of the City of Maquoketa and all employees authorized to place investments shall be bonded in the amount of \$100,000.
9. Objectives of Investment Policy: The primary objectives, in order of priority, of all investment activities involving the financial assets of the City of Maquoketa shall be the following:
  - a. Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective.
  - b. Liquidity: Maintaining the necessary liquidity to match expected liabilities is the second investment objective.
  - c. Return: Obtaining a reasonable return is the third investment objective.
10. Prudence: The Treasurer of the City of Maquoketa, 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 5 investment objectives. This standard requires that when making investment decisions, the Treasurer shall consider the role that the investment, or deposit, plays within the portfolio of assets of the City of Maquoketa and the investment objectives stated in Section 3.

When investing assets of the City of Maquoketa for a period longer than thirty (30) days, the Treasurer shall request competitive investment proposals for comparable credit and term investments from a minimum of two investment providers.

2-5-15 INSTRUMENTS ELIGIBLE FOR INVESTMENT. Assets of the City of Maquoketa may be invested in the following:

1. Interest bearing savings accounts, interest bearing money market accounts, and interest checking accounts at any bank, savings and loan association or credit union in the State of Iowa. 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 City Council of the City of Maquoketa. Deposits in any financial institution shall not exceed the \$8,000,000 approved by the governing body of the City of Maquoketa.
2. Obligations of the United States government, its agencies, and instrumentalities.
3. Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12C.
4. Iowa Public Agency Investment Trust (IPAIT)
5. Prime bankers' acceptances that mature within 270 days of purchase and that are eligible for purchase by a federal reserve bank.
6. Commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the two highest classifications, as established by at least one superintendent of banking.
7. Repurchase agreements, provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities and the City of Maquoketa takes delivery of the collateral either directly or through an authorized custodian.
8. An open-end management investment company registered with the Securities & Exchange Commission under the Federal Investment Company Act of 1940, 15 U.S.C. Section 80(a) and operated in accordance with 17C.F.R. Section 270.2a-7, whose portfolio investments are limited to those instruments individually authorized in Section 5 of this Investment Policy.
9. 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.
10. Upon the departure of the Treasurer from office, the following instruments otherwise authorized as eligible for investment in Section 5 shall not be authorized for investment until further action is taken by the City Council of the City of Maquoketa. (Ord. 907, 08-17-1998)

2-5-16 PROHIBITED INVESTMENT PRACTICES. Assets of the City of Maquoketa shall not be invested in the following:

1. Reverse repurchase agreements.
2. Futures and options contracts.
3. Trading of securities for speculation or the realization of short-term trading gains.
4. Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.
5. If a fiduciary or other third party with custody of public investment transaction records of the City of Maquoketa fails to produce requested records when requested by the City of Maquoketa within a reasonable time, the City of Maquoketa 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.

2-5-17 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 (15) 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 Treasurer may invest funds of the City of Maquoketa 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 of Maquoketa shall have maturities that are consistent with the needs and use of the City of Maquoketa.

2-5-18 DIVERSIFICATION: Investments of the City of Maquoketa are subject to the following diversification requirements:

1. Prime bankers' acceptances:
  - a. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the City of Maquoketa shall be invested in prime bankers' acceptances, and
  - b. At the time of purchase, no more than five percent (5%) of the investment portfolio of the City of Maquoketa shall be invested in the securities of a single issuer.
2. Commercial paper or other short-term corporate debt:
  - a. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the City of Maquoketa shall be in commercial paper or other short-term corporate debt,
  - b. At the time of purchase, no more than five percent (5%) of the investment portfolio of the City of Maquoketa shall be invested in the securities of a single issuer, and
  - c. 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.

3. Where possible, it is the policy of the City of Maquoketa 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:
  - a. 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.
  - b. Liquidity practices to ensure that 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.
  - c. Risks of market price volatility shall be controlled through maturity diversification so that aggregate price losses on Instruments with maturities approaching one year shall not be greater than coupon interest and Investment Income received from the balance of the portfolio.

2-5-19 SAFEKEEPING AND CUSTODY. All invested assets of the City of Maquoketa involving the use of a public fund's custodial agreement, as defined in Section 452.10, shall comply with all rules adopted pursuant to Section 452.10C. 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.

2-5-20 ETHICS AND CONFLICT OF INTEREST. The Treasurer and all officers and employees of the City of Maquoketa 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. Any personal investments or loans in excess of \$100,000 in or with any entity that the City of Maquoketa has declared as a depository or regularly conducts investment business with shall be disclosed in writing to the City Council of the City of Maquoketa.

2-5-21 REPORTING. The Treasurer shall submit annually an 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.

2-5-22 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. (Ord. 819, 09-07-1993)



## TITLE II POLICY AND ADMINISTRATION

