



POLICY 2026-08 (FINANCIAL MANAGEMENT)

PURPOSE: The purpose of this policy is to update and amend the previous policy governing cash management. This policy also establishes internal controls, delegates administration and guides the acceptable movement of funds.

A. INTRODUCTION

The Village of Hobart's Financial Management Policy is the practice of safeguarding funds and maximizing the income earned on cash assets. Cash, liquidity, and investment management activities shall be conducted prudently. General management responsibility is delegated to the Administrator, and financial duties are the responsibility of the Treasurer, as overseen by the Administrator.

B. BASIC GUIDELINES

The Village shall maintain adequate management procedures, controls, and policies for the Village's liquid assets. With the objective of retaining monies for investment for the longest appropriate period of time, disbursements will be made shortly in advance of or on the agreed-upon contractual date of payment unless earlier payment provides a greater economic benefit to the Village.

C. CASH AND CHECK RECEIPTS

(1) Mail addressed to the Village of Hobart including that of committees and departments thereof or without specific addressee shall be opened upon receipt by Administrative Office Staff and stamped with a received date. Once stamped, all mail shall be provided to the appropriate Department Head, or their designee. Checks received shall be entered into the appropriate accounting system as expediently as is reasonably possible. Once posted, the checks are deposited remotely at the approved financial institution prior to the originals being locked in safekeeping for up to 60 days and then destroyed.

(2) A triplicate receipt documenting the customer's name, date of payment, purpose of the payment, and amount collected shall be created for any cash payment received. One copy is provided to the customer, one copy is provided to the appropriate Department Head, or their designee, and one copy remains in the receipt book. Cash payments are processed in a similar manner to check payments. Cash deposits should occur at a minimum of once per week, unless the amount received warrants a more immediate deposit. Deposits delivered to the bank shall be verified by two persons before the Treasurer, or their designee, delivers the funds to the bank in person.

(3) A record of all receipts, as entered into the accounting program(s), shall be maintained for review and reconciliation on a monthly basis. If payments cannot be processed on the day they are received, they shall be secured by the receiving Department and processed as soon as reasonably possible.

D. AUTHORIZATION, PREPARATION, AND MAILING OF DISBURSEMENTS

(1) All invoices are to be provided to the Department Head for preliminary approval and assignment of an account code from the current chart of accounts. The Department Head will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled. Department Heads submit coded invoice(s) to the Accounts Payable Clerk.

(2) The Accounts Payable Clerk is responsible for entering invoices into the accounting system and preparing the checks for signatures and Board approval on a semi-monthly basis. An itemized voucher list detailing the prepared payments shall be provided to the Village Board for review and approval before any payments are sent to a vendor. Certain payment situations are the exception to this approval process and include, but are not limited to, minor miscellaneous petty cash expenses, payroll and related liabilities, insurance benefits, emergency expenses for an appropriated budget items that have received Department Head and Administrator approval, taxing jurisdiction disbursements, and TID incentive payments. Payments shall not be prepared by verbal authorization, unless such payment is approved by the Administrator, Department Head, and Treasurer.

(3) The Treasurer is responsible for reviewing the checks and invoices for financial accuracy and the presence of required signatures after Board approval. The Treasurer shall work with the Accounts Payable Clerk to make any necessary corrections prior to mailing the check. Invoices will be filed by vendor for reference during the annual audit if requested.

(4) If for any reason, an item included on a voucher list is contested by the Board, the Treasurer shall take the appropriate measures to void the check, stop payment on the check, or acquire reimbursement of the payment made. Voided checks shall be marked "VOID" and be retained for review at the annual audit. If a replacement check is necessary, the original payment shall be voided in the accounting software and at the bank.

(5) The authorized signers for the Village's main checking account include the Village President, Village Administrator, Village Treasurer, and one designated alternative Village Trustee. The individuals authorized for electronic payments include the Village Administrator, Village Treasurer, and Accounts Payable Clerk. All Village checks and electronic disbursements require two signatures/authorizations. Checks will typically be signed by the Village President and the Village Administrator and/or the Village Treasurer. In the absence of the Village President, the authorized alternative Trustee may be requested to sign. Signers shall review each invoice for accuracy, initial the invoice, and sign the check. Printed checks shall be secured in the Treasurer's office and will not be distributed until review and approval has occurred. Electronic disbursements must be entered into the banking system by one authorized individual and approved by a separate individual; the payment confirmation information shall be documented on the invoice whenever possible. In no event shall blank checks (without date or payee designated) be signed in advance.

(6) The Treasurer should take appropriate actions to resolve any check not cashed within 60 days of issuance.

E. PURCHASES

(1) EMERGENCIES: This section provides authority to the Village Administrator and Department Head, in consultation with the Village President, to quickly purchase goods or services in case of an emergency. For this purpose, an emergency is defined as any unforeseen event(s) that pose(s) a risk of death/injury and requires immediate response and management. These events include, but are not limited to, medical events, accidents, fires, evacuations, threats, disasters, and terrorist attacks. This only applies to goods and services in relation to the emergency and does not completely suspend regular purchasing processes.

An emergency condition that necessitates immediate action to minimize damage, the above staff is authorized to enter into emergency contracts and/or agreements not to exceed 3 years in length without Board approval and provided that such contract or expenditures does not exceed a total of \$500,000. This policy does not affect insurance coverage of such emergency expenses. All emergency purchases shall be tracked by the Department Head and reviewed by the Village Board through the regular voucher approval process as the next regular meeting.

(2) PURCHASE UNDER \$5,000: This section provides authority for staff to make purchases under \$5,000 as directed by a Department Head or the Administrator. Such purchases shall not be a contracted or service-based item, or part of a bid-out project. The Department Head shall consult with the Administrator or Treasurer to confirm that the item is within the budget and guidelines. The purchase may be initiated by an authorized staff member with a receipt and/or invoice to be furnished to the Department Head for processing.

(3) PURCHASE BETWEEN \$5,000 and \$25,000: This section applies to purchases estimated to be more than \$5,000 and less than \$25,000 as directed by the Village Board. Such purchases shall require a minimum of three (3) quotes unless prior approval by the Village Board has been granted to proceed without the minimum quotes. Written quotes must be obtained prior to the order occurring. All bid requests and quotes will contain clear specifications and will not contain features which unduly restrict competition. The Department Head will be responsible for ensuring that all conditions and specifications of a contract, bid, or order have been satisfactorily fulfilled and for timely follow-up on such purchases. Purchases greater than \$5,000 shall not be fragmented or reduced to components of less than \$5,000 to avoid the bid/quote process.

(4) PURCHASES OVER \$25,000: By State Statutes the Village must use a competitive sealed bid process for all public construction of \$25,000 or more. This process shall be done in accordance with State Statutes for publication in the Village authorized newspaper, bid invitations, opening, evaluating, and awarding of the bids through Board approval. Competitive bidding procedures will also be utilized for all asset purchases in excess of \$25,000. The procedure will include a bid specification sheet with invitation for all qualified supplies to submit written quotes. The quotes shall be evaluated concurrently and awarded.

(5) CONTRACTS: Contracts are ideal to ensure consistent service pricing over a set period of time; such services may be related to a single project or repetitive in nature. Department Heads, or other designated responsible person, must receive approval from the Village Board prior to submitting a Request for Proposal (RFP). Proposals received should be reviewed by the Department Head and Administrator for accuracy. The desired proposal must be approved by the Village Board. The Clerk will maintain the original contract record.

(6) GRANTS: Department Heads, or other designated responsible person, may seek out grants for the purpose of partially or wholly funding a project. Department Heads must receive approval from the Village Board to complete and submit any grant application. If awarded, the Department head will be responsible for ensuring compliance with all financial and programmatic provisions of the grant. A summary document shall be maintained by the Department Head, or their designee. The summary document should include the name, address, contact person, funding organization phone number, time period for applicable expenditures, significant covenants, expenditure restrictions, required financial reports with due dates, accounting codes for all transactions, and any other pertinent information. The Clerk will maintain the original grant record.

F. PAYROLL

(1) Employees are responsible for completing and submitting their own timecard in the payroll portal as soon as practical after each biweekly pay period. Department Heads shall confirm and approve employee timecards by 9:00am Monday morning following the end of the pay period.

(2) The Treasurer is responsible for entering payroll information into the accounting system, reviewing timecards for mathematical accuracy, and generating payroll vouchers. If an exception is made and a payroll check is issued, the Administrator, and Village President will review and sign the check.

(3) The final pay for a voluntarily terminated employee will be included in the next regular payroll process. The final pay for an involuntarily terminated employee will be processed as soon as reasonably possible after the date of separation. PTO and Comp time shall be included in the final paycheck, in accordance with the personnel manual.

(4) The Treasurer shall prepare all payroll tax forms and submit payments after each payroll is processed. Unemployment and 941 wage reports shall be submitted quarterly. W-2 forms and 1099 forms shall be prepared annually.

(5) The Human Resources Representative, as designated by the Administrator, will maintain a set of personnel files for each employee. The documents included in each file include, but are not limited to, the following.

(a) General Personnel – application, employment offer, policy acknowledgements, and training records.

(b) Confidential Personnel – compensation information, annual reviews, benefit records (for employees and dependents), withholding documents, I-9, and direct deposit authorization.

(c) Confidential Medical (if applicable) – doctor notes, medical certifications, leave documentations, work restrictions, and drug test results.

F. FINANCIAL REPORTING

(1) The Village of Hobart will maintain accounting records on a modified accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles maintained by the Governmental Accounting Standards Board (GASB). The individuals authorized to complete or review financial reports include the Treasurer, Administrator, Accounts Payable Clerk, or other individual as authorized by the Administrator and the Village President.

(2) The Village shall contract with an independent auditing firm for a complete audit of the finances annually. The auditing firm will present the audited financial statements before May of the following year. The auditing firm will complete the State filing and PSC Annual report on behalf of the Village.

(3) The Treasurer shall maintain a current and accurate chart of accounts.

(4) Adequate documentation will be maintained to support all journal entries. Each journal entry is to be written, entered, and reviewed by at least two individuals indicated above. Each step shall be noted by initials and date of completion.

(5) Bank statements shall be downloaded from financial institutional website(s) by the Treasurer or Administrator. Bank statements shall be reconciled monthly using the accounting software. For internal

control purposes all bank reconciliations shall be completed and reviewed by at least two individuals indicated above. Each step shall be noted by initials and the date of completion.

(6) The Treasurer is to submit a monthly balance report to the Village Board which includes all cash and investment accounts.

(7) External consultants may be contracted if internal capabilities are not available. The qualifications and reasonableness of fees will be considered when hiring consultants. The Village Board will approve all contracts and consultants will be paid as work is performed or delineated in the contract.

G. PROPERTY (CAPITAL ASSETS)

(1) Capital Assets shall be defined as all items (purchased or donated) with a unit cost of \$5,000 or more and a useful life of more than 5 years. The Treasurer shall maintain an inventory of capital assets. The inventory shall list a description, acquisition date, price/fair value, and the item location.

(2) A depreciation schedule shall be prepared annually for the audited financial statements. An entry must be made in the accounting system whenever property is disposed of or acquired. The Clerk will ensure any newly acquired asset has proper insurance coverage upon purchase and delivery.

(3) The Administrator will review all leases for assets prior to submission to the Village Board for approval. All leases, clearly delineating terms and conditions, will be approved by the Village Board and signed by the Village President or Administrator. The Clerk shall keep a copy of each lease on file.

(4) Reasonable, adequate insurance coverage will be maintained to safeguard all assets of the Village. Coverage will include property, liability, worker's compensation, and others as deemed necessary. The Administrator and Clerk or Treasurer will review insurance policies before annual renewals. The clerk shall keep original executed policies on file.

H. INVESTMENT OF PUBLIC FUNDS

(1) The primary objectives, in order of priority, of all investment activities involving the Village of Hobart financial assets shall be the following:

(a) Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective. Investments shall be undertaken in a manner seeking to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

(b) Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

(c) Return: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall

generally be held until maturity with the following exceptions: A security with declining credit may be sold early to minimize loss of principal, a security swap would improve the quality, yield or portfolio target duration., and liquidity needs of the portfolio require the security be sold.

(2) Subject to review by the Village Administrator, the Treasurer shall determine the amount of public funds that will be necessary to provide an adequate cash flow to cover anticipated warrants and checks and other expenditure obligations as well as to provide a reasonable balance to cover unanticipated expenditures or emergencies.

(3) The Village shall maintain cash and investment accounts that are restricted by Wisconsin Statutes to the following:

- (a) time deposit
- (b) repurchase agreements
- (c) securities issued by federal, state and local governmental entities
- (d) statutory authorized commercial paper and corporate securities
- (e) Wisconsin local government investment pool

(4) The Village Administrator shall designate one or more eligible depositories for the Village's active deposits. In making such a designation, the Administrator shall consider the following:

- (a) The convenience provided by the location of the depository's offices.
- (b) The rate or rates of interest, if any, that the depository will pay on the active deposits.
- (c) The service charges, if any, that will be made for the services of the depository.
- (d) Any other terms or conditions with respect to the depository's acceptance of the active deposits.

(5) The Village shall require the institution designated as the depository for active funds to deposit or pledge eligible securities to cover the amount of the public funds that are in excess of the insurance provided by the Federal Deposit Insurance Corporation or by any other agency or instrumentality of the Federal government or the State of Wisconsin. The Village Treasurer shall be responsible for the safekeeping of all securities, obligations, or certificates of deposit.

I. PRUDENCE

(1) The standard of prudence to be used by Village investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

(2) The "prudent person" standard states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the

management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

J. ETHICS AND CONFLICTS OF INTEREST

(1) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment decisions. Employees shall disclose to the Village President any material financial interest or large personal investments in financial institutions conducting business with the Village of Hobart which could influence decision making regarding Village of Hobart investments. Compliance with the Village of Hobart Code of Ethics will be adhered to.

This policy supersedes the previously titled Cash Management Policy (Policy 2023-03), adopted by the Village Board on April 18th 2023.

This policy shall take effect immediately.

This policy has been approved by the Board of Trustees of the Village of Hobart, Brown County, Wisconsin, at a regular meeting of the Board, held on October 6th 2026.

A handwritten signature in black ink, appearing to read "Richard R. Heidel", written over a horizontal line.

Richard Heidel, President, Hobart Village Board

Attest:

A handwritten signature in black ink, appearing to read "Lisa Vanden Heuvel", written over a horizontal line.

Lisa Vanden Heuvel, Village Clerk

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

Aaron Kramer, Village Administrator