

Item 6

The Industrial Development Authority of the City of Phoenix, Arizona

GOVERNANCE POLICY	No. 201
SECTION 200 FINANCIAL, INVESTMENT AND LENDING	Original Effective Date: May 12, 2011
SUBJECT FINANCIAL POLICY	Page 1 of 5 Effective Date: <u>July 21, 2022</u> August 30, 2020

This document sets forth the financial policy (the "Policy") of The Industrial Development Authority of the City of Phoenix, Arizona (the "Phoenix IDA"). The Policy is intended to guide the Phoenix IDA's Board of Directors, Chief Executive Officer and employees in establishing financial goals and objectives, making financial decisions, reporting the financial status of the Phoenix IDA, and managing the Phoenix IDA's funds to achieve the highest level of transparency and accountability with respect to the Phoenix IDA's financial operations.

A. GENERAL POLICIES

1. Accounting Method: The Phoenix IDA operates on the accrual basis of accounting and in accordance with generally accepted accounting principles.
2. Accounting Procedures: It is the policy of the Phoenix IDA that accounting procedures will be reviewed and maintained by the Chief Executive Officer to ensure that accounting principles generally accepted in the United States of America as applied to a governmental entity are followed in support of this Financial Policy. These procedures cover accounting for all assets, liabilities, equity, income and expenses, and allow for accounting entries, summaries, reconciliations and reporting to be performed by Phoenix IDA staff, an outside accounting firm or a combination of both.
3. Chart of Accounts: It is the policy of the Phoenix IDA to maintain a chart of accounts. All employees, staff or advisors involved with account coding or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts will be updated as needed.
4. Separate Program Funds: It is the policy of the Phoenix IDA that from time to time the Phoenix IDA may designate separate funds for its programs. The authority to designate such funds is vested in the Board. Separate funds may be restored to the Phoenix IDA's administrative fund either upon termination of any program, or Board action.

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B. COLLECTIONS AND LOAN LOSS RESERVES

1. Collections: It is the policy of the Phoenix IDA to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated.
2. Loan Loss Reserves: Loans will be treated as zero percent (0%) in reserve if under 180 days in arrears, fifty percent (50%) in reserve if between 180 and 365 days in arrears, and one hundred percent (100%) in reserve if over 365 days in arrears. The Chief Executive Officer may reserve additional amounts related to other loans as needed. If a loan is deemed by the Chief Executive Officer to be uncollectible, interest will no longer be accrued.

C. CHECK APPROVAL AND SIGNING AUTHORITY

1. Check Approval: It is the policy of the Phoenix IDA that all requests for checks are approved by the Chief Executive Officer and documentation of approval is kept on record. In the absence of the Chief Executive Officer, or for reimbursements to the Chief Executive Officer or for payment of the Chief Executive Officer's credit card expenses, the Treasurer, the President of the Phoenix IDA or any other Board member designee of the President may approve check requests.
2. Check Signing Authority: It is the policy of the Phoenix IDA to give check signing authority to the Chief Executive Officer and other employees of the Phoenix IDA as designated by the Board. Checks can only be signed by a person not requesting the check. Checks issued for payment of the Phoenix IDA's debts over \$15,000 will require two signatures of individuals with current check signing authority. Individuals responsible for check preparation and bank reconciliation are prohibited from having check signing authority. The Phoenix IDA shall be responsible for keeping signature cards granting check signing authority current.

D. CREDIT CARDS

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1. Credit Card Holder: It is the policy of the Phoenix IDA to issue a credit card to the Chief Executive Officer. Additional credit cards will be issued to the Phoenix IDA staff at the discretion of the Chief Executive Officer.
2. Credit Card Use: The Chief Executive Officer shall remit a detailed description of all credit card expenses each month to the Phoenix IDA.
3. Credit Card Limit: The maximum credit card line of credit shall be \$10,000.00 ~~\$5,000.00~~.

E. FINANCIAL STATEMENTS

The Chief Executive Officer will distribute the monthly financial statements to the Board following review by the Treasurer. An outside accounting firm may be engaged, at the Chief Executive Officer's discretion, to assist in preparation of a monthly financial statement compilation.

F. ANNUAL AUDIT

An audit will be performed at the close of the fiscal year by an independent accounting firm. The results of this audit will be presented to the Board by the Chief Executive Officer.

G. ANNUAL BUDGET

Annually, prior to the beginning of its fiscal year, the Phoenix IDA's Chief Executive Officer shall prepare a forecast of the Phoenix IDA's annual operating budget for the forthcoming fiscal year and present the forecast for Board approval. The forecast will include estimates and sources of income, operating expenses, and other expenses.

H. THREE YEAR OPERATING EXPENSE RESERVE

It is the policy of the Phoenix IDA to reserve, against the assets of the Phoenix IDA, an amount equal to three years of operating expenses. The purpose of this policy is to provide for ongoing expenses in the event of the Phoenix IDA's inability to collect any fees for up to three years.

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As part of the annual budget process, the Phoenix IDA's calculation of the upcoming year's operating expenses will be used to project expenses for the two succeeding years, adjusting for possible changes in costs or other identifiable factors. The

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Chief Executive Officer shall present this three-year total for Board approval with the annual budget. On Board approval, this total will create a reserve against the net assets of the Phoenix IDA in the next fiscal year.

APPROVED:

Tina Marie Tentori, Secretary
The Industrial Development Authority of
the City of Phoenix, Arizona

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