

TITLE I – POLICY AND ADMINISTRATION

CHAPTER 7
FISCAL MANAGEMENT

7.01 Purpose	7.06 Capital Budget Preparation
7.02 Finance Officer	7.07 Budget Amendments
7.03 Cash Control	7.08 Accounting
7.04 Fund Control	7.09 Financial Reports
7.05 Operating Budget Preparation	7.10 Contingency Account
	7.11 Unauthorized Expenditure

7.01 PURPOSE. The purpose of this chapter is to establish policies and provide for rules and regulations governing the management of the financial affairs of the City.

7.02 FINANCE OFFICER. The Clerk shall be the finance and accounting officer of the City and shall be responsible for the administration of the provisions of this chapter.

7.03 CASH CONTROL. To assure the proper accounting and safe custody of moneys the following shall apply:

1. **Deposit of Funds.** All moneys or fees collected for any purpose by any City officer shall be deposited through the office of the finance officer. If any said fees are due to an officer, they shall be paid to the officer by check drawn by the finance officer and approved by the Council only upon such officer's making adequate reports relating thereto as required by law, ordinance or Council directive.
2. **Deposits and Investments.** All moneys 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 or invested in accordance with State law, including joint investments as authorized by Section 384.21 of the Code of Iowa.
(Code of Iowa, Sec. 384.21, 452.10 and 453.1)
3. **Petty Cash Fund.** The finance officer shall be custodian of a petty cash fund not to exceed fifty dollars (\$50.00) for the payment of small claims for minor purchases, collect-on-delivery transportation charges and small fees customarily paid at the time of rendering a service for which payments the finance officer shall obtain some form of receipt or bill acknowledged as paid by the vendor or agent. At such time as the petty cash fund is approaching depletion, the finance officer shall draw a check for replenishment in the amount of the accumulated expenditures and said check and supporting detail shall be submitted to the Council as a claim in the usual manner for claims and charged to the proper funds and accounts. It shall not be used for salary payments or other personal services or personal expenses.

7.04 FUND CONTROL. There shall be established and maintained separate and distinct funds in accordance with the following:

1. Revenues. All moneys 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.
(IAC, 230-2.5[384, 388], Sec. 2.5[2])
4. Debt Service Fund. Except where specifically prohibited by State law, moneys 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.
(IAC, 230-2.5[384, 388], Sec. 2.5[3])
5. Capital Improvements Reserve Fund. Except where specifically prohibited by State law, moneys 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.
(IAC, 230-2.5[384, 388], Sec. 2.5[4])
6. Utility and Enterprise Funds. A surplus in a utility or enterprise fund may be transferred to any other City fund, except the Emergency Fund and Road Use Tax Funds, by resolution of the Council. 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 State law or rules of the City Finance Committee.
(IAC, 230-2.5[384, 388], Sec. 2.5[5])
7. Balancing of Funds. Fund accounts shall be reconciled at the close of each month and a report thereof submitted to the Council.

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

1. Proposal Prepared. The finance officer shall be responsible for preparation of the annual budget detail, for review by the Mayor and Council and adoption by the Council in accordance with directives of the Mayor and Council.
2. Boards and Commissions. All boards, commissions and other administrative agencies of the City that are authorized to prepare and administer budgets must submit their budget proposals to the finance officer for inclusion in the proposed City budget no later than February 1 of each year and in such form as may be required by the Council.

3. Submission to Council. The finance officer shall submit the completed budget proposal to the Council no later than February 15 of each year.
4. 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.
5. Notice of Hearing. Upon adopting a proposed budget the Council shall set a date for public hearing thereon to be held before March 15 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, Sec. 384.16[3])
6. Copies of Budget on File. Not less than twenty (20) days before the date that the budget must be certified to the County Auditor and not less than ten (10) days before the public hearing, the Clerk shall make available a sufficient number of copies of the detailed budget to meet the requests of taxpayers and organizations, and have them available for distribution at the offices of the Mayor and Clerk and at the City library.
(Code of Iowa, Sec. 384.16[2])
7. 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, Sec. 384.16[5])

7.06 CAPITAL BUDGET PREPARATION.

(Reserved for Future Use)

7.07 BUDGET AMENDMENTS. A 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, Sec. 384.18)

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.
(IAC, 230-2.2[384, 388])
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.
(IAC, 230-2.3[384, 388])

3. Sub-program Transfer. Any transfer of appropriation from one sub-program to another must be approved by resolution of the Council.

(IAC, 230-2.4[384, 388])

4. Activity Transfers. The finance officer 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 five hundred dollars (\$500.00) or ten percent (10%) 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.

(IAC, 230-2.4[384, 388])

7.08 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 Clerk following Council approval, 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 finance officer shall perform and be responsible for accounting functions of the municipally owned utilities.

7.09 FINANCIAL REPORTS. The finance officer shall prepare and file the following financial reports:

1. Monthly Reports. There shall be submitted to the Council at the first 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 published annual report must be furnished to the Auditor of State.

(Code of Iowa, Sec. 384.22)

7.10 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.

7.11 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, Sec. 721.2[1])
