

# CITY OF EVANSVILLE



## FISCAL POLICY HANDBOOK

Effective April 21<sup>st</sup>, 2025

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## FUND BALANCE

### **1-1 Purpose.**

The City of Evansville understands it has a responsibility to maintain prudent financial operations to ensure stable City operations for the benefit of City residents and businesses. Fund balance reserves are an important component in ensuring the overall financial health of the community, by giving the City short-term and long-term financial stability to meet contingency needs, cash-flow timing, fluctuations in major revenue sources, and credit rating concerns.

### **1-2 Policy.**

1. Provide and maintain an Unassigned General Fund balance within a range of 35% to 40% of budgeted operating expenditures. Effective January 1st, 2026: Provide and maintain Unassigned General Fund balance within a range of 35% to 50% of budgeted operating expenditures. General Fund balance may go to Capital Outlay for projects and equipment listed in the 5- or 10-year capital plans, or other non-recurring expenses when:
  - a. The use of the funds is appropriate or authorized for such purposes.
  - b. Council has approved such balance transfer in the budget.
  - c. The application to Capital Outlay does not reduce the General Fund balance below 35%.
2. Provide and maintain cash and investments in each Enterprise (utility) Fund within a range of 8% to 12% of budgeted operating expenditures. Effective January 1st, 2026: Provide and maintain cash and investments in each Enterprise (utility) Fund within a range of 10% to 25% of budgeted operating expenditures. Excesses shall be saved and/or invested until such time it can be used on authorized capital purchases listed in the 5- or 10-year capital plans or other non-recurring expenses.
3. Effective January 1st, 2026: Provide and maintain cash and investments in the Cemetery Fund of at least 25% of budgeted operating expenditures. Excesses shall be saved and/or invested until such a time that they can be used on authorized capital purchases listed in the 5- or 10-year capital plans or other non-recurring expenses.
4. Effective January 1st, 2026: Provide and maintain cash and investments in the EMS Fund of at least 25% of budgeted operating expenditures. Excesses shall be saved and/or invested until such a time that they can be used on authorized capital purchases listed in the 5- or 10-year capital plans or other non-recurring expenses.
5. Effective January 1st, 2026: Generally, maintain cash and investments in the Library Fund of at least 15% of budgeted operating expenditures. Excess should be saved and/or invested until such time it can be used on authorized capital purchases listed in the 5- or 10-year capital plans or other non-recurring expenses.
6. Annual proposed budgets shall include the above benchmark policies.
7. Council shall review the amounts in fund balance in conjunction with the annual budget approval and adjust as necessary to meet expected cash-flow needs.
8. When restricted and other fund balance resources are available for use, it is the City's policy to use restricted sources first, followed by committed, assigned and unassigned amounts respectively.
9. Business type fund 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 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 and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

### **1-3 Procedures**

- 1. City shall maintain necessary funds in accordance with this and other City financial policies.
- 2. Annual financial statements shall be prepared in accordance with generally accepted accounting principles establishing the fund balance at the end of each year.
- 3. Council shall review fund balances and cash-flow needs during the budget process in accordance with this policy.
- 4. Staff and Council shall review this policy periodically, especially if the composition or timing of revenue receipts change.

### **1-4 Responsibility and Authority.**

Administrative implementation of this policy is the responsibility of staff, specifically the City Administrator/Finance Director, and the Evansville Common Council. Assignment of report writing and distribution may be assigned by the City Administrator/Finance Director or the Evansville Common Council.

### **1-5 Fund Types.**

- 1. Fund Financial Statements - Governmental fund equity is classified as fund balance. In the fund financial statements, the governmental fund balance are presented in five categories:
  - a. Non-spendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
  - b. Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
  - c. Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.
  - d. Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.
  - e. Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative

balances in the governmental funds reporting resources restricted for specific programs.

### **1-6 Utility Rate Cases and Studies.**

Effective January 1<sup>st</sup>, 2026: The Evansville Common Council, based on the recommendations of the Municipal Services Committee and/or Finance & Labor Relations Committee shall cause a “rate case” or “study” to occur when any of the following occur:

1. Future Capital needs have changed since the last “rate case” or “study”
2. Cash and Investments have been outside the parameters set above more than two consecutive fiscal years.
3. Debt coverage rate falls below minimum standards set by the Public Service Commission.
4. City Auditor and/or Municipal Advisor recommend or requires an analysis of rates.



## PURCHASING

### **2-1 Purpose.**

The purpose of this Policy is to provide guidance and practical procedures to be followed for the procurement of goods and services for all departments. Lastly this policy is to provide safeguards for maintaining a procurement system of quality and integrity which is deserved by City taxpayers.

### **2-2 Policy.**

The provisions of Wis. Stat. § 62.15 take precedence over any portion of this policy that may conflict.

### **2-3 Objectives.**

The objectives of the City's purchasing policy are:

1. To ensure that materials, equipment, and services are purchased at the lowest prices consistent with quality, carbon output, and performance.
2. To provide adequate controls over City expenditures and financial commitments with proper documentation.
3. To obtain quality goods required by City Departments.
4. To provide a standardized system of purchasing for use by all City Departments.

### **2-4 Application.**

This policy applies to all procurements of supplies, equipment, capital assets, services, and construction services, entered into by the City of Evansville after the effective date of this Policy. It shall apply to all expenditures of public funds by a City employee for City purchasing irrespective of the source of funds. When the procurement involves the expenditure of federal/state assistance or contract funds, the procurement shall be conducted in accordance with any mandatory applicable regulations. Nothing in this Policy shall prevent any City employee from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.

### **2-5 Vendor Discounts.**

It is the policy of the City to take advantage of available vendor/trade discounts and government pricing when the available discount provides the lowest cost for the same quality.

### **2-6 Non-Budgeted Items.**

All requested expenditures should be provided for in the current budget. However, purchases that have not been provided for in the current budget will require notification to the City Administrator /Finance Director in writing to control over spending from the total budget. If there is the potential for expenses to exceed the budget category or department total, the City Administrator /Finance Director shall notify the Finance and Labor Relations Committee. The Department Head shall report this expense overage in their report to their supervising committee. In the absence of the City Administrator/Finance Director, the Mayor shall be first notified.

If a non-budget item does or will cause an overage of expenses, a budget amendment shall be made in accordance with Chapter 2 of the Evansville Municipal Code.

## **2-7 Emergency Purchases of Non-Budgeted Items.**

Emergency purchases shall only be made to:

1. Prevent delays in construction or delivery of essential services.
2. To stay an immediate threat to the health or safety of the public and employees.

For emergency purchases of non-budgeted items or services, the appropriate Department Head shall make every effort to obtain three quotes for the item. The purchase shall be reviewed and authorized by the City Administrator/Finance Director. In the absence of the City Administrator/Finance Director, the Mayor shall authorize ordering the item. If the Mayor is unavailable, the Council President shall authorize ordering the item.

## **2-8 Local Merchants and Energy Efficiency.**

In an effort to provide the best quality and efficient operation, it is required that all Department Heads first check with local merchants for service and materials. Additionally, the total carbon or efficiency metrics of a purchase should be considered. Consideration of costs shall include the cost savings of time, transportation, quality control and support provided by a local merchant.

## **2-9 Employee Conflict of Interest.**

It shall be unethical for any City employee to participate directly or indirectly in a procurement contract if the City employee knows that:

1. The City employee or any member of the City employee's immediate family has a financial interest pertaining to the procurement contract; or
2. Any other person, business, or organization with whom the City employee or any member of the City employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement contract.
3. The purchase would violate Wis. Stats., § 19.59 and § 946.13, where an employee or official may be or may appear to be a reasonable person to be influenced by potential financial gain, either direct or indirect, for the employee, a member of his/her immediate family, or an organization with which he/she is affiliated.

## **2-10 Lowest Cost or Best Value.**

It is not always in the interest of the City to simply purchase on the lowest available cost only. Responsible parties in the decision making of the purchase must also weigh quality, reliability, warranty, historically positive relationship/results, delay of time, transportation costs, and more when determining the best value. Responsible parties are to use their best judgement with these considerations over simply comparing cost per unit. When there is a noticeable difference in costs, those parties must also be able to recall their reasons when asked, preferably through documentation.

## **2-11 Responsibility of Department Heads.**

There are many responsibilities of the Department Heads, these are a few examples of purchasing responsibilities and guidelines:

1. Routinely check the availability of their budget funds through expense reports, use of online portal to the accounting system.
2. Ensure the goods and/or services were duly authorized by the designated responsible party.
3. Review Purchase Orders for accuracy in inventory, service and cost.
4. Review Purchase Orders for accuracy of fund allocation before approval.

5. Approve invoices and submit them to the City Treasurer or assigned personnel providing accounts payable services.

## **2-12 Responsibility of the City Administrator/Finance Director.**

There are many responsibilities of the City Administrator/Finance Director, these are a few examples of purchasing responsibilities and guidelines:

1. Ensure funds are available for purchases pursuant to the budget.
2. Provide a report for all expenditures to the Finance and Labor Relations Committee monthly.
3. Review Purchase Orders for accuracy and completeness when assignment to a Department Head is not possible, known or unable to be complete in a timely manner.
4. Approve invoices and submit them to the City Treasurer or assigned personnel providing accounts payable services.

## **2-13 Purchasing Procedure.**

All purchases made by Department Heads, authorized staff, and Administration shall always consider the operational costs of a purchase as part of the measurement for determining the best value or need for such purchase first. Purchases made by the City of Evansville are grouped and handled under the following categories/procedures:

1. Purchases up to \$1,000.00. If the estimated price of an item is \$1,000 or less and is budgeted, the appropriate Department Head is authorized to purchase said item.
2. Purchases are over \$1,000 but less than \$5,000. For the purchase of a budgeted item involving an estimated expenditure of more than \$1,000 and less than \$5,000, the appropriate Department Head must make every effort to solicit a minimum of two written or oral quotes. If the lowest quote of equal value and quality is not recommended due to issues relating to Emergency, Local Merchant, or Conflict of Interest, the next best quote shall be used. This excludes all government pre-bid pricing.  
In the Interest of saving staff time, items purchased from suppliers with an established account and history with the City do not have to provide quotes for every item purchased. The Department Head shall compare the vendor or contractor's price and service from time to time to ensure best value instead.
3. Purchases are over \$5,000 but less than \$25,000. For the purchase of a budgeted item involving an estimated expenditure of more than \$5,000 and less than \$25,000, the appropriate Department Head shall make every effort to solicit a minimum of three quotes. If the lowest quote of equal value and quality is not recommended due to issues relating to Emergency, Local Merchant, or Conflict of Interest, the next best quote shall be used. This excludes all government pre-bid pricing. The City Administrator/Finance Director shall approve all expenditures.
4. Purchases of \$25,000 or more and are not covered by section Wis. Stat. § 62.15. The Department Head and City Administrator/Finance Director shall work together as needed to compile a request for bid, proposal or quote. These documents shall be sent out to as many eligible providers, contractors, merchants or distributors as possible. The City has the right to reject any and/or all quotes and/or bids.
5. New Construction and Infrastructure Improvement over \$25,000. All public construction and infrastructure improvements (excluding maintenance and repair of existing infrastructure) in which the estimated cost exceeds \$25,000 shall be let by contract to the lowest responsible bidders. The bidding process shall incorporate the requirements in

Wis. Stats. § 62.15 and 66.0901. Any project receiving only one bid shall be rebid unless it is approved by a three-fourths vote of the Council. The City has the right to reject any and/or all quotes and/or bids.

6. Change orders on Public Construction Contracts. Whenever it is reasonably possible, a proposed increase in the cost of a public construction contract resulting from a change in the scope of the project shall be presented to the responsible Committee and the Finance and Labor Relations Committee for review. . If the cost of delaying the project is prohibitive, the appropriate Department Head shall determine the value, and the City Administrator/Finance Director shall approve the change orders submitted by the City Engineer and/or contractor.
7. Leases, Contracts and Agreements. When a service contract, lease, agreement, or other purchase creates a non-budgeted financial obligation, a commitment of City resources, or commitment to provide aid, said agreement must be approved by Common Council. All leases, contracts, and agreements must be approved by the City Administrator/Finance Director.

## **2-14 Frequent Purchases.**

As part of the monthly approval of City bills, the following require no advanced notification or preauthorization:

1. Professional contracted services such as legal, architectural, engineering, auditing, maintenance contracts, and janitorial contracts. These expenditures are contracted and have prior Council approval.
2. On-going Utility expenditures such as electricity, natural gas, and telephone services.
3. Payroll and related expenses such as employee insurance payments, pension payments and mandatory state and federal employee withholding. The City Administrator/Finance Director will automatically charge the appropriate budget accounts.
4. Routine expenditures, such as insurance premiums, health claims and bond payments, which received prior Council approval and authorization. The City Administrator/Finance Director will automatically charge the appropriate department budget account.
5. Large supply orders that are quoted at least annually. An example would be Municipal Services Department salt/sand purchases.
6. Budgeted items following the process described in the “Purchasing Procedure” above.

## **2-15 Employee Reimbursements.**

An employee reimbursement form with the corresponding receipts must be presented to the employees' most immediate supervisor for approval. City Administrator / Finance Director shall submit reimbursements to the accounts payable staff person to be forwarded to a second signatory by either the Mayor, Council President, City Clerk, or City Treasurer/Utility Accountant before entry.

## **2-16 Employee Purchase of Memorials and Other Items.**

To show support or remembrance for those who dedicate or have dedicated themselves to the betterment of Evansville through service, the staff may make purchases of memorials as follows:

1. City may provide memorials of approximately \$50 value for death or serious hospitalization of current part-time employees, former or current full-time employees, current committee members, and former or current Mayors and Alderpersons.

2. City may provide memorials or sympathy cards for other individuals on a case-by-case basis accounting for his/her working relation with the City and circumstances of death or serious hospitalization.
3. Exceptions can be made to the above with City Administrator/Finance Director approval.

## **2-17 Use of City Credit/Accounts.**

All employees entrusted with a City credit card or access to a City account with a vendor shall follow these main rules to ensure transparency and prevent abuse.

1. All use of City credit cards must have a receipt or some detailed proof of purchase in their expense report. If a receipt is not available, additional information must be supplied on the expense report detailing what was purchased and why the receipt is missing.
2. Any accidental misuse must be reimbursed in less than 30 days and documented in the accounting system.
3. No employee shall knowingly use a City account or credit to reduce costs of purchases or temporarily finance a purchase for personal items or services.
4. All employees must sign the Employee Handbook, applicable portions of this handbook, and undergo a financial background check before being issued a Credit Card
5. No elected official, city contractor, or city consultant shall be issued or reissued a City Credit Card or credit account

## **2-18 Sales Tax Exemption.**

The City's tax exemption status may not be used by any staff, elected official, or other entity for any purpose other than the purchase of goods and services directly applied to the City. Eligible purchases would include reimbursable items as described in the employee conduct manual or items within budget as part of the Department's programing or capital purchases.

Whenever possible the City Treasurer or assigned employee shall contact vendors to create tax exemptions status for the City or delete the tax amount from the invoice before submitting payment.

## **2-19 Purchasing City Property, Goods and Services.**

No employee, elected official, member or officer of the City of Evansville shall purchase from the City any goods, services, materials, and equipment. (Reference Wis. Stat. §175.10)

Exclusions are as follows:

1. The sale is of a surplus or discarded item that is no longer needed and is available for sale to the public using a publicly available method.
2. The sale is of an item that is regularly available to the public at the same cost.

## **2-20 Purchasing Electronic and Mobile Equipment.**

No employee shall purchase any computers or mobile devices from any vendor other than those authorized. Such purchases should comply with typical device standards as provided by supervisors from time to time.



## ACCOUNTS PAYABLE APPROVAL PROCESS

### **3-1 Purpose.**

The purpose of this approval process is to document the steps necessary and clearly define segregation of duties in the interest of protecting the taxpayer's money.

### **3-2 Policy.**

Staff shall not deviate from the procedures listed in 3-3 below, excluding circumstances beyond the control of staff and the City or when there is a compelling interest to proceed with the accounts payable process. In such events, substitutions of oversight may be put into effect to maintain multiple staff overview. In the event of long term or multiple occasions of substitution, notice shall be given to the City Auditor and Finance and Labor Relations Committee.

### **3-3 Process.**

1. Invoices are received via postal mail and email.
2. Invoices are given to the Deputy Clerk.
3. Emails are printed and date stamped. Postal mail is opened and date stamped.
4. Invoices are stamped with a "Please Approve" stamp. This stamp has lines for the date and the initials of the person approving it and the account number is written underneath.
5. Invoices are routed to the appropriate department, approved by the Department Head or their designee and returned to the Deputy Clerk for input into the AP system.
6. If the General Ledger account goes over budget a note is added to the invoice to check the budget. This will be reviewed by the City Treasurer or City Administrator/Finance Director when they review the invoices to be paid.
7. On a weekly basis the City Clerk selects invoices for payment. All invoices should be paid before their due date.
8. Invoices for Payment Report is run and matched to a calculator tape which is the total of the selected invoices taken from the physical invoices. This is then given to the City Clerk, City Treasurer, or Administrator/Finance Director for review and approval.
9. Once approved, the Select Invoices for Payment Report is signed by the City Clerk, City Treasurer, or Administrator/Finance Director and returned to the Deputy Clerk.
10. The City Clerk or Executive Assistant then prints the checks.
11. After checks are printed, they are given to the Deputy Clerk. The bottom portion of the check is removed, stapled to the invoice and filed by vendor number. Any remittance goes with the check to be mailed for payment.



## CITY OF EVANSVILLE DEBT MANAGEMENT POLICY

### 4-1 Statement of Policy.

The City of Evansville recognizes that the foundation of any well-managed program of capital financing is a comprehensive debt management policy. A debt policy sets forth the parameters for issuing debt and managing outstanding debt and provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. The debt policy recognizes a binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into the capital markets. Adherence to the debt policy helps the City to maintain a sound debt position and protect its credit quality. Further advantages of a debt policy are:

1. Enhances the quality of decisions by imposing order and discipline.
2. Promote consistency and continuity in decision making.
3. Rationalizes the decision-making process.
4. Identifies objectives for staff to implement.
5. Demonstrates a commitment to long-term financial planning objectives.
6. It is regarded positively by the rating services in reviewing credit quality.

### 4-2 Capital Improvement Planning.

The City will develop and maintain a multi-year Capital Improvement Plan (CIP) for consideration and adoption by the Common Council. The CIP will be for the coming five fiscal years and will be updated periodically. The CIP will contain the following information:

1. Equipment replacement schedule
2. A description of each project.
3. A listing of the expected sources of funds for each project.
4. Estimated timing for each project.
5. An analysis of the debt financing required and the conformance of the planned financing with policy targets and the economic and fiscal resources of the City to bear such indebtedness over the next five years.

### 4-3 Limitations on Issuance of Debt.

1. Legal Limits.
  - a. General Obligation (G.O.) Debt Limit. The total principal amount, outstanding of debt obligations, carrying the G.O. pledge of the City may not exceed an amount equal to five percent of the City's equalized value (including incremental value from TIF Districts ) as determined by the Wisconsin Department of Revenue. As identified in the "Affordability Targets" section of this policy, the City has imposed on itself a direct debt burden limitation of 3.75%, which is equivalent to utilization of no more than 75% of its statutorily allowed debt capacity.
  - b. Purpose and Authority. Debt obligations may be issued by the City under the authority of, and for the purposes defined in the following Chapters or Sections of the Wisconsin Statutes:
    - i. Chapter 24 – State Trust Fund Loans
    - ii. Chapter 67 – G.O. Bonds and Notes
    - iii. Section 67.12(1)(a) – Tax and Revenue Anticipation Notes
    - iv. Section 66.0621 – Revenue Obligations

- v. Section 66.1335 – Housing and Community Development
- vi. Section 66.0701 through 66.0733 – Special Assessment B Bonds

2. Public Policy Limits.

- a. Purposes of Debt Issuance. In determining whether a particular project is appropriately financed with debt obligations, the Common Council will consider the following public policy objectives:
  - i. It is the intent of the City to cash fund projects, in whole or in part, as an alternative to debt financing when practical. It is recognized, however, that most major projects will contain some element of debt financing. This also serves to promote taxpayer equity by amortizing the costs of improvements over their useful lives, providing the City the ability to charge those benefiting from the improvements over time.
  - ii. The City may issue debt obligations to purchase capital assets and to fund infrastructure improvements when current revenues or fund balance/retained earnings are unavailable or reserved for other purposes.
  - iii. The City may also issue debt obligations to provide funds for the implementation of economic development projects. These types of projects will normally be undertaken within a tax incremental district, with debt service repaid from future tax increment collections.
  - iv. The City will not issue long-term debt obligations to provide funds for operating purposes. Issuance of short-term debt obligations to finance operating expenses will only be considered in the event of an extreme financial emergency.
- b. Use of Derivatives. Derivatives are financial contracts or financial instruments whose value is derived from the value of something else (known as the underlying instrument). The City will, as a general practice, not enter into contracts and financing agreements involving interest rate swaps, floating/fixed rate auction or reset securities or other forms of debt bearing synthetically determined interest rates. The only type of derivative that will be considered for use by the City would be a State and Local Government Series (SLGS) Securities investment offered by the US Treasury or a Guaranteed Investment Contract (GIC) when used in conjunction with an advance refunding of the City's debt. Generally, the City will always use SLGS for advance refunding escrow accounts but in the event that SLGS are not available from the US Treasury, the City would consider the use of a GIC but only after competitive proposals are taken from at least three vendors for same.

3. Financial Limits.

- a. G.O. Debt.
  - i. Affordability & Debt Profile Targets. To provide for a capital financing program that is sustainable based on the financial resources of the City, and to further maintain a credit profile that will allow the City to maintain its current rating on outstanding debt issues, the following affordability and debt profile targets are established.
  - ii. Direct Debt Burden. The total principal amount of General Obligation (G.O.) debt outstanding, expressed as a percentage of the City's total equalized value, and as a total per capita. The City has established a

targeted maximum of 3.75% for direct debt burden (as a percentage of equalized value).

- iii. Payout Over Ten Years. The percentage of outstanding G.O. debt principal that will be retired within ten years. The City's target is repayment of no less than 50% of all outstanding principals within ten years.
- iv. Percentage of Expenditures for Debt Service. The City's levy and TIF supported G.O. debt service payments expressed as a percentage of the sum of General, Library, Cemetery and debt service fund expenditures. The City's targeted maximum is 30%.
- v. Revenue Debt. The City may finance the capital needs of its revenue producing enterprise activities through the issuance of revenue-secured debt obligations. Prior to issuing revenue-secured debt obligations, the City will develop financial plans and projections showing the feasibility of the planned financing, required rates and charges needed to support the planned financing, and the impact of the planned financing on ratepayers. The amount of revenue-secured debt obligations will be limited by the feasibility of the overall financing plan, as well as any existing covenants related to debt obligations with a claim to the same revenue source.

b. Short-Term Debt.

- i. Bond or Note Anticipation Note. Where the use is judged to be prudent and advantageous, the City may choose to issue Bond or Note Anticipation Notes as a source of interim construction financing. Prior to their issuance, takeout financing must be planned for and determined to be feasible.
- c. Conduit Debt. The City may sponsor conduit financings for those activities (i.e., economic development, housing, health facilities, etc.) that have a general public purpose and are consistent with the Common Council's overall service and policy objectives. All conduit financings must be non-recourse to the City.

#### **4-4 Debt Structuring Practices.**

- 1. Maximum Term. The term of any debt obligations issued by the City should not exceed the economic life of the improvements that they finance. If financially feasible, the term should be shorter than the projected economic life. Whenever possible, the term of obligations issued will be ten years or less.
- 2. Interest Rates. Debt obligations issued by the City will carry a fixed interest rate. If, in consultation with its Municipal Advisor, the City determines that a variable interest rate offers specific advantages, it may choose to issue securities that pay a rate of interest that varies according to a predetermined formula or results from a periodic remarketing of the securities.
- 3. Debt Service Structure. Whenever possible, debt will be structured so that annual principal and interest payments are approximately level. If necessary, debt structures may be "wrapped" to accommodate existing debt service payments to allow for the City's affordability targets to be maintained. Notwithstanding the foregoing, the City will attempt to structure debt so that interest payments are due not later than the first fiscal year following issuance, and principal payments not later than the second fiscal year following issuance. The City will avoid "balloon" repayment schedules that consist of

low annual principal payments and one large payment due at the end of the term. An exception to the foregoing would be cases where it is anticipated that the City will have funds on hand sufficient to retire the balloon payment (e.g. tax increments, impact fees, land sale proceeds).

4. **Capitalized Interest.** The City may elect to capitalize interest for any debt obligation, but depending on timing of issuance, it should first consider budgeting for the estimated interest expense or appropriating the funds from other available sources. An exception to this policy would be cases where obligations are issued to finance projects within tax increment districts, and current district increment collections are projected to be insufficient to make interest payments. In these cases, the City will normally capitalize interest.
5. **Call Provisions.** Call provisions for debt obligations will be made as short as possible consistent with achieving the best interest rates possible for the City. Obligations shall be callable at par.

#### **4-5 Debt Issuance Practices.**

1. **Competitive Sale.** The City will issue its debt obligations through a competitive sale unless it is determined by the City and its Municipal Advisor that a competitive sale would not be expected to produce the best results for the City. If the City determines that bids received through a competitive sale are unsatisfactory, or in the event no bids are received, the City may enter into a negotiation for sale of the obligations.
5. **Negotiated Sale.** The City may consider negotiated sales of debt obligations in extraordinary circumstances when the complexity of the issue requires specialized expertise, when the negotiated sale would result in substantial savings in time or money, or when market conditions or City credit are unusually volatile or uncertain. If the City elects to negotiate the sale of a debt obligation, it will utilize a Municipal Advisor with no interest in the underwriting of the transaction to represent it.
6. **State and Federal Revolving Loan Funds and Pools.** As an alternative to an open market financing, the City may elect to seek a loan through State or Federal programs when this will provide advantages to the City with respect to costs, interest rates, and/or terms. Examples of available loan programs include State Trust Fund Loans, Clean Water Fund Program Loans, Safe Drinking Water Fund Program Loans, and USDA Rural Development Loans.
7. **Refunding.**
  - a. **Advance Refunding.** If federal tax law allows debt obligations to be refinanced one time prior to the obligation's earliest pre-payment date (call date). The City may issue such advance refunding bonds when legally permissible, and when net present value savings, expressed as a percentage of the par amount of the refunding bonds, equal or exceed a target of two percent.
  - b. **Current Refunding.** Current refunding bonds may be issued to refinance existing debt obligations no earlier than sixty days prior to the obligation's earliest pre-payment date (call date). There is presently no limit to the number of times that an issue may be current refunded. The City may issue current refunding bonds when legally permissible and whenever doing so is expected to result in a net economic benefit to the City.
  - c. **Restructuring of Debt.** Independent of potential savings, the City may choose to refund debt obligations when necessary to provide for an alternative debt

structure. Refunding may also be undertaken to replace and modernize bond covenants essential to management and operations.

**8. Credit Rating.**

- a. Rating Service Relationships. The City Administrator is responsible for maintaining relationships with any rating service that currently assigns ratings to the City's debt obligations. This effort shall include providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance. The City's Municipal Advisor will assist in this effort.
- b. Use of Rating Services. The City Administrator, in consultation with the City's Municipal Advisor, is responsible for determining whether a rating shall be requested on a particular financing, and which rating service(s) will be asked to provide a rating.
- c. Minimum Long-Term Rating Requirements. The City's minimum rating requirement for its long-term G.O. debt is "A" or higher. If a debt obligation cannot meet this requirement based on its underlying credit strength, then credit enhancement may be sought to achieve the minimum rating. If credit enhancement is unavailable or is determined by the City Administrator and the City's Municipal Advisor to be uneconomical, the obligations may be issued without a rating.

**4-6 Debt Management Practices.**

1. Continuing Disclosure. The City is committed to continued disclosure of financial and credit information relevant to its outstanding debt obligations and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure. The City Treasurer is responsible for providing ongoing disclosure information and may be assisted by the City's Municipal Advisor in the execution of this task.
2. Investment of Debt Proceeds. The City will temporarily invest the proceeds of debt obligations in accordance with its investment policy. Interest earnings realized within construction accounts will be applied first towards payment of project costs, then for payment of debt service associated with the obligations.
3. Arbitrage Rebate and Monitoring. The City Treasurer will establish and maintain a system of record keeping and reporting to meet arbitrage rebate compliance requirements of the federal tax code. This effort will include tracking investment earnings on proceeds of debt obligations, calculating rebate payments in compliance with tax law, and remitting any relatable earnings to the federal government in a timely manner to preserve the tax-exempt status of the City's outstanding debt obligations. Additionally, general financial reporting and certification requirements embodied in bond covenants shall be monitored to ensure that all covenants are complied with. The City's Municipal Advisor may assist in the execution of these tasks.

**4-7 Review.**

It is the intent of the Common Council that this Debt Management Policy be reviewed annually and revised as necessary.



## PAYROLL APPROVAL PROCESS

### **5-1 Purpose.**

The purpose of this approval process is to document the steps necessary and clearly define the segregation of duties in the interest of protecting the taxpayer's money and staff salaries.

### **5-2 Policy.**

Staff shall not deviate from the procedures listed in 5-3 below, excluding circumstances beyond the control of staff and the City or when there is a compelling interest to proceed with the payroll process. In such events, substitutions of oversight may be put into effect to maintain multiple staff overview. In the event of long term or multiple occasions of substitution, notice shall be given to the City Auditor and Finance and Labor Relations Committee.

### **5-3 Process.**

1. The prior pay period is closed, and the current pay period is created.
2. Any updates to employees are entered into the payroll system by the Executive Assistant during this time.
3. Employees complete, sign their timesheets, and turn into their supervisor for approval no later than 9am the Monday proceeding a Friday payday. If a signed timesheet is not turned in on time, the paycheck may be delayed until the next regular pay day.
4. Timesheets are reviewed, signed by supervisors, and turned into the Executive Assistant no later than Noon the Monday proceeding a Friday payday.
5. The Executive Assistant enters the employee time into the payroll system.
6. A timesheet register is printed and verified against the timesheets.
7. Hours entered are updated to the Payroll system.
8. Any equipment used is updated to the General Ledger.
9. The timekeeping check out is run.
10. The Automated Clearing House (ACH) file is reviewed by the City Administrator, or City Treasurer/Utility Accountant for reasonableness and uploaded to the bank.
11. The City Administrator/Finance Director, City Clerk, or City Treasurer/Utility Accountant reviews the ACH file for reasonableness and then approves for payment.
12. The City Administrator/Finance Director, City Clerk, or City Treasurer reviews final check register.
13. Physical checks and direct deposit vouchers are printed by the City Clerk or City Treasurer/ Utility Accountant for distribution to employees.



## POST ISSUANCE COMPLIANCE

### **6-1 Introduction.**

This Post-Issuance Compliance Policy (the “Policy”) sets forth specific policies of the City of Evansville, 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 thereunder (“Treasury Regulations”).

### **6-2 Purpose.**

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 issuance 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.

### **6-3 General Policies and Procedures.**

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

1. The Finance Director (the “Compliance Officer”) shall be responsible for monitoring post-issuance compliance issues, including monitoring post-issuance compliance for the Issuer’s business-type activities.
2. The Compliance Officer will coordinate procedures for record retention and review of such records.
3. 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.
4. 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.
5. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

#### **6-4 Issuance of Obligations - Documents and Records.**

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

1. Obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents (the “Transcript”).
2. Confirm that bond counsel has filed the applicable information report (e.g., Form 8038, Form 8038-G, Form 8038-CP) for such issues with the IRS on a timely basis.
3. 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.

#### **6-5 Arbitrage.**

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

1. 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.
2. 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.
3. Maintain a system for tracking investment earnings on the proceeds of the Obligations.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions or investments in guaranteed investment contracts.
10. Identify situations in which compliance with applicable yield restrictions depends upon later investments and monitor implementation of any such restrictions.
11. Monitor compliance with six-month, 18-month or 2-year spending exceptions to the rebate requirement, as applicable.
12. Procure a timely computation of any rebate liability and, if rebate is due, file a Form 8038-T and to arrange for payment of such rebate liability.

13. Arrange for timely computation and payment of “yield reduction payments” (as such term is defined in the Code and Treasury Regulations), if applicable.

## **6-6 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:

1. Maintain records determining and tracking facilities financed with specific Obligations and the amount of proceeds spent on each facility.
2. 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.
3. Maintain records allocating to a project financed with Obligations any funds from other sources that will be used for otherwise non-qualifying costs.
4. Monitor the expenditure of proceeds of an issue and investment earnings for qualifying costs.
5. Monitor private use of financed facilities to ensure compliance with applicable limitations on such use. Examples of potential private use include:
  - a. Sale of the facilities, including sale of capacity rights.
  - b. 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.
  - c. Management contracts (in which the Issuer authorizes a third party to operate a facility, e.g., cafeteria) and research contracts.
  - d. Preference arrangements (in which the Issuer permits a third-party preference, such as parking in a public parking lot).
  - e. Joint ventures, limited liability companies or partnership arrangements.
  - f. Output contracts or other contracts for use of utility facilities (including contracts with large utility users).
  - g. Development Agreements which provide for guaranteed payments or property values from a Developer.
  - h. Grants or loans made to private entities, including special assessment agreements.
  - i. Naming rights arrangements.
6. Monitoring private use should include the following:
  - a. Procedures to review the amount of existing private use on a periodic basis; and
  - b. 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.
7. 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.

### **6-7 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.

### **6-8 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.

### **6-9 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.

### **6-10 Record Retention.**

The following policies relate to retention of records relating to the Obligations issued. The Compliance Officer will:

1. 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 issues.
2. Coordinate with staff to comply with provisions imposing specific recordkeeping requirements and cause compliance with such provisions, where applicable.
3. Coordinate with staff to generally maintain the following:
  - a. The Transcript relating to the transaction (including any arbitrage or other tax certificate and the bond counsel opinion).
  - b. Documentation evidencing expenditure of proceeds of the issue.
  - c. 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.
  - d. 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).
  - e. Documentation evidencing all sources of payment or security for the issue.
  - f. 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).
4. Coordinate the retention of all records in a manner that ensures complete access to the IRS.
5. Keep all material records for so long as the issue is outstanding (including any refunding), plus seven years.

**6-11 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 more than \$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.”

**6-12 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 financing 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.



## INVESTMENT

### **7-1 Purpose.**

Provide guidance to elected officials and staff on the proper methods of investment and procedures when investing public funds.

### **7-2 Policy.**

It is the policy of the City of Evansville 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.

### **7-3 Prudence in Investment.**

Investments shall be made with judgment and care--under circumstances then prevailing--which person(s) 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.

### **7-4 Objectives of Investment.**

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

1. Safety: Safety of principle is the foremost objective of the investment program.  
Investments of the City of Evansville shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain the objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. Liquidity of the City of Evansville's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.
3. Return on Investment: The City of Evansville'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.

### **7-5 Delegation of Authority.**

The Finance Director shall establish a system of internal controls designed to prevent losses of City funds arising from fraud, misrepresentation by third parties, unanticipated changes in financial markets, employee error or imprudent actions by employees.

Internal controls shall address:

1. Separation of transaction authority from accounting and record keeping.
2. Clear delegation of authority to subordinate staff members.
3. Written confirmation of transactions for investments and wire transfers.
4. Dual authorizations of wire transfers.
5. Development of a wire transfer agreement with the lead bank and third-party custodian.
6. Investment and interest earnings will be recorded in the City accounting records based on generally accepted government accounting procedures.
7. A quarterly summary of all investment transactions will be prepared by the Finance Director or designee for review by the City Council.

8. Upon consulting with the Finance and Labor Relations Committee, or any future oversite Committee responsible for financial investment policies and actions of the City, the Finance Director may invest municipal funds within the rules and guidelines set forth in this policy. When protecting City investments may be delayed due to calling a quorum of the responsible Committee, the Finance Director may take action and report this action as soon as possible to the Committee.

#### **7-6 Authorized Financial Dealers and Institutions.**

Authorized investments include any investment stipulated in Wisconsin statute 66.0603 (1m).

1. In accordance with Wis. Stats. § 34.01(5) and § 34.09 all Wisconsin banks, state or federal chartered, as well as the Wisconsin local government pooled- investment fund, are authorized depositories.

Financial institutions providing collateral to the City of Evansville or financial institutions where the City is using the State Deposit Guarantee to cover investments are required to provide annual financial statements to the Finance Director.

#### **7-7 Authorized Suitable Investments.**

The City is empowered by Wis. Stat. § 66.0603 to invest in the following types of securities, provided the City's staff strives to match in maturity the City's cash payment schedule if possible:

1. Time deposits for a time period as allowed by Wis. Stat. § 66.0603(1m)1 in any insured credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this state.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government or by a commission, board or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state.
4. Securities which mature or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. Securities of an open-end management investment company or investment trust, if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the Investment Company Act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following:
  - a. Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
  - b. Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government.
  - c. Repurchase agreements that are fully collateralized by bonds or securities under 7-7e) a or b.
6. The State of Wisconsin Local Government Investment Pool.
7. Mortgage backed securities and derivatives are not permitted.

#### **7-8 Collateralization and Insurance.**

Banks within the State of Wisconsin provide an additional \$400,000 of insurance for all deposits in addition to the Federal Deposit Insurance Corporation (FDIC) of \$250,000. The City shall use as its main bank a Wisconsin State bank if available. The City shall use the Certificate of Deposit Account Registry Services (CDARS) for the advantage of FDIC insurance on deposits through a qualified bank and spread the deposits to other federally insured banks in amounts of \$250,000 or less.

Collateralization or a line of credit with the Federal Home Loan Bank of Chicago is required on all certificates of deposit and repurchase agreements in excess of \$250,000 or \$650,000 if in a Wisconsin state bank.

If using collateral, in order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two percent (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. Clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted.

#### **7-9 Diversification.**

The City of Evansville will diversify its' investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 20% of the City's total investment portfolio will be invested in a single security type or with a single financial institution, unless fully collateralized.

#### **7-10 Maximum Maturities.**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.

#### **7-11 Internal Controls.**

Annually, the City will have an independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures. This review will coincide with the City's annual audit.

#### **7-12 Reporting.**

The Finance Director is charged with the responsibility of including a report on cash and investment activity and returns quarterly to the City Council.

#### **7-13 Provisions for Exceptions.**

The policy is intended to be flexible to deal with rapidly changing conditions in the money and bond markets, therefore the procedures detailed in this policy can be amended by the unanimous vote of the City Council. At those times when it may be prudent to make investment moves which would differ from current policy, and when it would be impossible for the entire Council to convene, the City Mayor and the Chair of the Finance and Labor Relations Committee

together act for the entire Council. Any exceptions will be reported to the entire Council at the next Council meeting.

## POINT OF SALE & CASH HANDLING

### 8-1 Purpose and need for Policy.

The goal in handling payments to the City of Evansville is to ensure strong fiscal management practices and proper control over receipts. This policy outlines procedures for managing payments, ensuring accountability, and minimizing risks of errors, theft, and/or fraud. Key elements include separating duties, safeguarding cash, and maintaining accurate records. The purpose is to ensure the secure and efficient handling of cash, protect assets, and prevent fraud.

### 8-2 Accepting Payments.

When a City employee receives payment from a member of the public, the transaction must be treated as important. It may be a routine payment, but to account for it properly, the employee has to be focused on the task. Distractions, like conversations with co-workers, should be avoided while interacting with the customers. Time spent dealing with the payment correctly will pay off when it is time to complete the reconciliation.

First: At the beginning of the transaction, the City employee should indicate to the customer the amount of payment due.

Second: The next step varies based on the method of payment.

1. Cash
  - a. When the customer presents the cash for payment, it should be placed on the counter.
  - b. If the amount presented is more than the amount due, the employee should retrieve the appropriate change from the cash drawer.
  - c. The customer should be handed their change and the customer's payment shall be placed in the drawer.
  - d. All cash \$20 or higher should be checked with a counterfeit pen.
  - e. Aquatic Center employees should immediately drop \$50s and \$100s into the safe after checking bills with a counterfeit marker.
  - f. Drawer balances in excess of \$250 should have any excess cash dropped directly into the safe throughout the day .
2. Check or Money Order
  - a. Verify that the date on the check is the current day or the previous day's date. (You should not accept a post-dated check. All checks will be deposited on the same day as received, so by accepting a post-dated check, you will subject the customer to the potential of a rejected check.)
  - b. All checks should be made payable to the City of Evansville or Evansville Water & Light.
  - c. Verify the numerical and written amount on the check match.
  - d. Verify that the check is signed and the signature matches the name on the check.
  - e. Restrictively endorse the check.
  - f. Place the check in the cash drawer.
  - g. Do not accept third-party checks (checks issued to the person making a payment and endorsed over to the City).
  - h. Do not cash City employees' personal checks (including your own).
3. Credit/Debit Card
  - a. Verify that the card is not expired.

- b. Verify that the signature on the card matches the signature the citizen gave you on the transaction slip. If the card is not signed or the signature does not match, request a picture ID. Verify that the individual pictured on the ID is the citizen making the payment. If in doubt, deny the transaction.
- c. Enter the transaction in the department's payment software and have the citizen sign the transaction slip.
- d. Before swiping any cards, look at the card terminal to make sure no "card swipers" or other tampering has occurred while staff was away from the POS system.

**Third:** Generate a receipt. Generating the receipt ensures that the payment is entered into the Department's accounting software. It is essential to offer the customer a receipt. The customer may decline to take it, but it needs to be offered.

### **8-3 Safekeeping.**

City employees have an obligation to always keep City assets safe and the City of Evansville promotes safekeeping best practices to ensure the security of City monies.

Consideration should be given to the amount of cash and checks that are routinely on hand and the level of security warranted based on the potential for risk. A Department's needs for safekeeping may be different for business hours as opposed to non-business hours. For example, a department may need to keep cash readily on hand in order to interact with customers during the day but should lock the receipts safely away from the main counter at night.

### **8-4 Security Measures.**

1. Unsecured cash, checks, and credit card information should not be left unattended at any time.
2. A safe, locked drawer, or secured cash box should be used to safeguard cash, checks, and credit card information.
3. The secure storage device should not be visible to the general public.
4. Keys and combinations to safekeeping areas should be maintained away from the same physical location. Keys should be marked "do not duplicate."

### **8-5 Access.**

1. Access to safekeeping places should be restricted to necessary employees.
2. Management should maintain a list, in a secure location, of which employees have access to safekeeping places.
3. Upon termination of employees that have access to safekeeping areas, keys shall be collected, and combinations/locks shall be changed.

### **8-6 Robbery.**

1. Cooperate with the robber's explicit instructions, remain as calm as possible, do not offer the robber any additional funds beyond what they ask for, and do not make any attempts to thwart the robbery attempt.
2. If safe to do so, discretely pay close attention to any identifying features of the robber including height, hair, eyes, etc.
3. If safe to do so, pay attention to what the robber says and what they touch.

4. If safe to do so, pay attention to the robber's method of travel and direction of departure.
5. After the robber leaves, lock any doors and/or windows and retreat to a secure location. If possible, try not to touch anything the robber may have touched.
6. Call Police (911) and inform management of the incident.
7. Remain calm while waiting for the police and ask any witnesses to stay nearby, avoid discussion of any of the events, as what one person says can alter what another person thinks that they may have seen or heard.

### **8-7 Reconciling and Preparing Deposits.**

After receiving payments from customers during the business day, it is important to reconcile cash on hand to the amount recorded through cash registers, computers, or receipts daily.. This process is important both to validate that the amount being prepared for deposit is accurate and to note any discrepancies that may be occurring in the collection process. Reconciliation must be done in full view of a camera or a witness (18 years of age or older). Two people must verify the amount going into the deposit bag (one must be 18 years of age or older) and both will initial the deposit slip. After payments are successfully reconciled, the deposit must be prepared to transport to City Hall or a City-approved financial institution. Reconciliation should always occur in an area that is not visible by the public. Ideally, when a Department or building has a sufficient number of employees to segregate these duties, the reconciliation should be performed by an employee that has no other cash handling responsibilities.

### **8-8 Overages/Shortages.**

1. Any overages or shortages shall be investigated and resolved during the reconciliation process. If an overage or shortage is not resolved, it shall be reported to the City Treasurer. It shall be recorded to the appropriate general ledger account and documentation shall be maintained.
2. Employees shall not add to or subtract from any overages or shortages from the deposit amount
3. Employees shall never use personal funds to balance City funds.
4. Slush funds of overages/shortages are not allowed.

### **8-9 Management Responsibility.**

Management should:

1. Periodically review and document their review of the reconciliations.
2. Periodically perform and document unannounced cash counts and reconciliations.
3. Retain proof of reconciliations.
4. Review, resolve, and document overages/shortages.
5. Identify any trends to determine whether recurring problems may be the result of carelessness, need for additional training, or theft.
6. Determine and communicate consequences for significant and/or recurring overages/shortages.

### **8-10 Deposits.**

1. Cash receipts should be deposited intact and not used for petty cash disbursements, check cashing or other purposes.
2. All deposits should be documented on a deposit slip.
3. Deposits should be made on a timely basis.

**8-11 Deposit Corrections.**

It is the policy of the City to ensure that deposits are done correctly. If a deposit correction slip is received from a financial institution, the City Treasurer and City Clerk shall be notified immediately.

**8-12 Transporting Deposits.**

After the funds have been prepared for deposit, the deposit shall be transported to City Hall or a City-approved financial institution. Due to the multitude of City locations that accept payments, and the dissimilar level of materiality involved, discretion should be exercised in determining the frequency and method by which payments will be deposited for each department.

**8-13 Deposit Frequency/Scheduling.**

1. Deposits should be made daily.
2. At a minimum, deposits should be made on a weekly basis, regardless of materiality.
3. If a scheduled deposit needs to be delayed due to extenuating circumstances, contact the City Treasurer.

## BILLING & PETTY CASH

### **9-1 Billing.**

Billing procedures for utilities should comply with the *Utility Account Policy Handbook*. ACH payments from vendors shall be approved by the City Treasurer sparingly. Any unauthorized vendors that do not have prior permission to deposit money into an account can be denied access through the Positive Pay process.

### **9-2 Petty Cash.**

The City maintains the following petty cash policies and procedures:

1. Petty cash funds are for infrequent or emergency use. All other requests for funds shall go through the Accounts Payable process identified above in Section 3-1 to 3-3.
2. Under no circumstances can petty cash be used for personal expenses or loans.
3. Authorized users of petty cash are the City Administrator, City Treasurer and City Clerk.
4. When funds are taken out of petty cash, a slip must be filled out (they are kept in the cash box) stating what the funds are for, the amount taken and have an authorized signature. If the City Administrator or City Clerk uses petty cash funds, notify the City Treasurer.
5. When petty cash is used for start-up money for an event, return the amount taken to petty cash when the event concludes.
6. Petty cash shall be balanced monthly only by any of the authorized users.



## SECURITY & CYBERSECURITY

### **10-1 Purpose.**

Provide guidance to elected officials and staff on the proper methods of maintaining security and cybersecurity practices consistent with standard practices, insurance, and auditor recommendations.

### **10-2 Policy.**

It is the policy of the City to reduce security risks by limiting access and monitoring critical systems:

1. Access to any server rooms shall be restricted and monitored.
2. All digital data shall be backed up both on and offsite daily.
3. Employees should maintain digital data pursuant to state and local retention policies.
4. General office areas, offices, storage, or archive areas not accessible by the public are considered restricted and should remain locked with access limited to authorized City Staff. All confidential materials and systems should be locked or password protected within these areas.
5. Any authorized staff granted access to restricted areas shall have signed the acknowledgment form for applicable parts of this handbook, signed the acknowledgement form for the Personnel Policies and Employee Handbook, and passed a financial and criminal background check.
6. Physical keys to any City buildings should not be given to non-City employees. Master keys to buildings and systems should be kept in a secure area, monitored by supervisors. All keys should be marked “do not duplicate”.
7. Employees issued access codes and fobs for City Buildings shall not share those fobs or codes with any other person or employee.
8. Nonemployees should be escorted by authorized staff if passing through a restricted area.
9. Building access outside of work hours is restricted by management and monitored.
10. All electronic equipment purchases shall be completed through City Vendors and authorized by Department Heads or City Administrator/Finance Director.
11. Only authorized devices, City managed devices, or City equipment can access City Restricted networks.
12. Any security threat perceived or actual should be promptly reported to a Supervisor.



## EMPLOYEE ACKNOWLEDGEMENT FORM

I hereby acknowledge the following:

1. I have received the following sections of City of Evansville Fiscal Policy Handbook, updated April 8<sup>th</sup>, 2025 and Effective April 21<sup>st</sup>, 2025 (check the box for the policy you have received):
  - FUND BALANCE
  - PURCHASING
  - ACCOUNTS PAYABLE APPROVAL PROCESS
  - DEBT MANAGEMENT POLICY
  - PAYROLL APPROVAL PROCESS
  - POST ISSUANCE COMPLAINECE
  - INVESTMENT
  - POINT OF SALE & CASH HANDLING
  - BILLING & PETTY CASH
  - SECURITY & CYBERSECURITY
2. I have had the opportunity to review the policies and the opportunity to ask for clarification of any requirements.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_