



Finance Committee Meeting Agenda

May 8, 2025 - 6:00 PM
Mayor's Conference Room
3805 S. Casper Dr.

AGENDA

1. **CALL TO ORDER**
2. **ROLL CALL; DECLARATION OF QUORUM; PUBLIC NOTICE**
3. **APPROVAL OF MINUTES**
 - A. 04/10/2025 Meeting Minutes
4. **NEW BUSINESS**
 - A. Change Meeting start time in Committee By-Laws
 - B. Review Financial Policies 1-14
5. **ADJOURN**

Additional Information

- The agenda packet, including supplemental information related to agenda items, is available online at www.NewBerlinWI.gov. Once finalized by the governing body, approved meeting minutes will also be posted online.
- Agenda items may be taken out of order at the governing body's discretion.
- Members, and possibly a quorum, of other municipal governmental bodies may attend this meeting to gather information. However, no action will be taken by any governmental body other than the one referenced in this notice.
- Accommodations will be provided under the Americans with Disabilities Act (ADA) to meet the needs of individuals with disabilities. If you require assistance or appropriate aids and services, please contact the Office of the City Clerk at (262) 786-8610 with reasonable notice.



**CITY OF NEW BERLIN
FINANCE COMMITTEE - MINUTES
Thursday, April 10, 2025**

REGULAR MEETING

Mayor's Conference Room

6:00 PM

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

CALL MEETING TO ORDER

The meeting was called to order by Mayor Dave Ament at 6:02 PM

ROLL CALL; DECLARATION OF QUORUM; PUBLIC NOTICE

Present: Alderman Maxey, Alderwoman Kroupa, Mayor Dave Ament, and Finance Director Ralph Chipman.

Alderman Harenda was excused, Commissioner Stair was absent

APPROVAL OF MINUTES

ITEM: June 13th, 2024 Meeting Minutes

MOTION: Motion to approve the June 13th, 2024, Minutes

VOTE: Motion by: Mayor Dave Ament
Second by: Alderman Maxey

MOTION PASSED 4-0

NEW BUSINESS

ITEM: Elect Finance Committee Chairperson

MOTION: Motion to nominate Alderwoman Kroupa as Committee Chairperson

VOTE: Motion by: Alderman Maxey
Second by: Mayor Dave Ament

MOTION: Motion to approve Alderwoman Kroupa as Committee Chairperson

VOTE: Motion by: Alderman Maxey
Second by: Mayor Dave Ament

MOTION PASSED 3-0

ITEM: Elect Finance Committee Secretary

MOTION: Motion to nominate Commissioner Stair as Committee Secretary

VOTE: Motion by: Mayor Ament
Seconded by: Alderman Maxey

MOTION PASSED 3-0

MOTION: Motion to elect Commissioner Stair as Committee Secretary

VOTE: Motion by: Mayor Ament
Seconded by: Alderman Maxey

MOTION PASSED 3-0

ADJOURN

MOTION: Motion to adjourn at 6:08pm

VOTE: Motion by: Alderman Kroupa
Second by: Alderman Maxey

MOTION PASSED 3-0

Respectfully Submitted,

Ralph Chipman,
Finance Director

BY-LAWS OF THE FINANCE COMMITTEE

1. The officers of the Committee shall be elected at the first meeting in the month of May. Officers shall serve for a period of one (1) year. Should a vacancy occur at any time, the office shall be filled at the next regular meeting with a quorum present.
2. Duties of the chairperson will be to conduct all meetings and to appoint all special committees.
3. Duties of the secretary will be to announce meetings of the committee, to take the minutes of the meetings, take attendance to determine if a quorum is present, and be ready at all times to advise the Mayor as to the work and the recommendations of the committee.
4. In the event that the chairperson is absent at the time of a meeting, the secretary shall call the committee to order and the committee shall elect one of its own members the president pro tem.
5. Agenda of Meetings:
 - a. Call to order
 - b. Introductions
 - c. Minutes of the previous meeting
 - d. Communications
 - e. Reports by special committees
 - f. Old business
 - g. New business
 - h. Adjournment

Meetings shall be held the 2nd Thursday of each month. Regular meetings shall begin at 6:00 p.m. at a place designated by the chairperson. Special meetings can be called by the chairperson or a simple majority of the committee. Notice must be given at least 24 hours prior to the time of the meeting.

6. A quorum shall consist of at least three (3) members present at a regularly scheduled meeting.
7. Amendments to the by-laws can be made by the following:
 - a. Member desiring changes must serve written notice to each member of the committee. This notice is to be served at least seven (7) days prior to the regular meeting. A two third (2/3) vote of the membership would be required for adoption.
 - b. A change requested by a member or members at a regular meeting, shall be set for a vote at the next regularly scheduled meeting. A simple majority would be required for adoption.
 - c. Final changes to be adopted by Common Council
8. If any member is absent for 3 consecutive meetings, the committee shall request that the Mayor consider the appointment terminated and appoint a new member to the committee.

FINANCE COMMITTEE

City of New Berlin

1. **PURPOSE** – the Finance Committee shall undertake such financial tasks as directed by the Common Council. The committee will be created to accomplish the following objectives.
 - 1.1 Provide oversight on financial issues. Such oversight may originate from within the Committee, or be assigned by the Council or the Mayor.
2. **SCOPE** – the Finance Committee will not provide oversight on current budget items of another committee without specific direction from the Council. Investigations into long term planning issues that involve another committee, must be approved by the committee having jurisdiction.
3. **RESPONSIBILITIES** – the Committee will be responsible for oversight on the following issues:
 - 3.1 Long term financial planning
 - 3.2 “pre-budget” tasks as assigned by the Council
 - 3.3 Equipment disposition
 - 3.4 Approval of project capital expenditures not under the jurisdiction of another committee
 - 3.5 Creating or revising purchasing policies
 - 3.6 Investigation of outsourcing and insourcing opportunities
 - 3.7 Investigation of entrepreneurial opportunities
 - 3.8 Cost reduction of non-personnel related budget expenditures (not assigned to another committee)
 - 3.9 Investigation of creating a semi-paperless environment
4. **COMMITTEE STRUCTURE** – the Committee shall consist of three aldermen (appointed by the Council President), the Mayor and a citizen member. The Mayor will appoint the citizen member – subject to Common Council approval.
 - 4.1 The Finance Director will participate on the committee as an advisor

02/10/04

City of New Berlin General Financial Policy	TITLE: General Financial Policy Review Procedure & Listing
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 11/13/18
POLICY SOURCE: Finance Committee	SCOPE: General Financial Policies
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee 1/12/17, 6/8/17, 11/8/18 Common Council 1/24/17, 6/13/17, 11/13/18, 01/08/19, 1/14/20, 4/26/22

General

The City of New Berlin is committed to accurate and legally correct General Financial Policies. This policy will provide for the timely review and accurate up-to-date listing of all General Financial Policies. To this end, our employees will be afforded current documentation to better know their responsibilities as employees of the City of New Berlin.

Policy

All General Financial Policies, will be reviewed by the Finance Committee, and approved in writing by the Mayor every three years at a minimum. Policies may be reviewed, and changed or rescinded sooner if the City deems appropriate. In the event of city, state or federal changes to the law, the General Financial Policy affected by such a change will be reviewed and adjusted forthwith.

The following General Financial Policies are currently in effect.

	Policy	Review Date
1	Budget Process Policy	04/26/22
2	Capital Improvement Policy	04/26/22
3	Cash Handling Procedures Policy	04/26/22
4	Collection of Delinquent Accounts Policy	04/26/22
5	Debt Policy	04/26/22
6	Deposit & Investment of City Funds Policy	04/26/22
7	Equipment Disposal Policy	04/26/22
8	Financial Reporting Policy	04/26/22
9	Fixed Asset Policy	04/26/22
10	Identity Theft Policy	04/26/22
11	Post Issuance Compliance Policy	04/26/22

12	Procurement Policy	04/26/22
13	Reserve Funds Policy	04/26/22
14	Revenue Policy	04/26/22
15	Contract Policy	1/14/20
16	4 th of July Contract Policy	10/02/21
17	General Financial Policy Review Procedure & Listing	n/a
18	Privacy Policy	11/13/18

A list of all General Financial Policies and their most recently reviewed date will be maintained in the Mayor's Office for the proper follow-up and review as dictated by this policy.

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

City of New Berlin General Financial Policy	TITLE: Budget Process Policy
AUTHORIZATION DATE: 3/11/08	LAST UPDATE: 10/13/15, 1/8/19
POLICY SOURCE: Finance Committee	SCOPE: City-Wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee 07/15/15, 11/8/18, 4/14/22 Common Council 10/13/15, 1/8/19, 4/26/22

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 31 ST	Department budget documents to Mayor & Finance
AUGUST (3rd Friday)	Release Executive Budget/CIP Budget to Aldermen
SEPTEMBER/OCTOBER	Budget Work Sessions scheduled (1 st meeting by 3 rd Tues in Sept)
OCTOBER/NOVEMBER	Publish Public Notice of Proposed Budgets and Hold Public Hearing
NOVEMBER 30 TH	Adopt budget no later than this date
DECEMBER	Mail Tax Statements by second week of December

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David A. Ament, Mayor

City of New Berlin General Financial Policy	TITLE: Capital Improvement Policy
AUTHORIZATION DATE: 3/11/08	LAST UPDATE: 10/13/15
POLICY SOURCE: Finance Committee	SCOPE: City wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee 07/15/15, 11/8/18, 4/14/22 Common Council 10/13/15, 1/8/19, 4/26/22

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.

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A handwritten signature in black ink, appearing to read "David A. Ament", written over a horizontal line.

David A. Ament, Mayor

City of New Berlin General Financial Policy	TITLE: Cash Handling Procedures
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15
POLICY SOURCE: Finance Committee	SCOPE: City - wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee 07/15/15, 11/8/18, 4/14/22 Common Council 10/13/15, 1/8/19, 4/26/22

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.

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David A. Ament, Mayor

City of New Berlin General Financial Policy	TITLE: Collection of Delinquent Accounts Policy
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15, 1/8/19, 4/26/22
POLICY SOURCE: Finance Committee	SCOPE: City-wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 09/10/15, 11/08/18, 4/14/22 Common Council: 10/13/15, 1/8/19, 4/26/22

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.

Upon receiving NSF check, the following steps should be followed:

1. The account should be debited for the amount of payment returned. Separate the payment between water and sewer. Debit (charge back) the account through the name screen of the billing system.
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.

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David A. Ament, Mayor

City of New Berlin General Financial Policy	TITLE: Equipment Disposal Policy
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15, 1/8/19
POLICY SOURCE: Finance Committee	SCOPE: City-wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 07/15/15,12/13/18,4/14/22 Common Council: 10/13/15, 1/8/19, 4/26/22

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 3rd day of May, 2022 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

City of New Berlin General Financial Policy	TITLE: Deposit & Investment of City Funds Policy
AUTHORIZATION DATE: 4/27/10	LAST UPDATE: 4/27/10, 10/13/15, 1/8/19, 4/26/22
POLICY SOURCE: Resolution 10-12	SCOPE: City-wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 09/10/15, 11/8/18, 4/14/22 Common Council: 10/13/15, 1/8/19, 4/26/22

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 flow 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 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 3rd day of May, 2022 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

City of New Berlin General Financial Policy	TITLE: Financial Reporting Policy
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15
POLICY SOURCE: Finance Committee	SCOPE: City-wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 7/15/15, 12/13/18, 5/12/22 Common Council: 10/13/15, 1/8/19, 5/24/22

General

The accounting policies of the City of New Berlin, Wisconsin will conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Policy

A. REPORTING ENTITY

The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantially the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the city are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide

financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

The city reports the following major governmental funds:

General Fund – accounts for the city’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

General Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

Capital Improvements Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for capital improvement projects.

The City reports the following major enterprise funds:

Water Utility – accounts for operations of the water system

Wastewater Utility – accounts for operations of the wastewater system

Water Resource Management Utility – accounts for operations of the stormwater system

The City reports the following non-major governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Park & Open Space	Concession Stand	Landscape
Trail Fees	Park & Recreation	Building Maintenance
Impact Fees	Police	Technology Fee
Wastewater RCA Fees	Fire	Tourism Fund
Golf Course	Mayor	Tax Increment District
Fourth of July	Special Assessment	Grant
Library		Garbage/Recycling

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Equipment

Equipment Replacement

In addition, the city reports the following fund types:

Internal service funds are used to account and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

General Liability Insurance

Custodial funds are used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Property Tax

Deposit

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the

provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's water, wastewater and water resource management utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Wastewater, and Water Resource Management Utilities are charges to customers for sales and services. The

rates used in the Water Utility were approved by the Public Service Commission. Wastewater and Water Resource Management service charges are billed at rates established by the city's common council. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units in the accompanying statement of assets and liabilities- agency fund.

Property tax calendar

Lien date and levy date	December
Tax bills mailed	December
Payment in full, or	January 31
First installment due	January 31
Second installment due	March 31
Third installment due	May 31
Personal property taxes in full	January 31

Tax sale by County – delinquent real estate taxes-three years after tax roll date

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the city and the utilities because they have the right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as “due to and from other funds.” Long-term inter-fund loans (noncurrent portion) are reported as “advances from and to other funds.” Inter-fund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

In the governmental fund financial statements, advances to other funds are offset equally by a non-spendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory is not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. Any materials and supplies on hand at year-end are considered immaterial.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets, \$10,000 for infrastructure assets, \$1,000 for utility system assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset are included in the fixed asset policy.

Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on the terms of the Wisconsin Retirement System. The benefits are based on contractual agreements with employee groups, and the employee handbook. Employees may convert 50 percent of accumulated sick leave to pay for health care premiums. The cost of

those premiums is recognized as an expenditure, as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay as you go basis.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the financial statements.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances displayed as follows:

- a. Non-spendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has adopted a financial policy authorizing the Mayor and Director of Finance to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund; are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

Propriety fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy. That policy is to maintain a working capital reserve to pay for needs caused by unforeseen emergencies. This reserve will be maintained at a minimum of not less than fifteen percent of the subsequent year's general fund budgeted expenditures.

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

City of New Berlin General Financial Policy	TITLE: Fixed Asset Policy
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15
POLICY SOURCE: Finance Committee	SCOPE: City Governmental Funds
Reviewed by City Attorney N/A	Board/Commission Approval: Finance Committee: 7/15/15, 12/13/18, 5/12/22 Common Council: 10/13/15, 1/8/19, 5/24/22

Policy

- 1) Tangible capital-type items will be capitalized only if they have an estimated useful life of at least two years following the date of acquisition
- 2) Capitalization thresholds will be applied to individual items rather than to groups of similar items (e.g. chairs and radios)
- 3) Infrastructure assets will be treated separately from other capital assets for purposes of establishing capitalization thresholds.
- 4) Capitalization threshold will be \$5,000.
- 5) Assets will be recorded at historical cost (estimated where actual is not available). Donated and contributed assets will be recorded at fair market value at the time of receipt. Constructed assets will include all costs including design expenses. The City will not capitalize interest on assets that are built over a period of time.
- 6) The City will maintain control over its non-capitalized tangible capital-type items by establishing and maintaining adequate control procedures at the department level.
- 7) Policy covers governmental funds, enterprise funds – Water, Sewer, Water Resource Management – are excluded

HISTORICAL COST

Historical cost is the original acquisition cost of an asset, including all ancillary costs involved in putting that asset into its intended use. Historical cost or estimated historical cost will be used as the total asset cost whenever it is directly known. All costs needed to get the asset to the point of acceptance as an asset should be included as part of historic cost. These costs include, but are not limited to, freight, transportation, installation and professional fees.

USEFUL LIFE

The useful life of an asset will be assigned depending on the asset type. Useful life estimations are developed from various sources. They may be changed at any time based on experience. Level of maintenance and outside factors such as amount of use and weather can affect an assets life. The useful lives of the various asset categories will be reviewed periodically and adjusted based on experience.

Useful life is vital, as it forms the divisor in the calculation of depreciation. Depreciation is the mechanism to allocate the cost of an asset, not its life. It is an estimate.

Depreciation will be calculated on the straight-line basis, with a half-year convention (In other words, a one-half year of depreciation will take place in the year of acquisition and one-half in the final year of its useful life.) All assets are assumed to have no salvage value. Land and construction in progress will not be depreciated. The following table lists the assets useful lives and depreciation rates:

ASSET CATEGORY	YEARS	YEARLY RATE
Buildings:	50	2%
Building Improvements:	25	4%
Equipment:	10	10%
Vehicles:		
Police Cruisers	2	50%
Ambulance	7	14.29%
General Purpose	10	10%
Highway Trucks	12	8.33%
Fire/Rescue Vehicles	15	6.67%
Office Furnishings:	10	10%
Computer		
Equipment	4	25%
Software	7	14.29%

For Infrastructure, useful lives

Roads:		
Concrete	40	2.50%
Asphalt	40	2.50%
Sidepaths/Bikepaths:		
Concrete	30	3.33%
Asphalt	15	6.67%
Sewer Utility		
Lift Station	33	3%
Plant, Mains	100	1%
Storm sewer		
Concrete – culverts, storm sewer	75	1.33%
Metal – culverts, storm sewer	40	2.50%
Ponds	20	5%
Ornamental Street Lights		
	35	2.86%
Land Improvements:		
	25	4%

These useful lives will be subject to change based on actual experience

LEASES

All lease arrangements will be evaluated by the Finance Department to determine whether it is a capital or operating lease. There are four characteristics of a capital lease. Any ONE of these criterion will trigger capitalization. The criterions are:

- 1) Transfer of ownership
- 2) Bargain purchase option
- 3) Lease term at least 75% of the asset's useful life
- 4) The present value of the lease payments equal at least 90% of fair market value

Assets that are acquired through a lease purchase shall be recorded at the lower of the present value of the minimum lease payments or the fair market value of the leased property.

CAPITAL vs. REPAIR/MAINTENANCE

Maintenance costs are to be expensed rather than capitalized. The Finance department will need to analyze material expenditures as incurred as to whether they meet the tests for capitalization versus being expensed as repairs and maintenance. While not setting specific tests, the guidelines are purposely broad and allow for professional judgment, while setting some limitations overall. The following criteria are the basis for distinguishing costs as either capital or repair and maintenance:

With respect to asset improvements, costs should be capitalized if:

- 1) The estimated life of the asset is extended by more than 25% or
- 2) The cost results in an increase in the capacity of the asset, or
- 3) The efficiency of the asset is increased by more than 20%, or
- 4) Significantly changes the character of the asset, or
- 5) In the case of streets and roads – if the work done impacts the "base" structure.

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

City of New Berlin General Financial Policy	TITLE: Identity Theft Policy
AUTHORIZATION DATE: 10/28/08	LAST UPDATE: 10/28/08, 10/13/15
POLICY SOURCE: Finance Committee	SCOPE: City-wide
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 09/10/15,12/13/18,5/12/22 Common Council: 10/13/15, 1/8/19, 5/24/22

General

The risk to the municipality, its employees and customers from data loss and identity theft is of significant concern to the municipality and can be reduced only through the combined efforts of every employee and contractor. This policy and protection program applies to employees, contractors, consultants, temporary workers, and other workers at the municipality, including all personnel affiliated with third parties.

Purpose

The municipality adopts this sensitive information policy to help protect employees, customers, contractors and the municipality from damages related to the loss or misuse of sensitive information.

This policy will:

1. Define sensitive information;
2. Describe the physical security of data when it is printed on paper;
3. Describe the electronic security of data when stored and distributed; and
4. Place the municipality in compliance with state and federal law regarding identity theft protection.

This policy enables the municipality to protect existing customers, reducing risk from identity fraud, and minimize potential damage to the municipality from fraudulent new accounts. The program will help the municipality:

1. Identify risks that signify potentially fraudulent activity within new or existing covered accounts;
2. Detect risks when they occur in covered accounts;
3. Respond to risks to determine if fraudulent activity has occurred and act if fraud has been attempted or committed; and
4. Update the program periodically, including reviewing the accounts that are covered and the identified risks that are part of the program.

Policy

- 1: Sensitive Information Policy**
 - 1.1: Definition of Sensitive Information**

Sensitive information includes the following items whether stored in electronic or printed format:

1.1a: Credit card information, including any of the following:

1. Credit card number (in part or whole)
2. Credit card expiration date
3. Cardholder name
4. Cardholder address

1.1b: Tax identification numbers, including:

1. Social Security number
2. Business identification number
3. Employer identification numbers

1.1c: Payroll information, including, among other information:

1. Paychecks
2. Pay stubs

1.1d: Cafeteria plan check requests and associated paperwork

1.1e: Medical information for any employee or customer, including but not limited to:

1. Doctor names and claims
2. Insurance claims
3. Prescriptions
4. Any related personal medical information

1.1f: Other personal information belonging to any customer, employee or contractor, examples of which include:

1. Date of birth
2. Address
3. Phone numbers
4. Maiden name
5. Names
6. Customer number

1.1g: Municipal personnel are encouraged to use common sense judgment in securing confidential information to the proper extent. Furthermore, this section should be read in conjunction with Wisconsin's open records laws. If an employee is uncertain of the sensitivity of a particular piece of information, he/she should contact their supervisor.

1.2: Hard Copy Distribution

Each employee and contractor performing work for the municipality will comply with the following policies:

1. File cabinets, desk drawers, overhead cabinets, and any other storage space containing documents with sensitive information will be locked when not in use.
2. Storage rooms containing documents with sensitive information and record retention areas will be locked at the end of each workday or when unsupervised.
3. Desks, workstations, work areas, printers and fax machines, and common shared work areas will be cleared of all documents containing sensitive information when not in use.
4. Whiteboards, dry-erase boards, writing tablets, etc. in common shared work areas

will be erased, removed, or shredded when not in use.

5. When documents containing sensitive information are discarded they will be placed inside a locked shred bin or immediately shredded using a mechanical cross cut or Department of Defense (DOD)-approved shredding device. Locked shred bins are labeled "Confidential paper shredding and recycling." Municipal records, however, may only be destroyed in accordance with the city's records retention policy.

1.3: Electronic Distribution

Each employee and contractor performing work for the municipality will comply with the following policies:

1. Internally, sensitive information may be transmitted using approved municipal e-mail.
All sensitive information must be encrypted when stored in an electronic format.
2. Any sensitive information sent externally must be encrypted and password protected and only to approved recipients. Additionally, a statement such as this should be included in the e-mail:

"This message may contain confidential and/or proprietary information and is intended for the person/entity to whom it was originally addressed. Any use by others is strictly prohibited."

SECTION 2: ADDITIONAL IDENTITY THEFT PREVENTION PROGRAM

2.A: Covered accounts

A covered account includes any account that involves or is designed to permit multiple payments or transactions. Every new and existing customer account that meets the following criteria is covered by this program:

1. Business, personal and household accounts for which there is a reasonably foreseeable risk of identity theft; or
2. Business, personal and household accounts for which there is a reasonably foreseeable risk to the safety or soundness of the municipality from identity theft, including financial, operational, compliance, reputation, or litigation risks.

2.B: Red flags

2.B.1: The following red flags are potential indicators of fraud. Any time a red flag, or a situation closely resembling a red flag, is apparent, it should be investigated for verification.

1. Alerts, notifications or warnings from a consumer reporting agency;
2. A fraud or active duty alert included with a consumer report;
3. A notice of credit freeze from a consumer reporting agency in response to a request for a consumer report; or
4. A notice of address discrepancy from a consumer reporting agency as defined in § 334.82(b) of the Fairness and Accuracy in Credit Transactions Act.

2.B.2: Red flags also include consumer reports that indicate a pattern of activity inconsistent with the history and usual pattern of activity of an applicant or customer, such as:

- A recent and significant increase in the volume of inquiries;
- An unusual number of recently established credit relationships;
- A material change in the use of credit, especially with respect to recently established credit relationships; or
- An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.

2.C: Suspicious documents

- 2.C.1:** Documents provided for identification that appear to have been altered or forged.
- 2.C.2:** The photograph or physical description on the identification is not consistent with the appearance of the applicant or customer presenting the identification.
- 2.C.3:** Other information on the identification is not consistent with information provided by the person opening a new covered account or customer presenting the identification.
- 2.C.4:** Other information on the identification is not consistent with readily accessible information that is on file with the municipality, such as a signature card or a recent check.
- 2.C.5:** An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.

2.D: Suspicious personal identifying information

- 2.D.1:** Personal identifying information provided is inconsistent when compared against external information sources used by the municipality. For example:
- The address does not match any address in the consumer report;
 - The Social Security number (SSN) has not been issued or is listed on the Social Security Administration's Death Master File; or
 - Personal identifying information provided by the customer is not consistent with other personal identifying information provided by the customer. For example, there is a lack of correlation between the SSN range and date of birth.
- 2.D.2:** Personal identifying information provided is associated with known fraudulent activity as indicated by internal or third-party sources used by the municipality. For example, the address on an application is the same as the address provided on a fraudulent application
- 2.D.3:** Personal identifying information provided is of a type commonly associated with fraudulent activity as indicated by internal or third-party sources used by the municipality. For example:
- The address on an application is fictitious, a mail drop, or a prison; or
 - The phone number is invalid or is associated with a pager or answering service.
- 2.D.4:** The SSN provided is the same as that submitted by other persons opening an account or other customers.
- 2.D.5:** The address or telephone number provided is the same as or similar to the address or telephone number submitted by an unusually large number of other customers or other persons opening accounts.
- 2.D.6:** The customer or the person opening the covered account fails to provide all required personal identifying information on an application or in response to notification that the

application is incomplete.

2.D.7: Personal identifying information provided is not consistent with personal identifying information that is on file with the municipality.

2.D.8: When using security questions (mother's maiden name, pet's name, etc.), the person opening the covered account or the customer cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report.

2.E: Unusual use of, or suspicious activity related to, the covered account

2.E.1: Shortly following the notice of a change of address for a covered account, the municipality receives a request for new, additional, or replacement goods or services, or for the addition of authorized users on the account.

2.E.2: A new revolving credit account is used in a manner commonly associated with known patterns of fraud patterns. For example, the customer fails to make the first payment or makes an initial payment but no subsequent payments

2.E.3: A covered account is used in a manner that is not consistent with established patterns of activity on the account. There is, for example:

- Nonpayment when there is no history of late or missed payments;
- A material change in purchasing or usage patterns

2.E.4: A covered account that has been inactive for a reasonably lengthy period of time is used (taking into consideration the type of account, the expected pattern of usage and other relevant factors).

2.E.5: Mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer's *covered* account.

2.E.6: The municipality is notified that the customer is not receiving paper account statements.

2.E.7: The municipality is notified of unauthorized charges or transactions in connection with a customer's *covered* account.

2.E.8: The municipality receives notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with *covered* accounts held by the municipality

2.E.9: The municipality is notified by a customer, a victim of identity theft, a law enforcement authority, or any other person that it has opened a fraudulent account for a person engaged in identity theft.

SECTION 3: RESPONDING TO RED FLAGS

3.A: Once potentially fraudulent activity is detected, an employee must act quickly as a rapid appropriate response can protect customers and the municipality from damages and loss.

3.A.1: Once potentially fraudulent activity is detected, gather all related documentation and write a description of the situation. Present this information to the designated authority for determination.

3.A.2: The designated authority will complete additional authentication to determine whether the attempted transaction was fraudulent or authentic.

3.B: If a transaction is determined to be fraudulent, appropriate actions must be taken immediately.

Actions may include:

1. Cancelling the transaction;
2. Notifying and cooperating with appropriate law enforcement;
3. Determining the extent of liability of the municipality; and
4. Notifying the actual customer that fraud has been attempted.

SECTION 4: PERIODIC UPDATES TO PLAN

- 4.A:** At periodic intervals established in the program, or as required, the program will be re-evaluated to determine whether all aspects of the program are up to date and applicable in the current business environment.
- 4.B:** Periodic reviews will include an assessment of which accounts are covered by the program.
- 4.C:** As part of the review, red flags may be revised, replaced or eliminated. Defining new red flags may also be appropriate.
- 4.D:** Actions to take in the event that fraudulent activity is discovered may also require revision to reduce damage to the municipality and its customers.

SECTION 5: PROGRAM ADMINISTRATION

5.A: Involvement of management

1. The Identity Theft Prevention Program shall not be operated as an extension to existing fraud prevention programs, and its importance warrants the highest level of attention.
2. The Identity Theft Prevention Program is the responsibility of the governing body. Approval of the initial plan must be appropriately documented and maintained.
3. Operational responsibility of the program is delegated to the Finance Director.

5.B: Staff training

1. Staff training shall be conducted for all employees, officials and contractors for whom it is reasonably foreseeable that they may come into contact with accounts or personally identifiable information that may constitute a risk to the municipality or its customers.
2. The Finance Director is responsible for ensuring identity theft training for all requisite employees and contractors.
3. Employees must receive annual training in all elements of this policy.
4. To ensure maximum effectiveness, employees may continue to receive additional training as changes to the program are made.

5.C: Oversight of service provider arrangements

1. It is the responsibility of the municipality to ensure that the activities of all service providers are conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.
2. A service provider that maintains its own identity theft prevention program, consistent with the guidance of the red flag rules and validated by appropriate due diligence, may be considered to be meeting these requirements.
3. Any specific requirements should be specifically addressed in the appropriate contract arrangements.

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

City of New Berlin General Financial Policy	TITLE: Post-Issuance Compliance Policy
AUTHORIZATION DATE: 7/24/12	LAST UPDATE: 10/13/15
POLICY SOURCE: Finance Committee	SCOPE: All City Debt Issues
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 7/15/15, 12/13/18, 5/12/22 Common Council: 10/13/15, 1/8/19, 5/24/22

General

This Post-Issuance Compliance Policy (the "Policy") sets forth specific policies of the City of New Berlin, Wisconsin (the "Issuer") designed to monitor post-issuance compliance of tax-exempt obligations or tax-advantaged obligations ("Obligations") issued by the Issuer with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated there under ("Treasury Regulations").

The Policy documents practices and describes various procedures and systems designed to identify on a timely basis facts relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of Obligations in order that the interest on such Obligations continue to be eligible to be excluded from gross income for federal income tax purposes or that the Obligations continue to receive tax-advantaged treatment. The federal tax law requirements applicable to each particular issue of Obligations will be detailed in the arbitrage or tax certificate prepared by bond counsel and signed by officials of the Issuer and the post-closing compliance checklist provided by bond counsel with respect to that issue. This Policy establishes a permanent, ongoing structure of practices and procedures that will facilitate compliance with the requirements for individual borrowings.

The Issuer recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of the Obligations, and is an integral component of the Issuer's debt management. Accordingly, the analysis of those facts and implementation of the Policy will require on-going monitoring and consultation with bond counsel and the Issuer's accountants.

Policy

The following policies relate to procedures and systems for monitoring post-issuance compliance generally.

- A. The Finance Director (the “Compliance Officer”) shall be responsible for monitoring post-issuance compliance issues.
- B. The Compliance Officer will coordinate procedures for record retention and review of such records.
- C. All documents and other records relating to Obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer. In maintaining such documents and records, the Compliance Officer will comply with applicable Internal Revenue Service (“IRS”) requirements, such as those contained in Revenue Procedure 97-22.
- D. The Compliance Officer shall be aware of options for voluntary corrections for failure to comply with post-issuance compliance requirements (such as remedial actions under Section 1.141-12 of the Regulations and the Treasury’s Tax-Exempt Bonds Voluntary Closing Agreement Program) and take such corrective action when necessary and appropriate.
- E. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

Issuance of Obligations - Documents and Records

With respect to each issue of Obligations, the Compliance Officer will:

- A. Obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents (the “Transcript”).
- B. Confirm that bond counsel has filed the applicable information report (e.g., Form 8038, Form 8038-G, Form 8038-CP) for such issue with the IRS on a timely basis.
- C. Coordinate receipt and retention of relevant books and records with respect to the investment and expenditure of the proceeds of such Obligations with other applicable staff members of the Issuer.

Arbitrage

The following policies relate to the monitoring and calculating of arbitrage and compliance with specific arbitrage rules and regulations.

The Compliance Officer will:

- A. Confirm that a certification of the initial offering prices of the Obligations with such supporting data, if any, required by bond counsel, is included in the Transcript.

- B. Confirm that a computation of the yield on such issue from the Issuer's financial advisor or bond counsel (or an outside arbitrage rebate specialist) is contained in the Transcript.
- C. Maintain a system for tracking investment earnings on the proceeds of the Obligations.
- D. Coordinate the tracking of expenditures, including the expenditure of any investment earnings. If the project(s) to be financed with the proceeds of the Obligations will be funded with multiple sources of funds, confirm that the Issuer has adopted an accounting methodology that maintains each source of financing separately and monitors the actual expenditure of proceeds of the Obligations.
- E. Maintain a procedure for the allocation of proceeds of the issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures. This procedure shall include an examination of the expenditures made with proceeds of the Obligations within 18 months after each project financed by the Obligations is placed in service and, if necessary, a reallocation of expenditures in accordance with Section 1.148-6(d) of the Treasury Regulations.
- F. Monitor compliance with the applicable "temporary period" (as defined in the Code and Treasury Regulations) exceptions for the expenditure of proceeds of the issue, and provide for yield restriction on the investment of such proceeds if such exceptions are not satisfied.
- G. Ensure that investments acquired with proceeds of such issue are purchased at fair market value. In determining whether an investment is purchased at fair market value, any applicable Treasury Regulation safe harbor may be used.
- H. Avoid formal or informal creation of funds reasonably expected to be used to pay debt service on such issue without determining in advance whether such funds must be invested at a restricted yield.
- I. Consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions or investments in guaranteed investment contracts.
- J. Identify situations in which compliance with applicable yield restrictions depends upon later investments and monitor implementation of any such restrictions.
- K. Monitor compliance with six-month, 18-month or 2-year spending exceptions to the rebate requirement, as applicable.
- L. Procure a timely computation of any rebate liability and, if rebate is due, to file a Form 8038-T and to arrange for payment of such rebate liability.
- M. Arrange for timely computation and payment of "yield reduction payments" (as such term is defined in the Code and Treasury Regulations), if applicable.

Private Activity Concerns

The following policies relate to the monitoring and tracking of private uses and private payments with respect to facilities financed with the Obligations.

The Compliance Officer will:

- A. Maintain records determining and tracking facilities financed with specific Obligations and the amount of proceeds spent on each facility.
- B. Maintain records, which should be consistent with those used for arbitrage purposes, to allocate the proceeds of an issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures.
- C. Maintain records allocating to a project financed with Obligations any funds from other sources that will be used for otherwise non-qualifying costs.
- D. Monitor the expenditure of proceeds of an issue and investment earnings for qualifying costs.
- E. Monitor private use of financed facilities to ensure compliance with applicable limitations on such use. Examples of potential private use include:
 1. Sale of the facilities, including sale of capacity rights;
 2. Lease or sub-lease of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers) or leasehold improvement contracts;
 3. Management contracts (in which the Issuer authorizes a third party to operate a facility, e.g., cafeteria) and research contracts;
 4. Preference arrangements (in which the Issuer permits a third party preference, such as parking in a public parking lot);
 5. Joint-ventures, limited liability companies or partnership arrangements;
 6. Output contracts or other contracts for use of utility facilities (including contracts with large utility users);
 7. Development agreements which provide for guaranteed payments or property values from a developer;

8. Grants or loans made to private entities, including special assessment agreements; and
9. Naming rights arrangements.

Monitoring of private use should include the following:

1. Procedures to review the amount of existing private use on a periodic basis; and
2. Procedures for identifying in advance any new sale, lease or license, management contract, sponsored research arrangement, output or utility contract, development agreement or other arrangement involving private use of financed facilities and for obtaining copies of any sale agreement, lease, license, management contract, research arrangement or other arrangement for review by bond counsel.

If the Compliance Officer identifies private use of facilities financed with tax-exempt or tax-advantaged debt, the Compliance Officer will consult with the Issuer's bond counsel to determine whether private use will adversely affect the tax status of the issue and if so, what remedial action is appropriate. The Compliance Officer should retain all documents related to any of the above potential private uses.

Qualified Tax-Exempt Obligations

If the Issuer issues "qualified tax-exempt obligations" in any year, the Compliance Officer shall monitor all tax-exempt financings (including lease purchase arrangements and other similar financing arrangements and conduit financings on behalf of 501(c)(3) organizations) to assure that the \$10,000,000 "small issuer" limit is not exceeded.

Federal Subsidy Payments

The Compliance Officer shall be responsible for the calculation of the amount of any federal subsidy payments and the timely preparation and submission of the applicable tax form and application for federal subsidy payments for tax-advantaged obligations such as Build America Bonds, New Clean Renewable Energy Bonds and Qualified School Construction Bonds.

Reissuance

The following policies relate to compliance with rules and regulations regarding the reissuance of Obligations for federal law purposes.

The Compliance Officer will identify and consult with bond counsel regarding any post-issuance change to any terms of an issue of Obligations which could potentially be treated as a reissuance for federal tax purposes.

Record Retention

The following polices relate to retention of records relating to the Obligations issued.

The Compliance Officer will:

- A. Coordinate with staff regarding the records to be maintained by the Issuer to establish and ensure that an issue remains in compliance with applicable federal tax requirements for the life of such issue.
- B. Coordinate with staff to comply with provisions imposing specific recordkeeping requirements and cause compliance with such provisions, where applicable.
- C. Coordinate with staff to generally maintain the following:
 - 1. The Transcript relating to the transaction (including any arbitrage or other tax certificate and the bond counsel opinion);
 - 2. Documentation evidencing expenditure of proceeds of the issue;
 - 3. Documentation regarding the types of facilities financed with the proceeds of an issue, including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation.
 - 4. Documentation evidencing use of financed property by public and private entities (e.g., copies of leases, management contracts, utility user agreements, developer agreements and research agreements);
 - 5. Documentation evidencing all sources of payment or security for the issue; and
 - 6. Documentation pertaining to any investment of proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received by the investment of proceeds, guaranteed investment contracts, and rebate calculations).
- D. Coordinate the retention of all records in a manner that ensures their complete access to the IRS.
- E. Keep all material records for so long as the issue is outstanding (including any refunding), plus seven years.

Continuing Disclosure

Under the provisions of SEC Rule 15c2-12 (the "Rule"), underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities in a principal amount in excess of \$1,000,000. Unless the Issuer is exempt from compliance with the Rule as a result

of certain permitted exemptions, the Transcript for each issue of Obligations will include an undertaking by the Issuer to comply with the Rule. The Compliance Officer of the Issuer will monitor compliance by the Issuer with its undertakings, which may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of listed "material events."

Conduit Bond Financings

In conduit bond financings, such as industrial revenue bonds or Midwestern Disaster Area Bonds, the Issuer is not in a position to directly monitor compliance with arbitrage requirements and qualified use requirements because information concerning and control of those activities lies with the private borrower. The Issuer's policy in connection with conduit financings is to require that the bond documents in such financings impose on the borrower (and trustee or other applicable party) responsibility to monitor compliance with qualified use rules and arbitrage and other federal tax requirements and to take necessary action if remediation of nonqualified bonds is required.

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

City of New Berlin General Financial Policy	TITLE: Reserve Funds Policy
AUTHORIZATION DATE: 3/11/08	LAST UPDATE: 5/15/13, 10/13/13
POLICY SOURCE: Finance Committee	SCOPE: City Governmental Funds
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 7/15/15, 12/13/18, 5/12/22 Common Council: 10/13/15, 1/8/19, 5/24/22

Policy

1. The City will establish a working Capital reserve to pay for needs caused by unforeseen emergencies. This reserve will be maintained at minimum of not less than fifteen (15%) of the general operating fund.

Explanation: The City will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations. These fund balance reserves are used to generate interest income, and to assist in maintaining an investment grade bond rating.

2. The City will annually budget an undesignated contingency reserve to provide for unanticipated expenditures of a nonrecurring nature, or to meet unexpected small increases in service delivery costs.

Explanation: The City's Contingency Reserve provides for emergencies which could not be anticipated during the budget review process. Contingency reserve transfers are determined and authorized by the City council upon a two-thirds positive vote of the entire membership (pursuant to Wisconsin State Statutes 65.90(5) if the need is of sufficient urgency and is not a circumvention of the budget process.

3. The city has a plan to replenish fund balance should it fall below minimum required level.

The General Fund unrestricted fund balance will be replenished using the following methods:

- a. Adjust the five year financial projection so that spending is adjusted down (or economic recovery predicted) and desired levels of unrestricted fund balance are replenished.
- b. Natural disaster use is replenished when anticipated reimbursement is received from state/federal government.
- c. Fund Balance will be replenished in the order of: committed, assigned, and unassigned.

The General Fund unrestricted fund balance will be replenished using the following timeline:

- a. The amount that needs to be replenished will be adjusted in the five year financial projection to be brought to the minimum required level over a maximum of five budget years.

Milestones for gradual replenishment: Replace 25% of the shortfall per year for four years.

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David A. Ament, Mayor

City of New Berlin General Financial Policy	TITLE: Revenue Policy
AUTHORIZATION DATE: 10/13/15	LAST UPDATE: 10/13/15, 1/8/19
POLICY SOURCE: Finance Committee	SCOPE: City Governmental Funds
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 7/15/15, 12/13/18, 5/12/22 Common Council: 10/13/15, 1/8/19, 5/24/22

General

The City will design, maintain, and administer a revenue system that will ensure a reliable, equitable, diversified, and sufficient revenue stream to support desired City services.

Policy

1. The City will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source.
2. The City will estimate its annual revenues by an objective, analytical process.
3. The City will project revenues and will update this projection annually. Each existing and potential revenue source will be re-examined annually.
4. The City will maintain sound appraisal procedures to keep property values correct. Property will be assessed at 100% of full market value in compliance with the Wisconsin Property Assessment Manual and Ch 70 of the Wisconsin State Statutes. Reassessments will be made of all property in accordance with Chapter 70 Wisconsin State Statutes or as deemed necessary by the City Assessor.
5. The year-to-year increase of actual operational tax levy will be sufficient to provide services that are essential or enhance the quality of the community.
6. The City will establish all user charges and fees for enterprise fund accounts at a level related to the cost of providing the services.

7. Each year, the City will recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases.
8. The City will annually revise user fees with review of the Council to adjust for the effects of inflation and other costs.
9. The City will set fees and user charges for each enterprise fund such as the sewer and water resource management utilities at a level that fully supports the total direct and indirect cost of the activity. Indirect costs include the cost of annual depreciation of capital assets.
10. The City will follow an aggressive policy of collecting revenues.

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