

**CHAPTER 4****FISCAL MANAGEMENT**

**4.01 FINANCE OFFICER.** The City Clerk under the direction of the City Administrator shall be the finance and accounting officer of the City and shall be responsible for the administration of the provisions of this Subchapter.

**4.02 CASH CONTROL.** To assure the proper accounting and safe custody of monies the following shall apply:

1. **Deposit of Funds.** All monies or fees collected for any purpose by any City officer shall be deposited through the office of the Clerk. If any said fees are due to an officer, they shall be paid to the officer by check drawn by the Clerk and approved by the Council only upon such officer making adequate reports relating thereto as required by law, ordinance or council directive.

(Code of Iowa, 1995, Sec. 721.2 [2])

2. **Deposits of Public Funds.** All monies belonging to the City shall be promptly deposited in depositories selected by the Council in amounts not exceeding the authorized depository limitation established by the Council. For the purposes of this Subsection, "depository" means a bank or any office of a bank whose accounts are insured by the Federal Deposit Insurance Corporation, or a savings and loan association or savings bank whose accounts are insured by the Federal Savings and Loan Insurance Corporation or related federal insurance association, or a credit union insured by the National Credit Union Administration.

**4.03 FUND CONTROL.** The Clerk and Treasurer shall establish and maintain separate and distinct funds in accordance with the following:

1. **Revenues.** All monies received by the City shall be credited to the proper fund as required by law, ordinance or resolution.
2. **Expenditures.** No disbursement shall be made from a fund unless such disbursement is authorized by law, ordinance or resolution, was properly budgeted, and supported by a claim approved by the Council.
3. **Emergency Fund.** No transfer may be made from any fund to the emergency fund.
4. **Debt Service Fund.** Except where specifically prohibited by law, monies may

be transferred from any other City fund to the debt service fund to meet payments of principal and interest. Such transfers must be authorized by the original budget or a budget amendment.

5. Capital Improvements Reserve Fund. Except where specifically prohibited by law, monies may be transferred from any City fund to the capital improvements reserve fund. Such transfers must be authorized by the original budget or a budget amendment.

6. Utility and Enterprise Funds. The governing body of a city utility, combined utility system, city enterprise or combined city enterprise which has a surplus in its fund may transfer such surplus to any other City fund, except the emergency fund, by resolution. A surplus shall be defined in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants. No transfer shall be made that is in violation of law or rules of the City Finance Committee.

7. Balancing of Funds. The Clerk and Treasurer shall reconcile their fund accounts at the close of each month and submit a report thereof to the Council.

**4.04 OPERATING BUDGET PREPARATION.** The annual operating budget of the City shall be prepared in accordance with the following:

1. Proposal Prepared. The City Administrator and Clerk shall be responsible for preparation of the annual budget detail, for review and adoption by the Mayor and Council in accordance with directives of the Mayor and Council.
2. Submission to Council. The City Administrator and Clerk shall submit the completed budget proposal to the Council no later than January 15 of each year.
3. Council Review. The Council shall review the proposed budget and may make any adjustments in the budget which it deems appropriate before accepting such proposal for publication, hearing and final adoption.
4. Notice of Hearing. Upon adopting a proposed budget the Council shall set a date for public hearing thereon and cause notice of such hearing and a summary of the proposed budget to be published not less than four (4) nor more than twenty (20) days before the date established for the hearing. Proof of such publication must be filed with the County Auditor.

(Code of Iowa, 1995, Sec. 384.16[3])

5. Copies of Budget on File. No later than twenty (20) days before the date that a budget must be certified to the county auditor and not less than ten (10) days before the date set for the hearing, the Clerk shall make available a sufficient number of copies of the detailed budget to meet the requests of taxpayers and organizations. The copies shall be available for distribution at the offices of the mayor and City Clerk and one copy shall be posted at one of the three places designated by ordinance for the posting of notices.

(Code of Iowa, 1995, Sec. 384.16 [2])

6. Adoption and Certification. After the hearing, the Council shall adopt, by resolution, a budget for at least the next fiscal year and the Clerk shall certify the necessary tax levy for the next fiscal year to the County Auditor and the County Board of Supervisors. The tax levy certified may be less than, but not more than, the amount estimated in the proposed budget. Two copies each of the detailed budget as adopted and of the tax certificate must be transmitted to the County Auditor.

(Code of Iowa, 1995, Sec. 384.16 [5])

#### 4.05 CAPITAL BUDGET PREPARATION.

(Reserved for Future Use)

4.06 BUDGET AMENDMENTS. The City budget finally adopted for the following fiscal year becomes effective July 1 and constitutes the City appropriation for each program and purpose specified therein until amended as provided by this section.

(Code of Iowa, 1995, Sec. 384.18, 384.19)

1. Program Increase. Any increase in the amount appropriated to a program must be prepared, adopted and subject to protest in the same manner as the original budget.

2. Program Transfer. Any transfer of appropriation from one program to another must be prepared, adopted and subject to protest in the same manner as the original budget.

3. Subprogram Transfer. Any transfer of appropriation from one subprogram to another must be approved by resolution of the Council.

4. Activity Transfers. The City Administrator and Clerk shall have the authority to adjust, by transfer or otherwise, the appropriation allocated to activities within a

program or sub-program provided, however, that when such adjustments in any one activity aggregate one thousand (1,000) dollars or ten (10) percent of the amount appropriated, whichever is greater, no further adjustments shall be made without approval by resolution of the Council. All such transfers shall be reported in writing at the next regular meeting of the Council following the transfer and recorded in the minutes for the information of the Council and general public.

4.07 INVESTMENT OF FUNDS. The Clerk shall advise the Council on investments and shall invest City monies not immediately needed at interest in accordance with the Financial Policy Statement adopted by the Council and the requirements of Code of Iowa, Chapter 12B.

(Code of Iowa, 1995, Sec. 12B.12)

4.08 ACCOUNTING. The accounting records of the City shall consist of not less than the following:

1. Books of Original Entry. There shall be established and maintained books of original entry to provide a chronological record of cash received and disbursed.
2. General Ledger. There shall be established and maintained a general ledger controlling all cash transactions, budgetary accounts and for recording unappropriated surpluses.
3. Checks. Checks shall be pre-numbered and signed by the Mayor or Mayor Pro Tem, and City Administrator, Deputy City Clerk or City Treasurer, except as provided by subsection 5 hereof.
4. Budget Accounts. There shall be established such individual accounts to record receipts by source and expenditures by program, sub-program and activity as will provide adequate information and control for budgeting purposes as planned and approved by the Council. Each individual account shall be maintained within its proper fund and so kept that receipts can be immediately and directly compared with revenue estimates and expenditures can be related to the authorizing appropriation. No expenditure shall be posted except to the appropriation for the function and purpose for which the expense was incurred.
5. Immediate Payment Authorized. The Council may by resolution authorize the Clerk to issue checks for immediate payment of amounts due which if not paid promptly would result in loss of discount, penalty for late payment or additional interest cost. Any such payments made shall be reported to the Council for review and approval with and in the same manner as other claims at the next meeting following such payment. The resolution authorizing immediate payment shall

specify the type of payment so authorized and may include but is not limited to payment of utility bills, contractual obligations, payroll and bond principal and interest.

6. Utilities. The Clerk shall perform and be responsible for accounting functions of the municipally owned utilities.

4.09 FINANCIAL REPORTS. The Clerk shall prepare and file the following financial reports:

1. Monthly Reports. There shall be submitted to the Council at the second meeting of each month a report showing the activity and status of each fund, program, sub-program and activity for the preceding month.

2. Annual Report. Not later than October first of each year, there shall be published an annual report containing a summary for the preceding fiscal year of all collections and receipts, all accounts due the City, and all expenditures, the current public debt of the City, and the legal debt limit of the City for the current fiscal year. A copy of the annual report must be furnished to the Auditor of State.

(Code of Iowa, 1995, Sec. 384.22)

4.10 CONTINGENCY ACCOUNT. Whenever the Council shall have budgeted for a contingency account such an account shall be established in the accounting records but no claim shall be paid from such an account. Contingency accounts may be drawn upon only by Council resolution directing a transfer to a specific purpose account within its fund and program and then only upon compelling evidence of an unexpected and unforeseeable need or emergency.

4.11 UNAUTHORIZED EXPENDITURE. No City official or employee, or any person acting under color of such office or employment, shall knowingly make any contract or authorize any expenditure known by him or her to be in excess of that authorized by law.

(Code of Iowa, 1995, Sec. 721.2 [1])

4.12 PURCHASING PROCEDURES. Except as otherwise provided, all purchase orders or contracts for independent contractors' services or work, or the purchase, lease or sale of personal property, materials, equipment or supplies, or the granting of any concession, involving amounts in excess of \$5,000.00 or any building or construction contracts involving amounts in excess of \$5,000.00 but less than \$25,000.00, made by or on behalf of the City, shall be let by free and open competitive bidding after advertisement, to the lowest responsible, or in the appropriate instance, to the highest responsible bidder, depending upon whether the City is to expend or receive money. All purchase orders or contracts which shall involve amounts of \$5,000.00 or less, shall be let in the manner described above whenever practicable, except that they may be let in the open market in a manner calculated to insure the best interests of the public, after solicitation of bids by mail,

telephone or otherwise.

The following shall not be subject to the competitive bidding requirements of this Chapter:

1. Contracts which by their nature are not adapted to award by competitive bidding, such as contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part.
2. Contracts for printing or procurement of special materials, supplies, or postage to be used in connection with an election or referendum.
3. Contracts in which the public will be served through negotiated, noncompetitive, or sole source purchases. The City Administrator shall justify such purchases including, but not limited to, purchases of technical city equipment and service contracts requiring technical capabilities in which the City's interests are served by limited bidding, no bidding, or negotiation.

When the estimated total cost to the City of a public improvement exceeds the sum of \$25,000.00, the City shall advertise for sealed bids for the proposed improvement by publishing a notice to bidders as provided in Code of Iowa, Section 362.3, except that the notice to bidders may be published more than twenty (20) days but not more than forty-five (45) days before the date for filing bids.

(Code of Iowa, 1995, Section 384.96)

#### 4.13 FORM OF REQUEST FOR BIDS.

All requests made for bids and proposals for materials, products, supplies, provisions and other needed articles may be made in general terms and by general specifications and not by brand, trade name or other individual mark.

#### 4.14 OPENING AND PUBLIC INSPECTION OF BIDS.

All sealed bids shall be publicly opened by the City Administrator or his or her designee at such time and place as shall be specified in the advertisement or invitation for bids, and all such bids shall be available for a reasonable time to public inspection in the office of the City Administrator.

#### 4.15 COLLUSION AMONG BIDDERS.

Any agreement or collusion among bidders or prospective bidders in restraint of freedom of competition by agreement to bid a fixed price, or otherwise, shall render the bids of such bidders void. Each bidder shall accompany his or her bid with a sworn statement, or otherwise swear or affirm, that he or she has not been a party to any such agreement. Any disclosure in advance of the

opening of the bids, of the terms of the bids submitted in response to an advertisement, made or permitted by the purchasing agent shall render the proceedings void and shall require readvertisement and reward.

#### 4.16 DETERMINING RESPONSIBILITY OF BIDDERS.

(a) In determining responsibility of bidders the purchasing agent may take into account, in addition to financial responsibility, the past record of transactions and experience with the bidder, adequacy of bidder's equipment, and his or her ability to complete performance within the specified time limit.

(b) An official copy of each awarded purchase order or contract, together with all necessary attachments thereto shall be retained by the purchasing agent in an appropriate file open to the public for such period of time after completion or termination of contract during which action against the city might ensue under applicable laws of limitation. After such period has elapsed such purchase order, contracts and attachments may be destroyed.

#### 4.17 CONTRACTS--AFTER BID PROCEDURES.

If, after competitive bidding procedures have been completed pursuant to this Chapter, the City Administrator or his or her designee determines that no bid received for the purchase of equipment, materials, supplies or services is a responsive bid with respect to a firm price and quantity, then the City Administrator or his or her designee may authorize appropriate city personnel to negotiate for the purchase of such equipment, materials, supplies or services in contract form. The City Administrator shall present a contract for such purchase in excess of \$10,000.00 for City Council approval, if the terms are acceptable to and in the best interests of the City.

#### 4.18 REJECTION OF BIDS.

Any and all bids received in response to an advertisement may be rejected by the City Administrator or his or her designee if the bidder is not deemed responsible, or the character or quality of the services, supplies, materials or equipment does not conform to requirements, or if the specifications or requirements submitted by the City to the bidder are determined to be faulty or incorrect, or if the public interest may otherwise be served thereby. If the lowest bid after formal advertisement is rejected because it is not the lowest responsible bid, the person or body rejecting it shall state the precise reasons for rejecting it and file the same with the City Clerk.

#### 4.19 PERFORMANCE BOND.

Bond, with good and sufficient sureties, in an amount deemed adequate, not only to insure performance of contract in the time and manner prescribed in the contract, but also to save, indemnify, and keep harmless the City against all loss, damages, claims, liabilities, judgments, costs, and expenses which may in anywise accrue against the City in consequence of the granting of the

contract, or which may in anywise result therefrom, may be required of each bidder upon contracts involving amounts in excess of \$5,000.00 when, in the opinion of the City Administrator, the public interest will be served thereby.

#### 4.20 ASSIGNMENT OF CONTRACT.

No contract awarded to the lowest bidder or to the lowest, responsible bidder, as the case may be, shall be assignable by the successful bidder without the written consent of the City Administrator. In no event shall a contract or any part thereof be assigned to a bidder who has been declared not to be a responsible bidder in the consideration of bids submitted in response to advertisement for the particular contract.

#### 4.21 CHANGE ORDERS UNDER \$5,000.

The City Administrator or his or her designee may authorize a change order for an additional unit of material, equipment or service under \$5,000 to an existing or recent purchase order previously approved by Council, if the circumstances requiring the change order were unforeseen or unanticipated, the City Administrator certifies that the low compliant bidder agrees to hold the same price per unit open to allow the city to make the additional purchase, and the change order is limited to 10% of the original contract price.

#### 4.22 ANNUAL PURCHASE AGREEMENTS.

The City Administrator is hereby expressly authorized to enter into annual purchase agreements for the purchase of materials, equipment, supplies, or services that are consistently needed by city departments, that because of the type of materials, equipment, supplies, or services or unknown required quantity of the materials, equipment, supplies, or services a purchase agreement for a fixed amount is not reasonable or cost efficient. Such annual purchase agreements shall state that the City Administrator or his or her designee may purchase necessary materials, equipment, supplies, or services with the successful bidder for that particular material, equipment, supplies, or services at the determined price as needed by the City. Such annual purchase agreements shall, as much as possible, be negotiated or rebid annually.

#### 4.23 REQUESTS FOR PURCHASES.

(a) The head of each department of the City shall certify in writing to the City Administrator the names of officers or employees who shall be exclusively authorized to sign requests for purchases for the respective departments, boards or commissions. All requests for purchases shall be void unless executed by certified officers or employees and approved by the City Administrator.

(b) Except as to emergency contracts authorized by this Chapter, no undertaking, purchase or request for purchase shall be split into parts by the requisitioning agent, purchasing agent or otherwise for the purpose of avoiding any provision of this Chapter.

#### 4.24 AWARD OF CONTRACTS.

(a) No purchase orders, contracts of whatever nature, for independent contractors' services or work, or the purchase, lease or sale of personal property, materials, equipment or supplies, or the granting of any concession involving amounts between \$25.00 and \$10,000.00, when a purchase order is to be used, shall be awarded unless the same is authorized by the City Administrator or his or her designee.

(b) No purchase orders, contracts of whatever nature, for independent contractors' services or work, or the purchase, lease or sale of personal property, materials, equipment or supplies, or the granting of any concession involving amounts in excess of \$10,000.00, shall be awarded unless the same is authorized by the City Council.

(c) All bids above \$25.00 with the name of the bidder, shall be entered on a record maintained by the City Administrator, which record with the name of the successful bidders, indicated thereon shall, after award of contract or order shall be open to public inspection in the office of the City Administrator.

#### 4.25 PUBLIC AND OPERATING EMERGENCIES.

(a) When the Mayor, pursuant to law, governs the City by proclamation in times of public danger or during an emergency, he or she may supersede or abrogate the provisions of this Chapter.

(b) The City Administrator or his or her designee may purchase, or may authorize in writing any department or any board or commission of the city to purchase, in the open market without filing a requisition or estimate therefor, and without advertisement, any supplies, materials or equipment, or services, that could not have been reasonably foreseen or anticipated, for immediate delivery or furnishing to meet bona fide operating emergencies if the amount thereof is not in excess of \$25,000.00. A full written account of any such operating emergency, together with a requisition for the materials, supplies or equipment required therefor, shall be submitted immediately to the City Administrator and shall be open to public inspection for a period of at least one year subsequent to the date of the emergency purchases. The City Administrator, at the next immediate council meeting, shall formally communicate the emergency expenditure in a full written account to the City Council. The exercise of the authority here invested in the City Administrator in respect to purchases to meet such bona fide operating emergencies shall not be dependent upon the Mayor governing the City by proclamation.

4.26 FINANCIAL POLICY. The Council shall, by resolution, adopt a Financial Policy Statement to

guide the conduct of the City's financial affairs. The Financial Policy Statement shall cover the following areas: Revenues; Reserves and Contingencies; Operating Expenditures; Capital Improvements Planning; Debt Management; Investments; and Financial Reporting.

(Code of Iowa, 1995, Secs. 12B.10, 12B.10A and 12B.10B)