**CITY OF NEW BERLIN**
**FINANCE COMMITTEE MEETING**
**Thursday, April 14, 2022**
**6:00 PM**
**Mayor's Conference Room**

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## AGENDA

### CALL MEETING TO ORDER

### ROLL CALL; DECLARATION OF QUORUM; PUBLIC NOTICE

### APPROVAL OF MINUTES

August 12th, 2021 Minutes

### NEW BUSINESS

Three Year Review of General FinancialPolicies 1-14

- Discussion and Possible Vote

Elect Finance Committee Chairperson

- Discussion and Possible Vote

Elect Finance Committee Secretary

- Discussion and Possible Vote

### ADJOURN

**PLEASE NOTE:**

- ✓ It is possible that action will be taken on any of the items on the agenda and that the agenda may be discussed in any order. It is also possible that members of and possible a quorum of other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information; no action will be taken by any governmental body at the above-stated meeting other than the governmental body specifically referred to above in this notice.
- ✓ Also, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request this service, contact City Clerk Georgia Stanford (262) 786-8610.

**CITY OF NEW BERLIN**
**PROCEEDINGS OF THE FINANCE COMMITTEE**
**Thursday, August 12, 2021**

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*Please note: Minutes are unofficial until approved by the Finance Committee at the next regularly scheduled meeting.*

## CALL MEETING TO ORDER

Alderman Garrigues called the meeting to order at 6:05PM.

## ROLL CALL; DECLARATION OF QUORUM; PUBLIC NOTICE

Present: Alderman Garrigues, Harenda, Mayor Dave Ament.

Absent: Alderman Maxey and Commissioner Stair.

Also Present: Finance Director Ralph Chipman

## APPROVAL OF MINUTES

- June 10, 2021 Meeting Minutes

Motion by Alderman Harenda to approve the June 10, 2021 minutes. Seconded by Mayor Ament.

**Motion Passed 3-0.**

## NEW BUSINESS

- Review/Update Fourth of July Contract Policy

Motion by Mayor Ament to approve Fourth of July Contract Policy as amended. Seconded by Alderman Harenda.

**Motion Passed 3-0.**

## ADJOURN

Motion to adjourn by Alderman Harenda at 6:17PM. Seconded by Mayor Ament.

**Motion Passed 3-0.**

Respectfully Submitted
Finance Director Ralph Chipman

April 14, 2022

**TO:** Common Council
Mayor Ament

**FROM:** Finance Committee

**RE:** Items from the Finance Committee Meeting from April 14, 2022 requiring Common Council action.

- **Three Year review of General Financial Policies 1-14**

Committee Motion:

This item was considered at the Finance Committee meeting on April 14, 2022. The Finance committee reviewed policies 1-7 and made some minor adjustments to Policy 4) Collection of Delinquent Accounts Policy and Policy 6) Deposit & Investment of City Funds Policy then approved the policies. It was recommended to the Common Council on a vote of 5-0. Policies 8-14 will be reviewed at the next Finance Committee meeting. I do hereby move that the Council approve Financial Policies 1-7 as presented.

1

| City of New Berlin<br>General Financial Policy | TITLE:<br>**Budget Process Policy** |
|---|---|
| AUTHORIZATION DATE:<br>3/11/08 | LAST UPDATE:<br>10/13/15, 1/8/19 |
| POLICY SOURCE:<br>Finance Committee | SCOPE:<br>City-Wide |
| Reviewed by City Attorney<br>n/a | Board/Commission Approval:<br>Finance Committee 07/15/15, 11/8/18<br>Common Council 10/13/15, 1/8/19 |

## General

State law requires all municipalities to prepare a budget annually. The budget is a projected financial plan or "fiscal blueprint" that outlines how municipal funds will be raised and spent.

## Policy

A. It is the responsibility of the **COMMON COUNCIL** to:
   1. Set annual budget targets
   2. Review and adopt the annual budget

B. It is the responsibility of the **MAYOR** to:
   1. Set budget guidelines in accordance with the budget target set by the Common Council
   2. Review operating budget, incorporate the approved capital projects budget and present a recommended budget document to the Common Council

C. It is the responsibility of the **FINANCE DIRECTOR** to:

   1. Develop the budget format within the financial system. Plan for and determine information needs for policy makers to assist in the annual operating budget review process.
   2. Distribute all budget information, including instruction guidelines, and budget forms to the departments prior to June 14th of the current year.
   3. Review and analyze budget request for accuracy and compliance with established guidelines.
   4. Meet with department administrators and/or their fiscal staff to discuss questions about and change to the department's budget request

5. Inform the department head and fiscal staff when the Committee of the Whole will be meeting to review their budget. The department head should be present at the Committee meeting to answer any question the Committee may have of them concerning their budget request.
6. Present the Executive approved budget requests to the Committee of the Whole for review and action.
7. Update and prepare the budget forms with Common Council action for presentation in the annual Common Council Adopted Budget.

D. It is the responsibility of the **DEPARTMENT HEAD** to:

1. Review budget guidelines and procedures manual as they pertain to their department.
2. Develop budget requests and complete all forms according to the coding instructions included.
3. Forward the completed forms to the Finance Office according to the timetable. Forward supporting documentation for the budget requests to the Finance Director's office by the specified due date.
4. Schedule a meeting with the Mayor according to the timetable to review and discuss the Department Recommended Budget.

## Policy

- The City will comply with all Federal State or local legal requirements pertaining to the operating budget, including the adoption of a balanced budget. A balanced budget is achieved when the amounts available from taxation and other sources, including amounts carried over from prior fiscal years, equals the total appropriations for expenditures and reserves.

- The City will employ a structured budget preparation and formulation process that will be used by all entities receiving funding from the City. The process employed will ensure adequate citizen input and participation.

- The City will employ a structured expenditure and revenue forecasting system to allow for effective financial planning.

- Essential services will receive first priority for funding. The City will attempt to maintain current service levels for all essential services.

- The Finance Director will prepare regular reports comparing actual revenues and expenditures to budgeted amounts.

## BUDGET PROCESS TIMELINE

As prescribed by Wisconsin State Law, the City Mayor submits a proposed budget for the Common Council review and adoption.

In May, the Council is to set goals and give directives to City Departments. In June, the Finance Department is to distribute budget packets including forms and instruction guidelines. The last Friday in August, the Mayor will release his Executive Budget and CIP Budget to the Alderman. The Aldermen then have work sessions to discuss the proposed budgets in the months of September and October. Upon completion of the work sessions, the Proposed Budget is published, and notice of the Public Hearing is decided upon. The tax bills are to be mailed on the second week of December.

| MONTH | |
|---|---|
| | |
| MAY | Common Council Sets Goals and Directives |
| JUNE | Finance Dept distributes information to departments including: instruction guidelines and budget forms |
| JULY 31ST | Department budget documents to Mayor & Finance |
| AUGUST (3rd Friday) | Release Executive Budget/CIP Budget to Aldermen |
| SEPTEMBER/OCTOBER | Budget Work Sessions scheduled (1st meeting by 3rd Tues in Sept) |
| OCTOBER/NOVEMBER | Publish Public Notice of Proposed Budgets and Hold Public Hearing |
| NOVEMBER 30TH | Adopt budget no later than this date |
| DECEMBER | Mail Tax Statements by second week of December |

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the ____ day of ______________, 20___ as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.

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David A. Ament, Mayor

2

| City of New Berlin<br>General Financial Policy | TITLE:<br>**Capital Improvement Policy** |
|---|---|
| AUTHORIZATION DATE:<br>3/11/08 | LAST UPDATE:<br>10/13/15 |
| POLICY SOURCE:<br>Finance Committee | SCOPE:<br>City wide |
| Reviewed by City Attorney<br>n/a | Board/Commission Approval:<br>Finance Committee 07/15/15, 11/8/18<br>Common Council 10/13/15, 1/8/19 |

## General

The City has a significant investment in capital assets, including equipment, land, buildings, and infrastructure. The purpose of this policy is to set guidelines for preparing the capital budget to fund these assets.

## Policy

1. The City will make all capital improvements in accordance with an adopted Capital Improvement program.
2. The City will develop a five (5) year plan for Capital Improvements and update it annually.
3. The City will enact an annual capital improvement budget based on the multi-year capital improvement plan. Future capital expenditures necessitated by changes in population or changes in real estate development will be calculated and included in capital improvement budget projections.
4. The objective of the Capital improvement program is to consider only those items with a life expectancy greater than five (5) years and a cost greater than $50,000.
5. The City will coordinate development of the Capital Improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts. The debt service budget will be audited to account for a new debt issued to fund Capital projects.
6. The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and city priorities, and whose operating and maintenance costs have been included in operating budget forecasts.
7. The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
8. The City will project its equipment replacement and maintenance need for the next five (5) years and will update this projection each year. From this projection, a maintenance and replacement schedule will be developed and followed.
9. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to Common Council for approval.
10. The City will utilize the least costly financing method for all new projects.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the ____ day of ______________, 20___ as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.

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David A. Ament, Mayor

(3)

| City of New Berlin<br>General Financial Policy | TITLE:<br>**Cash Handling Procedures** |
|---|---|
| AUTHORIZATION DATE:<br>10/13/15 | LAST UPDATE:<br>10/13/15 |
| POLICY SOURCE:<br>Finance Committee | SCOPE:<br>City - wide |
| Reviewed by City Attorney<br>n/a | Board/Commission Approval:<br>Finance Committee 07/15/15, 11/8/18<br>Common Council 10/13/15, 1/8/19 |

## General

The establishment of strong internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. Included in the definition of cash are the following: coin, currency, checks, money orders, credit cards, accounts receivable charges, electronic funds transfers, and all cash equivalents.

## Policy

Internal Control

Internal controls regarding the handling of cash receipts should be as effective and efficient as possible. The purpose of internal controls is as follows:

1. Safeguard the assets against theft and inefficient use
2. Determine the accuracy and reliability of accounting data
3. Promote operational efficiency
4. Encourage adherence to prescribed managerial policies

With the above purpose in mind, the ideal internal controls over cash receipts would be:

1. Do not permit any one employee to handle a transaction from beginning to end
2. Separate cash handling from record keeping
3. Centralize the receiving of cash as much as possible
4. Record cash receipts immediately on pre-numbered receipts
5. Deposit each day's receipts intact
6. Make all disbursements by check

7. Provide adequate safeguards for handling, transporting and storing cash.

The following is a summary of the cash handling procedures including recommended procedures to strengthen internal accounting controls over cash receipts.

CASH RECEIPTS

1. All fees collected must be recorded immediately upon receipt
2. Receipts will be prepared for each cash transaction using the cash receipt system
3. All funds collected must be totaled and reconciled to receipts on a daily basis by the cashier. Any unusual variances must be investigated by the Finance Director.
4. The funds deposited intact with the bank on a daily basis by either the Finance Director or Accounting Manager.

ADDITIONAL CASH HANDLING PROCEDURES

The City recognizes the need for maintaining a Petty Cash fund to cover minor unforeseen expenditures that need to be made immediately. The dollar limit for a Petty Cash item is set at $25.00 and requires the approval of the employee's supervisor.

All requests for reimbursement from Petty Cash MUST be made on a completed Petty Cash form with receipt(s) attached. After the Supervisor has approved the dollar amount and account number, the employee should submit the request to the Cashier or Department person responsible for the Petty Cash box.

The Cashier, and those Departments with Petty Cash funds, will periodically submit a report to the Accounting Manager requesting the fund be replenished. The report must have attached all of the forms and receipts that have been paid out since the last report.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the ____ day of _______________, 20___ as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.

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David A. Ament, Mayor

(4)

| City of New Berlin<br>General Financial Policy | TITLE:<br>**Collection of Delinquent Accounts Policy** |
|---|---|
| AUTHORIZATION DATE:<br>10/13/15 | LAST UPDATE:<br>10/13/15, 1/8/19 |
| POLICY SOURCE:<br>Finance Committee | SCOPE:<br>City-wide |
| Reviewed by City Attorney<br>n/a | Board/Commission Approval:<br>Finance Committee: 09/10/15, 11/08/18<br>Common Council: 10/13/15, 1/8/19 |

## General

The purpose of this policy is to establish a procedure concerning any and all accounts that carry a past due balance.

## Policy

### TAX COLLECTIONS – TIMELY PAYMENTS

State Statutes Section *74.11, 74.12*, 74.69 *and 990.001(4)*

The City will follow State statutes when determining whether a property tax payment is timely.

**Regulations:**

- The 5-day grace period, as defined in sec. 74.11 and 74.12, WI, Stats, applies to real and personal property.
- The 5-day grace period does not change the statutory due dates of January 31 or the due dates established by city ordinance for 3 or more installments.
- The statutory due date may be adjusted however by the provisions of sec. 990.001(4), WI Stats., but the adjusted date does not further extend the 5-day grace period beyond 5 working days from the unadjusted due date of the payment.
- Property taxes are not delinquent if they are paid within the 5-day grace period.
- A payment mailed in a properly addressed envelope, that is postmarked on or before the payment due date (statutory due date or the adjusted due date under sec 990.001, WI Stats.), with postage prepaid, and received by the proper official within 5 days (not to be confused with the 5 working day grace period) is considered timely under Sec. 74.69, WI Stats. Depending on timing, the 5 working day grace period may extend the time allowed for a payment timely mailed.

**Examples:**

- A payment postmarked on or before January 31 and received within 5 working days is **not** delinquent.
- A payment postmarked Feb 4 but received within 5 working days of January 31 is **not** delinquent.
- A payment postmarked on or before January 31 and received 6 or more working days after January 31 **is delinquent** (provided sec. 74.69(2), WI Stats., does not apply).
- A payment postmarked on or before January 31 and received on Feb 3 **can** be collected by the taxation district treasurer (sec. 74.11 (6) (a), WI Stats.).
- January 31 falls on a Sunday. A payment postmarked on or before Feb 1 and received within the latest of, 5 working days from January 31 or 5 days from Feb 1 is **not** delinquent.
- A property owner that makes a payment in person within 5 working days of January 31 is **not** delinquent.

## COLLECTION OF DELINQUENT ACCOUNTS

### PERSONAL PROPERTY TAXES

Personal property taxes shall be considered delinquent if not paid in full by the due date, as established by Wisconsin State Statutes.

A complete listing of delinquent Personal property shall be maintained including Tax Key number, name, address, phone number and status.

As of April 15th, a listing shall be prepared of all remaining delinquent Personal property taxes including the following:

Tax Key Number
Business Name/Owner Name
Address
Phone Number
Taxes due with interest

The list shall be sent to the City Attorney and the City's collection agency to collect the remaining amounts due.

Each year, the Finance Director will review any and all delinquent Personal Property taxes outstanding from previous years, and recommend to the Common Council a list, based on information from the collection agency, of those taxes deemed to be uncollectible.
A Delinquent Personal Property tax listing will be posted on the City Website

# COLLECTION OF DELINQUENT ACCOUNTS

## AMBULANCE FEES

The City has two categories of account write-offs: (1) statutory – to comply with the legal allowable amounts that will be paid under government insurance programs, and (2) City approved – these are write-offs of accounts that have been deemed by the contractor and the City to be uncollectible. This policy addresses only the City-approved category. The City does not have discretion regarding the statutory write-offs.

The City will follow the collection agency recommendation writing off delinquent accounts.

## COURTS

1) If a defendant does not pay by his court date or show for court, they are sent a default letter and given 30 days to pay.
2) Once past due all outstanding balances are put *in the State Debt Collection program (SDC). The* Tax Refund Intercept Program (TRIP*) is used for past due parking balances.*
3) In addition to *SDC* & TRIP for non-payment:
   **a)** Minor traffic citations the individuals license *may be* suspended for non-payment *Only tickets with a balance too low to be placed on SDC are suspended per the directive of the Chief Judge of Waukesha County.*
   **b)** OWI's, No valid driver's license, and multiple operating while suspended an operating after revocation and non-traffic (18 and older) are issued a summons to appear for a poverty hearing. If they do not appear or comply with the payment arrangement a Writ of Commitment is issued. *A summons is sent for the listed violations, but Writs of Commitment are used as a last resort. If the balance cannot be entered in the SDC program, a Writ of Commitment is issued.*
   **c)** Zoning violations are issued a summons to appear for a poverty hearing. If the defendant does not appear or comply with the payment arrangement, a judgment is entered in Circuit Court putting a lien on the property.
   **d)** Juveniles have their license suspended. If they do not have a license, the suspension commences at the time they apply for their license.
   **e)** Unpaid parking citations result in a suspension of the vehicle registration. *Unpaid balances are placed in the TRIP program*

## RETURNED CHECKS – NSF CHARGES

## WATER/WASTEWATER/WATER RESOURCE MANAGEMENT

Effective April 1,1997 it is the policy of the City of New Berlin Water, Water Resource Management and Wastewater Utilities to assess a $25.00 penalty to the sewer portion of a bill if payment is made with an NSF check.

A $25.00 penalty will be assessed to an account when a check is returned by customer's bank for insufficient funds. The penalty applies to the sewer portion of the payment.

~~2.~~ The $25.00 penalty is to be assessed to the account.

3. Write a letter to the customer informing him/her that the check was returned by the bank. Inform customer of the balance on the account and that a $25.00 penalty was assessed. Inform customer of due dates and further penalties that will apply on their account if payment is not made.

4. File letter and backup paperwork in customer file.

## PERMITS, LICENSES AND MISCELLANEOUS CHECKS

Effective January 1, 2000 it is the policy of the City of New Berlin Finance Department to assess a $25.00 penalty if payment is made with an NSF check.

Upon receiving NSF check the following steps should be followed:

1. The account should be debited by the Finance Director for the amount of payment returned.

2. Write a letter to the customer informing him/her that the check was returned by the bank. Inform customer that a $25.00 penalty was assessed, due dates and further penalties that will apply on their account if payment is not made, and license/and or/permit invalid if payment not made. Inform originating department of the return check.

3. File letter and backup paperwork in customer file.

## REAL ESTATE AND PERSONAL PROPERTY TAXES

Effective January 1, 2000 it is the policy of the City of New Berlin Finance Department to assess a $25.00 penalty to the taxes if payment is made with an NSF check.

Upon receiving NSF check the following steps should be followed:

1. The account should be debited by the Finance Director for the amount of payment returned.

2. Write a letter to the customer informing him/her that the check was returned by the bank. Inform customer of the balance of the tax bill, and that a $25.00 penalty was assessed. Inform customer of due dates and further penalties that will apply on their account if payment is not made. Copies of the bad check and an updated tax bill payment screen will be sent with the letter.

3. File letter and backup paperwork in customer file.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the ____ day of ______________, 20___ as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.

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David A. Ament, Mayor

(5)

| City of New Berlin<br>General Financial Policy | TITLE:<br>**Debt Policy** |
|---|---|
| AUTHORIZATION DATE:<br>3/11/08 | LAST UPDATE:<br>5/15/13, 10/13/15, 1/8/19 |
| POLICY SOURCE:<br>Finance Committee | SCOPE:<br>City-wide |
| Reviewed by City Attorney,<br>n/a | Board/Commission Approval:<br>Finance Committee: 07/15/15, 11/8/18<br>Common Council: 10/13/15, 1/8/19 |

## General

The City believes that debt is an equitable means of financing projects and represents an important means of meeting fiscal responsibilities.

## Policy

1. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.

2. When the City finances capital projects by issuing bonds or notes, it will pay back the bonds and notes within a period not to exceed the expected useful life of the project.

3. The City will keep the maturity of General Obligation bonds at or below 20 years, and Promissory Notes at or below 10 years.

4. The City will structure its debt borrowing issues to maintain stable debt service payments, as required by State Statutes.

5. General obligation debt will not exceed 5 percent of the equalized value of all property in the City and debt repayment schedules will not exceed 20 years in length.

6. The City shall not use long-term debt for current operations.

7. The City will maintain good communications about its financial condition with credit rating agencies.

8. The City will follow a policy of full disclosure on every financial report and bond prospectus.

9. Refinancing or bond refunding will only be undertaken when there is significant economic advantage to the City, and when it does not conflict with other fiscal or credit policies.

10. The City will issue its debt obligations through competitive sale unless it is determined by the City, and its Financial Advisor, that a competitive sale would not be expected to produce the best results for the City. If the City determines that bids received through a competitive sale are unsatisfactory, or in the event no bids are received, the City may enter into negotiation for sale of the obligations.

11. The City may consider negotiated sales of debt obligations in extraordinary circumstances when the complexity of the issue requires specialized expertise, when the negotiated sale would result in substantial savings in time or money, or when market conditions or City credit are unusually volatile or uncertain. If the City elects to negotiate the sale of a debt obligation, it will utilize a Financial Advisor with no interests in the underwriting of the transaction to represent it.

12. The Director of Finance will establish and maintain a system of record keeping and reporting to meet arbitrage rebate compliance requirements of the federal tax code. This effort will include tracking investment earnings on proceeds of debt obligations, calculating rebate payments in compliance with tax law, and remitting any rebate earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the City's outstanding debt obligations. Additionally, general financial reporting and certification requirements embodied in bond covenants shall be monitored to ensure that all covenants are complied with. The City's Financial Advisor may assist in the execution of these tasks.

13. The levy target for debt service shall be not greater than 20% of the total levy, with an effort to maintain the levy at a proportionate, even level for tax rate stabilization.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the ____ day of _______________, 20___ as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.

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David A. Ament, Mayor

(6)

| City of New Berlin<br>General Financial Policy | TITLE:<br>**Deposit & Investment of City Funds Policy** |
|---|---|
| AUTHORIZATION DATE: 4/27/10 | LAST UPDATE:4/27/10, 10/13/15, 1/8/19, NEW DATE |
| POLICY SOURCE:<br>Resolution 10-12 | SCOPE:<br>City-wide |
| Reviewed by City Attorney<br>n/a | Board/Commission Approval:<br>Finance Committee: 09/10/15, 11/8/18, NEW DATE<br>Common Council: 10/13/15, 1/8/19, NEW DATE |

## General

It is in the interest of the City of New Berlin to adopt a policy to insure continuous prudent deposits and investments of available City funds.

## Policy

### I. Public Deposit

1. The Common Council shall, by resolution, designate one or more public depositories, organized and doing business under the laws of this state or federal law, and located in Wisconsin, in which the Finance Director shall deposit all public monies received by him/her.

2. Limitations. The resolution designating one or more public depositories shall specify whether the monies shall be maintained in time deposits subject to the limitations of sec. 66.0603(1m), Stats., demand deposits or savings deposits, and whether a surety bond or other security shall be required to be furnished under sec. 34.07, Stats., by the public depository to secure the repayment of such deposits. Not more than Five Hundred Thousand Dollars ($500,000) shall be deposited in any one public depository, unless specifically authorized by the Common Council.

3. Deposits. The Finance Director shall deposit public monies in the name of the City of New Berlin in such public depository designated by the Common Council and subject to the limitations herein above set forth.

4. Withdrawals. Withdrawals or disbursements by the Finance Director of monies deposited in a public depository shall be made as provided by sec. 66.0607 Stats. The Finance Director is authorized, at his discretion to process periodic payments through the use of money transfer techniques as set forth in sec. 66.0607(3m), Stats.

### II. Investments

1) Policy. It is the policy of the City of New Berlin to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the city and conforming to all state and local statutes governing the investment of public funds.

2) Scope. The investment policy applies to all financial assets of the City. These funds are accounted for in the City's Annual Financial Report and include:

   A. General Fund

   B. Special Revenue Funds

   C. Capital Projects Funds

   D. Enterprise Funds

   E. Trust & Agency Funds

   F. Internal Service Funds

   G. Debt Service Funds

3) Prudence. Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

   A. The standard of prudence to be used by the 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 the 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 appropriate action is taken to control adverse developments.

4) Objective. The primary objectives, in priority order, of the City's investment activities shall be:

   A. Safety: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

   B. Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

   C. Return on Investment. The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

5) Delegation of Authority. Authority to manage the City's investment program is derived from the following: City Ordinance and Wisconsin State Statutes. Management responsibility for the investment program is hereby delegated to the Finance Director, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6) Ethics and Conflicts of Interest. Officers and 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 and investment officials shall disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the city's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales.

7) Authorized Financial Dealers and Institutions. The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Wisconsin. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1. No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with the following:

- Audited financial statements
- Proof of National Association of Security Dealers certificate
- Proof of state registration
- Certification of having read city's investment policy

8) Authorized & Suitable Investments. The City is empowered by statute 66.0603 to invest in the following types of securities.

a. Certificates of Deposit

b. U.S. Government bonds and securities

c. U.S. Government agency bonds and securities

d. Repurchase agreements

e. Commercial securities of the highest or second highest ratings

f. State of Wisconsin Local Government Investment Pool

g. Wisconsin Municipal bonds or securities

h. Investment trusts permitted under 66.0603

9) Collateralization. Except as provided for in Resolution 05-40 collateralization will be required on two types of investments: certificates of deposit and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (102%) of market value of principal and accrued interest.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

Collateral should be valued at least quarterly by the City of its investment advisor. Evidence of ownership and market value must be supplied to the City by an independent third party custodian.

The right of collateral substitution is granted.

10) Safekeeping and Custody. All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a deliver-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director and evidenced by safekeeping receipts.

11) Diversification. The City will diversify its investments by security type & institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution.

12) Maximum Maturities. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Extended maturities may be utilized to take advantage of higher yields, however, no more than fifty (50%) percent of the total investments should extend beyond 3 years, and under no circumstances should any extend beyond 5 years.

13) Internal Control. The Finance Director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14) Performance Standards. The investment portfolio will be designated to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risks, constraints and cash f low needs.

A. Market Yield (Benchmark): The City's investment strategy is passive. Given this strategy, the basis used by the Finance Director to determine whether market yields are being achieved shall be the LGIP and the average of Fed Funds rate.

15) Reporting. The Finance Director is charged with the responsibility of including a market report on investment activity and returns in the City's Financial Report. Reports will include performance, market sector breakdown, number of trades, interest earnings, and average maturity.

16) Investment advisor. Should the City deem it appropriate to retain an investment advisor, the following procedures will be followed with respect to the investment advisor relationship:

A. Investment Procedures – Once an investment advisor is selected, the City will at all times be responsible for establishing the investment, responsible for providing advice and developing and implementing strategies for carrying out such objectives. The investment advisor will have no authority to take possession of City monies, or, investment securities, nor to execute investment transactions on behalf of the city, except where investment authority may be delegated (e.g. "discretionary" authority) as per Wisconsin Statutes 66.0603 (2). For those investments under management in a "non-discretionary" account, all investment transactions shall be approved by City staff.

B. Periodic Reporting – The investment advisor shall provide periodic reports regarding the composition, performance level and accounting treatment of the City's investment portfolio. Such reports shall be made quarterly to the Director of Finance for inclusion in the quarterly investment report to the Common Council. Annually, the Director of Finance shall provide a report to the Common Council for review of (a) investment performance and (b) the agreement under which the City has delegated investment authority (if applicable).

C. Portfolio Maturities – Certain strategies recommended by the investment advisor(s) may involve purchase of U.S. government securities with stated maturities longer than 10 years, which conflicts with section 12 of this policy. Specific examples include mortgage-backed securities issued by certain U.S. agencies supported by adjustable rate mortgages. For these securities, the effective maturity will be defined as the time to coupon reset. For any other proposed securities with maturities in excess of the limits established elsewhere in this policy, any such intent will be reported to the Common Council for its review and approval.

D. Compensation and Term of Agreement – Investment advisory fees shall be established in advance. All compensation shall be disclosed in a written agreement. The relationship between the advisor and the City may be terminated at any time at the discretion of the City.

17) Investment Policy Adoption. The City's investment policy shall be adopted by resolution of the City of New Berlin Common Council. The policy shall be reviewed at least once every three years ~~on an annual basis~~ by the Finance Committee and any modifications made thereto must be approved by the Common Council.

## III. MISCELLANEOUS

1. Liability. Notwithstanding any other provision of law, the Finance Director who deposits public monies in any public depository, in compliance with sec 34.05, Stats is under the provisions of sec 34.06, Stats., relieved of any liability for any loss of public monies which results from the failure of any public depository to repay to the public depositor the full amount of its deposits, thus causing a loss as defined in sec 34.01(2), Stats.

2. Definitions. Words and phrases shall, insofar as applicable, have the meaning set forth in sec 34.01, Stats as amended.

3. Conflict. This policy is enacted in accordance with the provisions of Chapter 34 and sec. 66.0603, Stats. In case of conflict, the state law shall prevail.

4. Duration. This policy shall continue in force until repealed or superseded by further resolutions of the Common Council.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the ____ day of _______________, 20___ as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.

______________________________

David A. Ament, Mayor

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| City of New Berlin<br>General Financial Policy | TITLE:<br>**Equipment Disposal Policy** |
|---|---|
| AUTHORIZATION DATE:<br>10/13/15 | LAST UPDATE:<br>10/13/15, 1/8/19 |
| POLICY SOURCE:<br>Finance Committee | SCOPE:<br>City-wide |
| Reviewed by City Attorney<br>n/a | Board/Commission Approval:<br>Finance Committee: 07/15/15, 12/13/18<br>Common Council: 10/13/15, 1/8/19 |

## General

The purpose of this policy is to establish minimum standards for the disposal of capital assets and subsequent reporting in the financial records.

## Policy

### 1. General Guidelines and Responsibilities for Disposal of Capital Assets -

A. Capital assets retired from service shall be disposed of in the most efficient and cost effective manner possible.

B. Capital assets shall be disposed of in a manner that is environmentally responsible.

C. Vehicles and vehicular equipment shall be designated as surplus and disposed of by the Fleet Manager with Mayor approval, according to the Fleet Management Policy.

D. Information technology and communication equipment shall be designated as surplus and disposed of by the Information Technology Manager. All PC, server and peripherals will be recycled with an approved recycling vendor. All media will be disposed of according to the "Media Handling Disposal policy".

E. Minor equipment items, which by definition are not capital assets, shall also be designated as surplus and disposed of in accordance with the above guidelines.

### 2. Recordkeeping and Accounting for Disposal of Capital Assets

A. Capital asset disposal records shall be maintained in accordance with Generally Accepted Accounting Principles under the direction of the accounting department.

B. Capital asset disposal records shall be retained in accordance with City policies and retention schedules.

C. A half year's depreciation expense shall be recognized in the year of disposal.

D. Gain or loss on disposal of capital assets shall be recognized in accordance with Generally Accepted Accounting Principles.

E. Capital assets that continue in service, even after fully depreciated, shall remain on the financial records and shall be removed only upon disposal.

F. Disposing departments shall promptly and accurately record disposals, including transfers between departments as they occur during the year.

G. Supporting documentation for disposals, including transfers between departments, shall include the Asset Disposal Report form in accordance with instructions provided by accounting.

H. For transfers between departments, the book value of assets transferred shall be relieved from the transferring departments' records and added to that of the receiving department at the same book value.

I. The department owning an asset shall further be responsible for:
   1) Explaining and resolving physical inventory discrepancies and completing a Fixed Asset Form.
   2) Accounting for items lost or stolen by completing an Equipment Transfer and Disposal Report; and
   3) Filing a police report for any asset believed to have been stolen.

J. All proceeds from the sale of surplus property shall be reported to the Finance Department for deposit and application to the proper account(s).

K. Complete form for City Clerk as required by the City's General Administration Policy – *"Reporting Additions and/or Deletions to City Owned Property"* for insurance purposes.

**3. Disposal of Personal Property** – capitalized personal property may qualify for disposition if:

A. Designated as surplus,
B. Found to no longer function or is no longer in use,
C. Traded for a newer or more functional item,
D. Determined to be in a state of disrepair and not reasonably repairable,
E. Discovered missing during a physical inventory, or
F. Reported as lost or stolen.

Upon proper authorization, disposition shall be permitted as follows;

A. Transfer or sale to another department
B. Transfer or sale to another public agency
C. Sent to auction for disposal as surplus
D. Donation, if the donation is deemed to be in the public interest, to a public agency or an Internal Revenue code 501(c)(3) organization
E. Abandonment, salvage, or destruction, but only in accordance with regulatory restrictions and environmental rules and regulations.
F. Sale, exchange, trade-in, or salvage of the following types of equipment shall be handled as follows:
   i. Vehicles and vehicular equipment by Fleet Manager, per "Fleet Management Policy"
   ii. Computer and communications equipment by the IT Manager per "Media Handling Disposal Policy".

**4. Disposal of Real Property**

A. Real property, including land, land improvements, building, and infrastructure shall be disposed of only after Council approval.

## 5. Impairments of Capital Assets

A. Capital assets shall be considered impaired when events or changes in circumstances indicate that service utility has declined significantly and unexpectedly as defined by Generally Accepted Accounting Principles (GAAP). Such events or changes in circumstances may include, flood, fire, earthquake, technological obsolescence, or changes in environmental standards.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the ____ day of _______________, 20___ as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.

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David A. Ament, Mayor