Fiscal Policies

Updated: 5/6/2026

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I. Introduction

The following policies have been developed and updated as part of the City of West Branch 2025-26 partnership with the University of Iowa's Initiative for Sustainable Communities (IISC).

The financial policies are intended to provide guidance for the City's financial management system. The City seeks 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 policies 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 remains accountable for the efficient and responsive operation of the City.

Prior to the project, West Branch's policies were clustered into three categories: Fiscal Management Policy, Investment Policy, and Credit Card Policy. Each category contained 15, 12, and 5 policies respectively.

This update includes four distinct categories: Debt Management Policy (6 policies), Fiscal Management Policy (16 policies), Purchasing Policy (5 policies), and Investment Policy (12 policies).

The following table summarizes the policy sections, recommended policies, and justification. The table also indicates whether the policy is a revision of an existing policy or a new policy.

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<tr><td rowspan="4">Fiscal Management Policies</td><td>Accounting, Auditing, and Financial Reporting</td><td>Revised</td><td>Mandates certain actions the City must take that are best practices for responsible fiscal management, such as:
• A Financial Plan
• Annual Financial Reporting
• Annual CIP Budgets
Independent Auditing</td></tr>
<tr><td>Cash Reserve Policies</td><td>Revised</td><td>Mandates what Cash Reserves in specific funds may be used for.</td></tr>
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<tr><td>Debt Administration</td><td>Revised</td><td>Provides guidelines on how debt should be managed:
• How much debt the City can incur as a percentage of assessed value
• How much of the property tax levy can be put towards debt service</td></tr>
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<tr><td>City's Debt / Credit Rating</td><td>New</td><td>Covers where the City can borrow from, and how much to maintain best credit rating.</td></tr>
<tr><td>Purchasing Policies</td><td>Contract Bidding</td><td>New</td><td>Adds a contract bidding process for public projects.</td></tr>
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	Competitive Quotation Process	New	Covers procedure for contract bidding when threshold is less than required for a full contract bidding process ($100,000).
	Contract Administration	Revised	Guidelines on how public contracts should be administered, when contract re-negotiation is necessary.
	Emergency Repairs	New	Covers what the City may contract without normal procedures in case of an emergency.
Investment Policies	Scope of Investment Policy	Revised	Initial section was based on Iowa City policies. Updated with current wording of Iowa City policy.
	Objectives of Investment Policy	Revised	Provides further clarification on specific goals for return on investment.
	Prudence	Revised	New guidelines on what prudence means in terms of public investment.
	Instruments Eligible for Investment	New	Specific list of investments that are safe enough for public funds.
	Investment Maturity Limitations	Revised	Covers investment of operating funds that are not immediately required for expenses.
	Safekeeping and Custody	Revised	Expands policy to stay legally compliant.
	Ethics and Conflicts of Interest	Revised	Adds actions that must be taken if a conflict of interest is present.
	Reporting	Revised	Make fiscal reports to City Council quarterly rather than annually.

II. Fiscal Management Policy

Section 1: Objective of Cash Management Policy

1. 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.
2. 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

    a. 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:

        i. Utility shutoffs as provided by local ordinance and state law

        ii. Iowa Department of Administrative Services

        iii. Certification to taxes through the County Treasurer

        iv. Third party collection agencies

    b. 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

    a. 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.

    b. 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.

    c. 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

    a. 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.

    b. Each Department Director shall periodically (annually by end of fiscal year) 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

    a. 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

1. The 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:

   a. other than in the name of the City of West Branch.

   b. abroad.

   c. with an institution not recognized as a bank in the State of Iowa.

Section 4: Control of Municipal Bank Accounts

1. The City Administrator, Finance Officer or City Clerk of the City must administer all 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. The Deputy Clerk will have "view" only access for purposes of performing specific job duties.

Section 5: Withdrawals from City Bank Accounts

1. 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.
2. Such withdrawals may be made only to:
    a. transfer money from checking account to money market or savings account or vice versa.
    b. to defray expenditures appropriated in terms of an approved budget.
    c. 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 subrecipients for grants, payroll taxes, IPERS, sales tax, debt payments, for example).
    d. refund money incorrectly paid to the City or consumer deposits with the city for utilities, in accordance with City policy.
    e. refund guarantees, sureties and security deposits.
    f. make investments for cash management purposes in accordance with the City's investment policy.

Section 6: Cash Management and Investments

1. An investment policy was established and approved by City Council Resolution 964 in 2011.

2. A monthly report describing the activity of investment purchases will be submitted to the City Council at the end of each month.

3. 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:

Depository Name	Maximum Deposit
Fidelity Bank & Trust, West Branch IA	$12,000,000
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

Section 7: Revenue Management

1. Personnel:
    a. The Finance Officer or City Clerk of the City is responsible for the management of the revenue of the City.
    b. 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.
    c. 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 monthly.
    d. 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.
2. Procedures:
    a. The City will initiate efforts to maintain a diversified and stable revenue system to avoid short run fluctuations in any one revenue source.
    b. Annual revenues will be estimated by an objective, and whenever possible analytical process.
    c. Existing revenue sources will be re-examined annually with new revenue sources investigated during the annual budget preparation process.
    d. 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 to fund estimated expenditure levels.
    e. 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.

f. 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.

g. 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.

h. 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.

i. All user fees and charges will be re-evaluated on an annual basis during the budget preparation process.

j. 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.

k. 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

1. 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. 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.

2. Receipt Numbering. All receipts must be pre-numbered, out of the control of those receiving cash or cash equivalents.

3. 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)

4. 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.

5. 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.

6. 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 include:

    i. The Finance Officer reconciles all financial transactions and investments of the City.

ii. The City Clerk or Deputy Clerk reconciles utility billing records (monthly), reviews account payable claims and payroll entries (bi-weekly).

iii. 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.
    b. Each payment needs to be signed by two signatures.
    c. Blank checks are never to be signed in advance.
    d. All invoices and other documentation should accompany the paper checks for payment so verifications of amount and appropriateness of purchase can be done.
    e. Authorization should be done by two individuals, same as for checks above.

Section 10: Accounting, Auditing, and 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.
5. 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.
6. 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.
7. A three-year financial plan for all operating funds will be prepared by the City Manager and presented to the City Council for their review. This will include the current revised year and two projected years.
8. A Five-Year Capital Improvement Program budget will be prepared, reviewed, and revised annually.
9. An independent audit will be performed annually for all City funds.
10. The City will produce a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles as outlined by the Governmental Accounting Standards Board.

<u>Section 11: Cash Reserve Policies</u>

1. The City Administrator and/or Finance Officer must report on the projected reserve requirements each fiscal year during budget season.
2. 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.
3. All reserves required by bond covenant or other external agreements shall be allocated to the fund required (not comingled with the general fund reserve).
4. 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).
    a. General Fund: 25% or 3 months of operating expenses.
    b. Hotel Motel: 100% or one-year's receipts.
    c. Tort and Liability: 25% or 3 months of operating expenses.
    d. Employee Benefits: 25% or 3 months of operating expenses.
    e. Local Option Sales Tax: 100% or one-year's receipts, unless the referendum changes the intent of local option sales tax.
    f. Road Use Tax: 50% of Expected Operating Expenses.
    g. Storm Sewer: 50% of Expected Operating Expenses.
    h. Capital Reserve: 100% or one-year's receipts.
5. Debt reserves will be maintained in accordance with applicable bond covenants in the Water, Wastewater, and business-type funds with outstanding revenue bonds.
6. Reserves will be maintained for equipment replacement and for unexpected major repairs in the following areas: Wastewater, Water, Equipment Replacement, Parks and Recreation, Fire Department, Police Department.
7. All general obligation debt will be paid from the Debt Service Fund. General Obligation debt applicable to Enterprise Fund projects will be paid out of the Debt Service Fund, but will be abated from revenues from the respective Enterprise Fund(s).

Section 12: State Revolving Fund Programs

1. As required by state sponsored State Revolving Fund programs and per Resolution 2022-11 (February 7, 2022), the City must maintain a minimum account balance:
    a. Water Funds: 50% of Operating Expenses & 100% Annual Debt Payments
    b. Sewer Funds: 50% of Operating Expenses & 100% Annual Debt Payments

Section13: 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 preapplication 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.

17. The City will prepare an annual balanced budget for all operating funds. A balanced budget is one that has revenues sufficient to equal expenditures.

18. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare quarterly reports comparing actual revenues and expenditures to budget.

19. Operating budgets are established on a fund/department/activity basis.

20. Budget amendments may be submitted twice per year and require approval of the Department Director, the Finance Officer, and the City Administrator. The City Council formally reviews and approves all budget amendments processed by staff twice per year – once in the late fall and once in the spring.

a. Increases or amendments to operating budgets are made only in the following situations:

    i. emergency situations.

    ii. expenditures with offsetting revenues or fund balance.

b. Emergency Reserve funds will be transferred to operations for the following purposes:

    i. to provide natural or other disaster response or mitigation funding/interim loans.

    ii. to mitigate fluctuations or sudden elimination of State of Iowa property tax backfill or other State operating assistance.

    iii. to mitigate pension, insurance, or health care funding anomalies, emergencies, or spikes.

    iv. to avoid any defaults from the payment of long term or bonded debts.

    v. for any other financial emergencies declared by the City Council.

Section 14: Annual Review Policy

1. 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.

Section 15: Donation Acceptance

1. Power to accept.

    a. The City may accept any money or property donated, devised, or bequeathed to it, and carry out the terms of the donation, devise, or bequest, if within the city's powers granted by law. If no terms or conditions are attached to the donation, devise, or bequest, the City may expend or use it for any municipal purpose.

2. Approval authority.

    a. Monetary donations. The City Administrator is hereby authorized to approve on behalf of the City all monetary donations to the City. All monetary donations approved by the City shall be deposited into the appropriate account as established in this chapter. The City Administrator, at their discretion, is authorized to refuse any monetary donation.

    b. Nonmonetary donations. The city council shall approve all nonmonetary donations with value of $20,000 or more, and all donations of real property, to the City. The City Administrator is hereby authorized to approve on behalf of the city nonmonetary donations with a current value of less than $20,000 and greater than $5,000, other than real property, to the City. Department directors are hereby authorized to approve nonmonetary donations with a current value of less than $5,000, supporting budgeted projects, to the City. A department director approving a nonmonetary donation will be required to detail all related future costs associated with the acceptance of the donation and to submit the list of related future costs to the finance department. The city council, city administrator, and department directors may, at their discretion, refuse any nonmonetary donation.

3. Donation terms.

    a. In the event a donor has indicated a desire as to the use by the city of a donation, such donation shall, to the extent the desired use is within the city's powers granted by law, be assigned to a project consistent with the donor's desired use.

    b. In the event that a donation covers the cost of a project, the donor may recommend a name in accordance with existing West Branch naming policies.

4. Accounts established.

   a. There are hereby established special accounts, to be designated "contributions and donations from private sources." The purpose of these accounts is to provide for the deposit of monetary donations, and for accounting for nonmonetary donations to the city.

5. Account administration.

   a. The finance department shall have the responsibility for the financial administration of the "contributions and donations from private sources" accounts. The finance director may establish rules and regulations for the administration of the accounts.

<u>Section 16: Surplus Terms of Sale</u>

1. Terms of sale.

    a. All surplus items are sold as is, where is, to the highest bidder with no warranties, guarantees, or contrary oral statements.

    b. Buyer acknowledges that the City has provided an opportunity to inspect and test the equipment, that the City is not a dealer, and that the Buyer has sole responsibility to comply with OSHA regulations, if applicable.

    c. Buyer acknowledges and agrees to hold the City harmless from claims or demands arising out of the City's sale and the Buyer's purchase of the equipment.

    d. City specifically disclaims all express or implied warranties including the implied warranty of merchantability.

    e. Buyer assumes terms and conditions of any software license agreement arising out of the City's sale and Buyer's purchase of the software.

    f. Buyer assumes all risks, liability and loss resulting from the use of said equipment.

    g. Buyer understands that equipment will be available when taken out of service by City, and that Buyer is responsible for removal of equipment when so notified by City of its availability.

2. Internal Surplus Preference.

    a. After an item is identified as surplus and intended for sale for a period of one-month other city departments will be given preference to (buy / claim?) the item. If no other department has expressed interest in the item after a period of one month, then it may be listed for sale to the public on the government's surplus website.

3. Asset Inventories.

    a. Each department of the City of West Branch must conduct a yearly asset inventory for insurance purposes. In this inventory all items above a value of $5,000 should be itemized and recorded. Asset Inventories must be submitted by the end of the Fiscal Year.

4. Payment.

   a. Payment shall be made in full, and transaction must be completed prior to taking possession of the sale item(s). In some cases this may mean a waiting period between funds being transferred and confirmation of receipt of funds for the item.

5. Taxes. The following taxes shall apply:

   a. Licensed vehicles: 5 percent Iowa Sales Tax on licensed motor vehicles will be collected when the buyer applies for license in the Buyer's county, not at the time of sale. Johnson County also collects a 1 percent Iowa School Local Option Sales Tax, making the total 6 percent. (The City does not collect Iowa Sales Tax on motor vehicles).

6. Vehicle Title Transfer.

   a. Following complete payment, the buyer shall transfer the motor vehicle title at Buyer's courthouse. The City may require proof of title transfer (copy of new title or registration) before the buyer may take possession of the motor vehicle. The City shall provide the following for title transfer:

      i. Certificate of title.

      ii. Registration.

      iii. Odometer statement if the vehicle is less than nine model years old.

      iv. Damage disclosure statement if the vehicle is less than seven model years old.

III. Debt Management Policy

Section1: Debt Purpose Policy

1. Capital projects. Capital projects are those that involve physical assets with a useful life of at least three years.
    a. The City normally relies on internally generated funds and/or grants and contributions from other governments to finance its capital needs. Debt will be issued for a capital project only, when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries or users, or in the case of an emergency capital need.
    b. The City will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets only if they have a useful life of at least three years. City debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.
    c. Debt will be structured with maturities that allocate costs equitably among current and future beneficiaries and users while minimizing cost payments. General obligation bonds will be limited to State law as to the length of debt.
2. The City will limit its long-term borrowing to capital projects which cannot be financed from current revenues or for which current revenues are not adequate.
3. Debt shall only be used to finance capital projects, firefighting equipment, affordable housing developments, or economic development projects.
    a. Funding nonemergency capital improvement projects shall not be authorized by the City Council unless the project has been included in the Five-Year Capital Improvement Plan (CIP).
4. Debt shall not fund operating expenses, with the only exception related to disaster recovery, where certain disaster recovery bonds may be sold to fund qualifying expenses as approved by State Code.
    a. The City may choose to issue Bond Anticipation Notes or similar structures as a source of interim financing.
    b. Tax and Revenue Anticipation Notes will be used only on an emergency basis and will not be used as a general practice to finance ongoing operations.

5. Bond proceeds should be limited to financing capital expenditures such as the costs of planning, design, buildings, permanent structures, attached fixtures or equipment, and movable pieces of equipment, such as fire engines, or other costs as permitted by law.

6. Acceptable uses of bond proceeds can be viewed as items which may be capitalized. Capitalized interest is an eligible item for bonding. Utility revenue bond proceeds may be used to establish a debt service reserve as allowed by federal and State law.

   a. Non-capital furnishings and supplies will not be financed from bond proceeds. Refunding bond issues designed to restructure currently outstanding debt are an acceptable use of bonds proceeds.

   b. The City will not use short-term borrowing to finance operating needs except in the case of an extreme financial emergency which is beyond its control or reasonable ability to forecast. Recognizing that bond issuance costs add to the total interest costs of financing; bond financing should not be used if the aggregate cost of projects to be financed by the bond issue does not exceed $1,000,000.

Section 2: Debt Procedure Policy

1. The City shall strive to limit debt and to fund projects on a pay-as-you-go basis when possible.
2. Whenever possible, special assessment bonds, revenue bonds and/or general obligation bonds abated by enterprise revenues will be issued instead of general obligation bonds funded by property tax.
    a. The City may use lease-purchase obligations in lieu of bonded debt. Use of these instruments will be limited to specific projects or purposes and will not be utilized as a general practice for the financing of capital improvement projects.
3. For those general obligation bonds issued and funded by property taxes, principal and interest payment schedules shall, whenever possible, be structured to equalize total annual debt service over the life of the outstanding bonds.
    a. To the extent possible, repayment of debt should be structured so as to rapidly pay down principal and should use a level principal or other rapidly amortizing structure whenever possible. Long-term bonded debt should, as a general rule, be structured with level debt service payments.
4. The City, as a practice, will not use derivative products in financing transactions.

Section 3: Debt Administration Policy

1. The City shall manage its debt program so that the amount of net direct debt outstanding at any time does not exceed 1.50% of the City's total assessed value. The City shall strive to meet the Moody's AAA benchmark of net direct debt outstanding of .75% of the City's total assessed value. The City's total outstanding long-term debt will adhere to State law which sets the limit at 5% of the city's total assessed value. The use of annually appropriated debt obligations for the purpose of circumventing the debt limits of this policy is prohibited.

2. The City's debt service property tax levy shall not exceed 30% of the total property tax levy.

3. The City may finance capital needs through the issuance of revenue-secured debt obligations. For new issues, the total revenue-secured debt obligations, consisting of the proposed and existing issues, shall have a projected minimum revenue coverage ratio of at least 1.25 times annual debt service at issuance.

4. General Obligation new money bonds shall be issued by competitive sale. Debt, except for General Obligation new money bonds, may be sold through a negotiated sale or a private placement or limited public offering where it is determined to be the best method to achieve a lower interest cost and/or effectively market the debt.

5. The City may issue refunding bonds when legally permissible and prudent. The net present value savings for an advanced refunding should equal or exceed seven percent.

    a. The net present value savings for a current refunding should equal or exceed five percent.

    b. The City may choose to refund outstanding indebtedness when existing bond covenants or other financial structures impinge on prudent and sound financial management regardless of projected net present value savings.

6. The Finance Officer shall provide the City Administrator and City Council an annual long-term debt disclosure report within 210 days after the fiscal year-end regarding the City's outstanding debt and debt program.

<u>Section 4: Advance Refundings</u>

1. The Compliance Officer (CO) or Staff Designee shall be responsible for the following current, post issuance and record retention procedures with respect to advance refunding bonds:
    a. Identify and select Bonds to be advance refunded with advice from internal financial personnel, the City's financial advisor and bond counsel.
    b. Identify, with advice from the City's financial advisor and bond counsel, any possible federal tax compliance issues prior to structuring any advance refunding.
    c. Review the structure with the input of the City's financial advisor and bond counsel, of advance refunding issues prior to the issuance to ensure
        i. that the proposed refunding is permitted pursuant to applicable federal tax requirements if there has been a prior refunding of the original bond issue.
        ii. that the proposed issuance complies with federal income tax requirements which might impose restrictions on the redemption date of the refunded Bonds.
        iii. that the proposed issuance complies with federal income tax requirements which allow for the proceeds and replacement proceeds of an issue to be invested temporarily in higher yielding investments without causing the advance refunding bonds to become "arbitrage bonds."
        iv. that the proposed issuance will not result in the issuer's exploitation of the difference between tax exempt and taxable interest rates to obtain a financial advantage nor overburden the tax-exempt market in a way that might be considered an abusive transaction for federal tax purposes.
    d. Collect and review data related to arbitrage yield restriction and rebate requirements for advance refunding bonds. To ensure compliance, the City shall engage an Arbitrage Consultant to prepare a verification report in connection with the advance refunding issuance. The report shall ensure that requirements are satisfied.
    e. Purchase, whenever possible, State and Local Government Series (SLGS) to size each advance refunding escrow. The City's financial advisor shall be consulted in the process of subscribing SLGS. To the extent SLGS are not available for

purchase, the City shall, in consultation with bond counsel, comply with IRS regulations.

<u>Section 5: Arbitrage Compliance</u>

1. The Finance Department shall maintain a system of record-keeping, reporting and compliance procedures, with respect to all federal tax requirements which are currently, or may become, applicable throughout the lifetime of all tax-exempt, or other tax credit bonds in accordance with the Federal Tax Compliance record-keeping.
2. Federal tax compliance record-keeping, reporting and compliance procedures shall include, but shall not be limited to:
    a. post-issuance compliance (including proper use of proceeds, timely expenditure of proceeds, proper use of bond finance property, yield restriction and rebate, and timely return filing).
    b. proper maintenance of records to support federal tax compliance.
    c. proceed investment and arbitrage compliance.
    d. revenues, expenditures and assets.
    e. private business use.

Section 6: City's Debt/Credit Rating

1. 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.
2. The City's preferred rating agency will be Moody's Investors Service. The City will strive to maintain a Moody's bond rating of 'AAA' for its General Obligation Unlimited Tax (GOULT) bonded indebtedness. The City will strive to maintain a Moody's rating of 'A3' or higher for its revenue bonded indebtedness.
3. The Finance Officer shall have the authority to periodically select other service providers (e.g., escrow agents, verification agents, trustees, arbitrage consultants, etc.) as necessary to meet legal requirements and minimize net City debt costs.
    a. These services can include debt restructuring services and security or escrow purchases.
    b. The Finance Officer may select firm(s) to provide such financial services related to debt without a RFP or RFQ, consistent with City and State legal requirements, subject to approval by resolution
4. The City may enter into agreements with commercial banks or other financial entities for purposes of acquiring lines of credit that shall provide access to credit under terms and conditions as specified in such agreements.

IV. Purchasing Policy

Section 1: Credit Card Policy

1. Purpose. The Credit Card Policy purpose is 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.
2. Credit Card Limits.
   a. The City Administrator shall be issued a credit card of up to $5,000 for their use in the course of City business.
   b. Additional credit cards shall be issued to the Finance Officer with a $3,000 limit, and the City Clerk, Park & Recreation Department, Public Works, Library, and the Police Department with a $2,000 limit.
3. 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:
   a. travel / lodging.
   b. meal expenses when on City business. (Subject to the provisions of the City of West Branch Employee Handbook).
   c. 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.
   d. purchases requiring immediate payment if the City is unable to issue a check for the purchase. Prior approval is required.
   e. emergency City vehicle maintenance.
   f. gasoline for City vehicles.
4. Required Documentation.
   a. 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.
   b. 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.
   c. The credit card may not be used for cash advances or personal use under any circumstance.

5. 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.

    c. 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.

6. Misuse of Credit Cards.

    a. 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.

    b. Employees may be held responsible for any unauthorized purchases on the card while in their possession.

    c. The City may revoke the credit card privileges of any employee at any time.

    d. Employees must immediately surrender the credit card upon termination of employment.

Section 2: Contract Bidding for Public Improvements

1. General Policies.
    a. The purpose of this section is to procure the services of contractors by competition in a manner that will lead to the best results at the lowest price and to forestall fraud, favoritism and corruption in the making of contracts.
    b. These policies and procedures shall be maintained to be in conformance with the laws of the State of Iowa and shall be administered by the City Engineer, with assistance from the Public Works Director, City Attorney, Finance Director, and City Manager. In the event of a conflict between these policies and state law, state law shall apply.
    c. The public improvements procurement process is not required for soliciting and contracting for architectural, landscape architectural, engineering design, or other professional services for a public improvement project. Procurements such as this must be conducted in accordance with the provisions in Section II of the Purchasing Policy Manual.
    d. Minimum thresholds for competitive bidding will be established in Iowa Code section 26.3 and adjusted pursuant to Iowa Code section 314.1B. Public improvements that do not require competitive bidding under Iowa Code but are greater than $100,000 will be subject to the competitive quotation process as defined by Iowa Administrative Code chapter 180 and this policy. Public improvements that are estimated to cost less than $100,000 will be subject to the bidding procedures set in Section II.B of the Purchasing Policy Manual. Under Iowa Code Section 26.5, departments are prohibited from dividing the project into separate parts, regardless of intent.
    e. Thresholds for bidding are determined by the engineer' s cost estimate for the total cost of the improvement. The estimated total cost to construct a public improvement, includes the cost of labor, materials, equipment, and supplies, but excludes the cost of architectural or engineering design services and inspection.
    f. The City will establish a uniform and consistent process for receiving bids and quotations for public improvement projects.
    g. The City will establish a uniform bid opening process to ensure uniformity and consistency with the way in which bids and quotations for public improvement projects are opened and reviewed. The department representative responsible

for the bid opening shall follow this procedure for opening and announcing all bids and quotations pertaining to public improvement projects submitted by contractors and received by the designee.

h. Any public improvement contract that is subject to the terms and conditions of a state or federal grant shall adhere to any additional requirements of the grant, and the necessary controls or procedures needed to properly monitor or report compliance with those requirements will be instituted. Any public improvement contract shall also adhere to any other limitations or requirements as determined by City Council.

i. The City reserves the right to waive any minor informalities or irregularities contained in any bid or quote.

2. Competitive Bid Process.

    a. Solicitation of Bids.

        i. Detailed and written plans and specifications and a detailed cost estimate must be prepared for the public improvement project by a licensed engineer, licensed landscape architect and/ or a licensed architect. The City Engineer or designee will approve the written plans and specifications and detailed cost estimate and will prepare the form of contract. The form of contract must be reviewed and approved by the City Attorney' s office.

        ii. The City Engineer or designee shall prepare a memorandum summarizing the project plans and specifications, the scope of work, the project background, a detailed cost estimate, and the funding sources. If the scope of the project has changed significantly from the scope that was approved in the Five-Year Capital Improvement Program, then any differences in scope must be explained in the memorandum as well. This memorandum must be reviewed by the City Attorney and the Finance Officer and approved by the City Administrator or their designees. The written plans and specifications and the detailed cost estimate shall then be placed on file with the City Clerk or designee.

        iii. The City Council shall hold a public hearing and approve the proposed plans, specifications, form of contract, and estimated total cost. A notice of public hearing on the plans, specifications, form of contract, description of the project and its location, and the estimated total cost must be published by the City Clerk in the local newspaper and posted by the City Engineer or designee on the City' s website more than 4 days but not more than 20 days before the public hearing.

iv. Following the public hearing and Council approval of the plans, specifications, form of contract, and estimated total cost, the City Clerk shall post a notice to bidders in accordance with the resolution approving the plans and specifications. Those posting requirements may be satisfied by the City Clerk posting the notice on the Construction Update Network, operated by the Master Builders of Iowa, and the Iowa League of Cities website at least once, not less than 13 and not more than 45 days before the bid filing deadline. Additionally, the City Engineer or designee shall post the notice in the City' s electronic bidding software within these same time limitations. This notice must state all information required by Iowa Code Section 26.7, including a) time, place and method for filing sealed proposals; b) time, place and method sealed proposals will be opened and considered on behalf of the City, which shall be the same time and place stated in the Council approved plans and specifications; c) the general nature of the public improvements on which bids are being requested; d) in general terms, when the work must be commenced and when it must be completed; and e) bid security and bid bond requirements.

b. Receiving Bids Process – Paper Bids.

i. For all bids required to be submitted on paper, contractors shall file those bids with the City Clerk' s Office before the time specified in the project specifications.

ii. All bids shall be written on the appropriate City form.

iii. Competitive bids can only be filed in a sealed envelope and must be delivered to the City Clerk' s office by personal delivery or other mail delivery service.

iv. Each competitive bid must be accompanied by a Bidder Status Form.

v. A bid bond must also be submitted in a separate, sealed envelope. If no such bond is timely filed, the bid will not be considered, and the Clerk or designee will return the bid unopened.

vi. The City Clerk or designee who receives the bid shall note the time and date the bid is received. The City Clerk or designee shall make this notation on the outside of the sealed envelope. In addition to noting the time and date, as stated on the official City Clerk clock, the City Clerk or designee shall also sign his or her name or initials on the envelope upon receiving the bid.

vii. No bids filed after the designated time will be received or considered. The City Clerk or designee shall return all late bids to the contractor unopened.

c. Bid Opening and Consideration Process.

i. The Bid Opening Process will occur at the place, date, and time stated in the project specifications.

ii. The City Engineer or designee shall introduce him or herself and announce that it is now ______o'clock, the time specified for the receipt of bids and no more bids shall be received on the ______ project. The closing of receipt of bids shall be exactly at the time specified. Any bids submitted after the time specified will not be accepted and will be returned to the bidder unopened.

iii. The City Engineer or designee will introduce other representatives, consultants, local, State and/or Federal representatives in attendance.

iv. The City Engineer or designee will open the bids individually if paper bids were submitted. If electronic bids were submitted the City Engineer or designee will unseal the bids in the electronic bidding software. The bid bond envelope will be opened first followed by the competitive bid envelope for paper bids. The City Engineer or designee will announce the name of the bidder and whether:

1. a bid bond or other approved bid security has been received.
2. a Bidder Status Form has been received.
3. the bid has been signed, is on the form specified and has acknowledged the addenda, if any exist.
4. all documents and/ or attachments required to be submitted as part of the proposal are enclosed.
5. if a paper bid was submitted, the Bid Proposal Form(s) has/have been completely filled out and the total amount of the bid can be readily determined.

v. If any of the above items are missing or incomplete the bids will not be read or accepted but will be placed back in the envelope and returned to the Bidder if a paper bid was submitted. If the above items are enclosed and complete, then the City Engineer or designee will read the total base bid and the bid for any alternates listed in the proposal.

vi. After all bids have been read, the City Engineer or designee shall state verbally that the bid opening is over, and the bids will be tabulated and posted on the City' s electronic bidding software."

vii. The City Engineer or designee will review the bids to determine the lowest responsive, responsible bidder. A bid tabulation of the responsive bids received shall then be posted on the City' s electronic bidding software. Bids considered not responsive will not be posted.

viii. Once the lowest responsive, responsible bidder has been determined by the City Engineer or designee, the results must be reviewed by the City Attorney and the Finance Officer and approved by the City Administrator or designee. Following City Administrator's approval, the results shall be submitted to the City Council for consideration at the next regularly scheduled meeting occurring after the bid filing deadline, or for consideration at a special meeting called by the City Council for the purpose of considering the recommendation.

ix. The City Engineer or designee shall recommend City Council award the contract to the lowest responsive, responsible bidder.

x. If all bids received are considered by the City Engineer or designee to be nonresponsive or are not acceptable, the City Engineer or designee will recommend that Council reject all bids and rebid the project.

xi. If the City only received one bid and it is 25% or higher than the Engineer's estimate, the recommendation to Council will be to reject it unless the City Engineer determines that accepting the bid would be the most prudent course of action, and it is approved by the City Administrator.

xii. The City shall return the bidder' s bond to all unsuccessful bidders as soon as the City Council has awarded the contract or within 30 days from the bid opening, whichever is sooner.

Section 3: Competitive Quotation Process

1. Solicitation of Quotations.

    a. The City Engineer or designee shall solicit competitive quotations for a public improvement when the estimated total cost of the public improvement equals or exceeds $ 50,000 but is less than the competitive bid threshold established in Iowa Code section 26.3.

    b. The City Engineer or designee shall make a good faith effort to obtain quotations for the work from at least two contractors regularly engaged in such work prior to letting a contract. Quotations shall be obtained by means of either an oral or a written solicitation directed to not less than two contractors. Solicitations shall also be posted on the City' s electronic bidding software. Good faith effort shall include advising all contractors who have filed with the governmental entity a request for notice of projects.

    c. Each solicitation shall include a description of the work to be performed, including the plans and specifications prepared by a licensed architect, landscape architect, or engineer if such plans are required for the project, and an opportunity to inspect the work site. Each contractor requesting to inspect the work site shall be provided an equal and adequate opportunity to do so.

    d. Additional information deemed pertinent, or requested by a contractor, may be provided by the City Engineer or designee if the same information is provided to all contractors from which quotations are solicited. If the information is provided in written form to a contractor, it shall be provided in the same form to all contractors from which quotations are solicited.

    e. In its solicitation, the City Engineer or designee shall:

        i. Specify the required form and content of quotations. A competitive quotation filed by a contractor shall be in writing or submitted electronically on the City' s electronic bidding software and shall include the total price for labor, equipment, materials and supplies required to perform the work. A contractor shall not be required to include in its quotation or in individual quotation items a breakdown of costs for labor, materials, equipment and supplies. Competitive quotations filed by contractors shall include all other information, documentation, or commitments as specified in the solicitation.

ii. Require that quotations be filed with the City Clerk or designee in the City Clerk' s office if a paper quotation is required or submitted on the City' s electronic bidding software if an electronic quotation is required by a particular time;

iii. Establish the acceptable method(s) for delivery of quotations in accordance with Iowa law.

iv. Require that all quotations be sealed.

2. Receiving Competitive Quotations.

   a. Contractors shall file all quotations in the City Clerk' s Office, if a paper quotation is required or submitted on the City' s electronic bidding software before the time specified.

   b. The City Clerk or designee who receives the quotation shall note the time and date the quotation is received and the name of the person receiving the quote on the sealed envelope, if a paper quotation is required.

   c. No quotations filed after the designated time will be received or considered. The City Clerk or designee shall return all late quotations to the contractor unopened, if a paper quotation is required.

3. Opening and Considering Competitive Quotations.

   a. If a quoting contractor does not file a quotation in the form required or does not provide all information or documentation or make all commitments required, or does not sign the quotation if required, the quotation shall be determined to be nonresponsive and shall be rejected.

   b. The City Manager or designee shall award the contract for the work to the contractor submitting the lowest responsive, responsible quotation, subject to Iowa Code section 26.9, or may reject all the quotations. A contract shall be considered awarded when the City Manager or designee executes a contract for the work with the selected contractor.

   c. The City Engineer shall draft a memo to the City Council summarizing the competitive quotation, which shall be reported in the meeting minutes of the next regular Council meeting.

Section 4: Contract Administration

1. The City Clerk or designee will advertise and bid all contracts qualifying for formal bidding procedures. The City Clerk or designee will oversee receiving, opening, and announcing all formal bids, if a paper bid is required. The City Engineer or designee will oversee receiving, opening, and announcing all formal bids, if an electronic bid is required.

2. Competitively bid contracts will be executed by the Mayor and attested to by the City Clerk unless the council resolution approving the contract provides otherwise. Competitively quoted contracts will be executed by the City Manager or his designee.

3. The City Manager or designee will administer all contracts on the authority of the City Council.

4. All change orders, change in contract estimates, or any other adjustments of the contract price will be subject to these requirements:

    a. Change orders or other changes in contract price must be in writing and be completed in advance of the work. They must include a description of the work, the agreed upon cost, and be signed by the contractor and the City Engineer or designee.

    b. Contract changes and changes in estimated quantities that are greater than 25% must be approved with the following limits and authority:

        i. Less than $25,000 - City Engineer or designee.

        ii. $25,000 and $200,000 – City Manager or designee.

        iii. $200,000 or more – City Council.

    c. All change orders greater than $10,000 must be reviewed by the Finance Director.

    d. If a change order on a contract entered into by competitive quotation causes the entire contract price to exceed $200,000, the contract and amendments shall be submitted for City Council approval.

    e. If it is determined by the City Engineer or designee that the nature of the contract change is urgent and delay could jeopardize the progress of the project, the City Engineer or designee may authorize the contractor to initiate the work prior to obtaining the required approval set forth above. The required approval must be obtained, however, by the City Manager no more than 10 days from the City

Engineer or designee's authorization and by the City Council within 20 days from authorization or at the next scheduled City Council meeting. The change order should include the reasons for the urgency.

5. Contracts for public improvements cannot be amended by change order or any other adjustment for work that is unrelated to the project as described in the approved plans and specifications.

6. The scope of public improvement projects shall not be adjusted for the purpose of circumventing the authorization limits of this policy, Council resolution, and state or federal law. Contract amendments and change orders shall not be used as a means of circumventing the authorization limits of this policy, Council resolution, and state or federal law.

7. For all public improvement contracts $25,000 or higher, the contract must be accompanied by a bond, with surety, conditioned for the faithful performance of the contract, and for fulfillment of other requirements as provided by Iowa law in accordance with Iowa Code section 573.2. The amount of the performance and payment bond must be at least 100% of the contract price.

8. Where appropriate, retainage shall be withheld on contracts for public improvements as provided for by State law or on other contracts as deemed appropriate or necessary. Retainage on a contract shall be 5% of the cost of the public improvement, unless otherwise limited by state or federal grant programs. An application by a contractor for early release of a retainage requires City Council consideration and approval.

9. The final acceptance (certificate of completion), the final contractor payment, and the release of retainage authorization (unless early release applied for) of a formally bid contract shall be approved by City Council action at the same meeting.

10. All contracts awarded, change orders, or changes in contract price, must be entered into the City's financial computer system (Munis) along with supporting documentation. Contracts that include estimated quantities will be entered into Munis at the contract price plus 10% as a contingency. All contract payment requests must reference the Munis contract number.

11. Sales tax exemption certificates will be issued by the Engineering division upon request of the contractor.

Section 5: Emergency Repairs

1. In accordance with Iowa Code Section 384.103, when emergency repair of a public improvement is necessary and the delay of advertising and a public letting might cause serious loss or injury to the City, the City Manager shall make a finding of the necessity to institute emergency proceedings under Iowa Code Section 384.103, and shall procure a certificate from a licensed professional engineer or registered architect certifying that emergency repairs are necessary.
2. Where the City Manager has so certified, the City may accept, enter into, and make payment under a contract for emergency repairs without holding a public hearing and advertising for bids, and the provisions of Chapter 26 do not apply.
3. The work must be awarded to the lowest responsible, responsive bidder.
4. The emergency repair finding and the approved construction contract shall be entered into the City Council minutes at its next regularly scheduled or special called meeting.
5. If the emergency repair would otherwise be a public improvement requiring competitive bidding under Chapter 26:
    a. The City Engineer or designee must solicit at least two written quotations from qualified contractors or suppliers.
    b. The contractor must provide a performance and payment bond for a public improvement of $25,000 or more.
6. If the emergency repair would otherwise be a public improvement requiring Competitive Quotations:
    a. the Emergency Purchase provisions of Section III.I of the Purchasing Policy Manual shall be followed.

V. Investment Policy

Section 1: Scope of Investment Policy

1. 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.

2. 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.

3. This Investment Policy is intended to comply with Iowa Code Chapter 12B and 12C which cover the investment of public funds.

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

    a. the governing officer of the City of West Branch to which the Investment policy applies.

    b. all depository institutions or fiduciaries for public funds of the City.

    c. the auditor engaged to audit any fund of the City.

    d. any fiduciary or third party assisting with or facilitating investment of the funds of the City.

Section 2: Delegation of Authority

5. 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.

6. 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.

7. 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.

8. 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:

    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.

9. 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

1. The primary objectives, in order of priority, of all investment activities involving the financial assets of the City 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. In investing public funds, the City's cash management portfolio shall be designated with the objective of regularly exceeding the average return on the six-month U.S. Treasury bill. This index is considered a benchmark for the riskless investment transactions and therefore compromises a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles. The City will diversify its investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

Section 4: Prudence

1. The City Administrator, Finance Officer and/or other authorized staff of the City, 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 City's investment objectives. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. 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.
2. The Finance Director and other authorized staff shall utilize competitive bidding for investments where it is prudent to achieve a grate rate of return so long as it does not conflict with the investment objective stated below. A request for competitive investment proposals should include a request for comparable credit and term investments from a minimum of two investment providers.

Section 5: Instruments Eligible for Investment

1. 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.

    d. Iowa Public Agency Investment Trust ("IPAIT").

    e. Prime bankers' acceptances that mature with 270 days of purchase and that are eligible for purchase by a federal reserve bank.

    f. Commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the highest classification, as established by at least one of the standard rating services approved by the Superintendent of Banking.

    g. Repurchase agreements, provided that the underlying collateral consists of obligations of the United States Government, its agencies and instrumentalities and takes delivery of the collateral either directly or through an authorized custodian.

    h. 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 17 C.F.R. Section 270.2a-

7, whose portfolio investments are limited to those instruments individually authorized in this Section 5 of this Investment Policy.

i. Warrants or improvement certificates of a levee or drainage district.

2. All instruments eligible for investment are further governed by all other provisions of this Investment Policy, including Section 7: Investment Maturity Limitations and Section 8: Diversification.

Section 6: Prohibited Investment and Investment Practices

1. Assets of the City shall not be invested in the following:
    a. reverse repurchase agreements.
    b. futures and options contracts.
2. Assets of the City shall not be invested pursuant to the following investment practices:
    a. trading of securities for speculation or the realization of short-term trading gains.
    b. 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

1. 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.

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

    a. Operating funds may be invested in instruments authorized in Section 5 of this Investment policy that mature within three hundred ninety-seven (397) days. When the City has or expects to accrue in the current budget year an amount of public funds that exceeds operating funds by at least thirty-three (33) percent of operating funds, it may invest amounts exceeding thirty-three (33) percent of operating funds in certificates of deposit in depository institutions which mature within sixty-three (63) months or less provided that the City invests an amount reasonably expected to be expended during the current budget year or within fifteen months of receipt in investments.

    b. The Director of Finance may invest funds of the City that are not identified as Operating Funds in investments with maturities longer than three hundred ninety-seven days (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

1. Investments of the City are subject to the following diversification requirements:
    a. Prime banker's acceptances.
        i. 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.
        ii. 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.
    b. Commercial paper or other short-term corporate debt:
        i. 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,
        ii. 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
        iii. 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.
2. 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:
    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 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 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

1. All invested assets of the City involving the use of a public funds custodial agreement, as defined in Iowa Code section 12B.10C, shall comply with all rules adopted pursuant to Iowa Code section 12B.10C. All custodial agreements shall be in writing.
2. All invested assets of the City eligible for physical delivery shall be secured by having them held at a third-party custodian. All purchased investments shall be held pursuant to a written third-party custodial agreement requiring delivery versus payment and compliance with all rules set out in Section 9.

Section 10: Ethics and Conflict of Interest

1. Employees 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. Employees shall disclose any material financial interests in financial institutions with which they conduct business, and they shall further disclose any larger personal financial/investment positions that could be related to the performance of the investment portfolio.

Section 11: Reporting

1. The Finance Officer and /or City Administrator shall submit a quarterly 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

1. 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.