

**CITY OF LIBERTY LAKE
SPOKANE COUNTY, WASHINGTON
RESOLUTION NO. 02-048E**

**A RESOLUTION OF THE CITY OF LIBERTY LAKE, WASHINGTON AMENDING
RESOLUTION NO. 02-048D PASSED BY THE CITY COUNCIL ON NOVEMBER 20,
2018, ENTITLED "A RESOLUTION ADOPTING A FINANCIAL MANAGEMENT
POLICY FOR THE CITY OF LIBERTY LAKE, WASHINGTON".**

WHEREAS, the stewardship of public funds is one of the most important responsibilities vested upon public officials;

WHEREAS, the establishment and maintenance of prudent financial policies enables public officials to protect the public's interest and ensure the public's trust;

WHEREAS, the City's Administrative Services Department has recommended a certain proposed amendment to the Financial Management Policy;

WHEREAS, the proposed amendments to the Financial Management Policy establish guidelines for sound and efficient financial planning and management, reflect current requirements and laws that apply to the City's financial activities, and have the following objectives for the City's fiscal performance: to set forth operating principals that minimize financial risk; to employ balanced and fair revenue policies that provide adequate funding for desired programs; to maintain appropriate financial capacity for present and future needs; to promote sound financial management by providing accurate and timely information on the City's financial condition; and to ensure the legal use of financial resources through an effective system of internal controls.

WHEREAS, the City Council wishes to adopt these amendments to the City's Financial Management Policy in pursuit of its objective of sound and efficient financial planning and management.

NOW, THEREFORE, be it resolved by the City Council of the City of Liberty Lake, Washington as follows:

Section 1. Financial Management Policy Amendments Adopted. The Council hereby adopts the amendment to the City's Financial Management Policy now entitled "City of Liberty Lake Financial Management Policies" attached hereto as Exhibit "A" and incorporated herein by this reference.

Section 2. Inclusion of Amendments. The amendments to the Financial Management Policies adopted by the passage of this Resolution shall be included as part of said Policies, and those Policies shall hereafter remain in effect until the same are amended or repealed by subsequent action of the City Council.

Section 3. Severability. If any section, sentence, clause or phrase of this Resolution shall be found to be invalid by a court of competent jurisdiction, such invalidity shall not affect the remainder of said Resolution.

Section 4. Effective Date. This Resolution shall become effective immediately upon passage by the Liberty Lake City Council.

Adopted April 7, 2020.



Mayor, Shane Brickner

Attest:

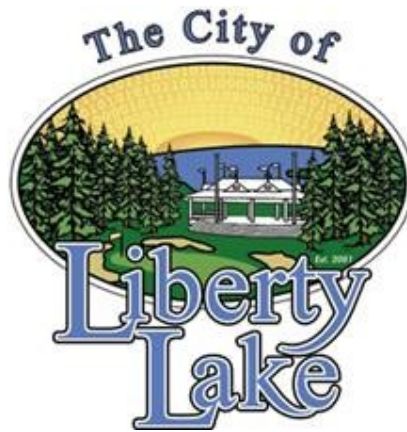
Approved as to Form:



Ann Swenson, City Clerk



Sean Boutz, City Attorney



CITY OF LIBERTY LAKE
FINANCIAL MANAGEMENT POLICIES

ADOPTED BY RESOLUTION NO. 02-048
JUNE 18, 2002

AMENDED BY RESOLUTION NO. 02-048D
February 20, 2018

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City of Liberty Lake

Comprehensive Financial Management Policies

Introduction

PURPOSE

This manual establishes and provides written documentation of the policies used by the City of Liberty Lake employees and elected officials in conducting the fiscal affairs of the City.

The City of Liberty Lake is accountable to its citizens for the use of public dollars. Municipal resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. These policies safeguard the fiscal stability required to achieve the City's goals and objectives.

The Policy Manual is the responsibility of Administrative Services. It includes policies for the operation of Administrative Services and for interaction with other departments in financial matters.

OBJECTIVES

In order to achieve its purpose, the Comprehensive Financial Management Policy has the following objectives for the City's fiscal performance.

- A. To guide City Council and management policy decisions that have significant fiscal impact.
- B. To set forth-operating principles that minimizes the cost of government and financial risk.
- C. To employ balanced and fair revenue policies that provides adequate funding for desired programs.
- D. To maintain appropriate financial capacity for present and future needs.
- E. To promote sound financial management by providing accurate and timely information on the City's financial condition.
- F. To protect the City's credit rating and provide for adequate resources to meet the provisions of the City's debt obligations on all municipal debt.
- G. To ensure the legal use of financial resources through an effective system of internal controls.
- H. To promote cooperation and coordination with other governments and the private sector in the financing and delivery of services.

SECTION 1000 – BUDGET

POLICY 1010 – Financial Planning

The City shall develop and maintain a 6-year Financial Forecast that estimates resources and expenditure behavior for the three years beyond the current budget period. This Forecast will provide the City’s decision-makers with an indication of the long-term fiscal impact of current policies and decisions. This planning tool must recognize the effects of economic cycles on the demand for services and the City’s resources. To this end, the Forecast should differentiate between revenue associated with one-time economic activities and revenues derived as a result of base economic growth. City financial planning should ensure the delivery of needed services by assuring adequate reliance on ongoing resources in order to support continued City services during economic downturns.

POLICY 1015 – General Budget Policies

The budget is the central financial planning document which embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department and embodies the City Council’s collective prioritization of service delivery options. To this end, the City has established the following general budget guidelines:

Operating Deficits – Current revenues will be sufficient to support current expenditures. Revenue estimates will be realistic and debt financing will not be used to support current operating expenses.

Resources Greater than Budgeted Expenditures – Resources (fund balances) greater than budgeted expenditures in any fund shall be considered “one-time” resources and shall not be used to fund ongoing service delivery programs.

Budget Adoption Level – Budget adoption by the City Council shall be at the fund level. Any changes in appropriations at the fund level shall require City Council approval.

Current Service Levels – To aid in the prudent management of City affairs, City service levels will be established, monitored, and reviewed so a determination of required resources (both personnel and non-personnel) can be made for the ensuing budget year.

Expenditures that Delay Future Cost Increases – When practical, resources should be allocated for selective expenditures whose purpose is to avoid even larger costs in the future.

Commitments that Can Reasonably be Maintained Over the Long Term – Funding for new programs and services should be limited to the extent that they can be funded over the near-to-long-term given the current revenue stream.

Overhead and Full Cost Allocation – Department and Fund budgets shall be prepared in a manner that reflects the full cost of providing services.

Future Fiscal Effect of Programs or Personnel – Whenever programs or personnel are proposed, the current and future fiscal impact (as reflected in the 4-year financial forecast) shall be determined and reported to the City Council to aid in their deliberations.

Distinguished Budget Presentation – The City will seek to comply with the suggested criteria of the Government Finance Officers Association in producing a budget document that meets the Distinguished Budget Presentation program.

Formulation and Approval of Budgets

State law designates the timeline for budget formulation and adoption. The City of Liberty Lake will adhere to these guidelines while striving to complete the budget adoption process prior to the December 31 deadline.

1. Budget Preparation: Department directors have the primary responsibility for formulating budget proposals in line with Mayor, City Council, and Mayor's Designee priority direction, and for implementing them once they are approved.

Administrative Services is responsible for coordinating the overall preparation and administration of the City's annual budget and Capital Investment Program (CIP) Plan. This function is fulfilled in compliance with applicable State of Washington statutes governing local government budgeting practices.

Administrative Services assists department staff in identifying budget problems, formulating solutions and alternatives, and implementing any necessary corrective actions.

The schedule for adoption of the annual budget will be as specified in RCW 35A.33.

2. Public Hearings: The City Council will hold three public hearings on the budget. The first will be held sufficiently early in the process to allow citizens to influence budget decisions and to allow the Council to indicate special priorities before City staff develops a preliminary budget recommendation. The second public hearing will be held shortly after the preliminary budget's initial presentation to the Council and third (final) public hearing will be prior to budget approval.
3. Overhead and Full Cost Allocation: Department budgets should be prepared in a manner to reflect the full cost of providing services.
4. Examination of Existing Base Budget: During each annual budget development process, the existing base budget will be thoroughly examined to assure removal or reduction of any services that could be eliminated or reduced in cost.

5. Services to Keep Pace with Needs of Community: The City will strive to ensure that City service priorities keep pace with the dynamic needs of the community by incorporating a service needs review as part of the budget process.
6. Maintenance of Quality Service Programs: Quality service programs will be offered by the City of Liberty Lake. If expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs.
7. Maintenance of Existing Services Versus Additional or Enhanced Service Needs: Significant annual resource allocations needed to maintain existing service quality will compete directly with investment proposals during the budget evaluation process. Inflation adjustments will be provided for all operating budgets.
8. Budget Monitoring: Administrative Services will maintain a system for monitoring the City's budget performance. This system will provide the City Council with monthly and quarterly information in a timely manner on fund level resource collections and department level expenditures.
9. Performance Budgeting: Performance measures will be utilized and reported in department budgets. The City will prepare trends, comparisons to other cities, and other financial management tools to monitor and improve service delivery in City programs.
10. Program Budget Presentation Format: The focus of the budget presentation is directed to displaying the City's services plan in a Council and constituent-friendly format. The Budget will be presented in a way that clearly communicates the budget to members of the public.

POLICY 1020 – Budget Adjustments and Transfers

This policy applies to adjustments and budget transfers for current budget years. This policy is approved by the Mayor and Council by motion.

Amending the City budget occurs whenever the requested changes will cause the existing appropriation levels for the fund to change. This situation generally occurs when the City Council authorizes additional appropriation throughout the year. Budget amendments are completed through an ordinance that amends the original budget and states the sources of funding for the incremental appropriations.

It is the policy of the City of Liberty Lake to bring to the attention of the City Council, as they become apparent, any and all expenditures that are deemed necessary but not included in the original budget. In those instances, City staff will inform the Council if the additional expenditures can be accomplished within the existing budgetary authority of the fund or if a budget amendment is necessary.

1. Budget Adjustments Requiring City Council Approval by Ordinance Amending the Original Budget.
 - A. An increase in expenditures through the realization of additional revenues or use of fund balance (RCW 35.33.121).
 - B. To adjust budgets involving the increase/decrease of employee positions, salaries, or benefits.
 - C. An increase or decrease of capital budget expenditures.
2. Final Budget Adjustments at Year-end.

Estimates of expenditures through the current year end are generally, made during the budget process to determine the carry over for the next year; however, the estimates need to be kept updated to determine if an amendment to the budget will be necessary. Budget amendments must be made no later than mid-December so that they may become effective on or before December 31st.

3. Budget Transfers.

Transfers between individual appropriations within any one fund may be made during the current fiscal year by order of the Mayor or designee. Transfers may be made within the same fund regardless of the various offices, departments or divisions of the city which may be affected. Budget transfers will be reviewed by the Finance Committee.

SECTION 1100 – ACCOUNTING AND FINANCIAL REPORTING POLICY

POLICY – 1110 Accounting and Financial Reporting

The City of Liberty Lake recognizes the need for ensuring accountability for the collection, management, and expenditure of all public funds under its jurisdiction. To this end, a basic City accounting system and policy has evolved with a number of critical objectives including:

- Accountability for money and property under control of the City
- Compliance with governing laws, ordinances, and procedures
- Providing timely and accurate information on the financial status of the City
- Maintaining financial systems to monitor expenditures, revenues, and performance of all municipal programs
- Reporting and providing information to City officials, City Council, and taxpayers.

To further these objectives, the following policies are adopted:

1. The City of Liberty Lake will establish and maintain a high standard of accounting practices. The City uses the cash basis of accounting which is a departure from Generally Accepted Accounting Principles (GAAP).
2. The City will maintain expenditure categories according to state statute and administrative regulation. The City will use the Budgeting, Accounting and Reporting System (BARS) prescribed by the State Auditor for its revenues and expenditure classification.
3. A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.
4. The City will meet the financial reporting standards set by the Governmental Accounting Standards Board (GASB).
5. Full disclosure will be provided in all City financial reports and bond representations.
6. The Annual Financial Report will be prepared and submitted to the State Auditor's Office no later than 150 days from the end of the preceding fiscal year. The Annual Financial Report will be prepared on the basis of accounting that demonstrates compliance with Washington State statutes and the BARS manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles. The report will provide full disclosure of all financial activities and related matters.
7. An annual audit will be performed by the State Auditor's Office to include the issuance of a financial opinion.

8. Quarterly budget reports showing the current revenues and expenditures will be prepared and distributed to appropriate legislative, staff and management personnel in a timely manner made available for public inspection.

9. Monthly financial updates will be presented to the City Council

Section 1200 REVENUES & RECEIVABLES

POLICY 1210 – General Revenue Policies

1. The City will strive to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source. The revenue mix should combine elastic and inelastic revenue sources to minimize the effect of an economic downturn.
2. Because revenues, especially those of the General Fund, are sensitive to both local and regional economic activities, revenue estimates provided to the City Council shall be conservative.
3. The City will estimate its annual revenues by an objective, analytical process using best practices as defined by the Government Finance Officers Association.
4. Administrative Services will project revenues for the next four years and will update this projection annually. Administrative Services will annually review and make available to the City Council an analysis of each potential major revenue source.
5. The City will charge user fees for various services when it is appropriate and permitted by law. Unless set by RCW, user fees and charges will be established and maintained at the discretion of the City Council. It is the policy of the City Council that fees will generally be set at a level related to the cost of providing the services. The City will review user fees at least every two years to adjust for the effects of inflation and other factors as appropriate.
6. The City will set fees and user charges for each enterprise fund, such as the Golf Course, at a level that fully supports the total direct and indirect cost of the activity. The proposed rates shall also take into account debt service coverage commitments made by the City for the particular enterprise fund.

POLICY 1215 – Cash Receipting

This policy applies to all cash collected. “Cash” includes checks, money orders, currency, and coin.

1. Cash Receipting Duties Will Be Adequately Segregated.
Whenever possible, the person who collects cash, issues receipts, or performs the daily reconciliation of cash receipts should not be the same person who deposits cash, records cash in the departmental accounting records, or reconciles the monthly depository bank statement.
2. All Cash Collected By Departments Will Be Appropriately Recorded.
All cash collected at city departments will be recorded by cash register.
3. Cash Collected Will Be Reconciled Daily To Tapes.
The Finance Director or designee will reconcile cash collections daily with the cash register tapes. Overages and shortages will be recorded in a separate account from other cash receipts. BARS revenue source code 369.81 will be used to record the overages and shortages on the Cash Receipt Form.
4. All Cash Receipts Will Be Deposited Intact Daily.
Within 24 hours of receipt, all cash received will be deposited the City’s bank depository account. (Exception: If total accumulated receipts amounts to less than \$200, whichever comes first.)

All daily receipts should be deposited together in the order received. All cash collected must be deposited. Cash collected may not be used as petty cash for making minor purchases or issuing refunds.
5. Cash Collections Will Be Adequately Safeguarded.
All Cash Receipt Reports submitted with cash deposits and transmittals will be filled out to show proper distributions of cash received.
 - A. All cash received by departments as revenue will be recorded using the appropriate BARS revenue source code number.
 - B. All cashier overages and shortages will be recorded using the BARS revenue source code No. 369.81.
 - C. Cash received by departments because of refunds from vendors will also be recorded in the accounting system.
 - D. Refunds received during the same accounting period (fiscal year) in which the original expenditure was made will be recorded as a reduction of expenditure.
6. Cash Refunds from Vendors.
Cash refunds from vendors will be classified as payments received for returned goods; for services paid for, but not used; or for overpayments. Payments received by any department as reimbursements for the sale of goods or services are not refunds

and should be recorded as revenue, not as a reduction of expenditures. If the refund is received after the end of the accounting period in which the original expenditure was made, and the dollar amount of the refund is not material, BARS revenue source code 369.90 will be credited for the amount of the refund.

If the refund is received after the end of the accounting period in which the original expenditure was made, and the dollar amount of the refund is material, BARS revenue source code 388.80 will be credited for the amount of the refund.

A refund will be considered material if the improper classification of it might distort the results of the fund's financial operations or if it might improperly influence a decision of management; whether or not such a refund is material will be determined by the City Treasurer.

7. Receipt of Cash For Refunds Will Be Properly Documented.
Adequate documentation will be attached to Treasurer's Cash Receipt Forms that record refunds. Documentation must be in sufficient detail for the Treasurer to approve the Cash receipt distribution. The documentation required for the approval of the Cash Receipt distribution will be determined by the Treasurer.
8. Accounts Receivable/Refund Approval.
Any Treasurer's Cash Receipt Form that records a payment on Accounts Receivable or the refunds must be approved by the City Treasurer.
9. Depository Accounts Will Be Established By the Finance Director.
New depository bank accounts will be established by the Finance Director.
9. Internal Cash Drawer Audits
Cash drawer audits will be performed at random by the Finance Director's designee. The audit will include, but not limited to: cash, checks, credit cards, gift certificates.

POLICY 1220 – Departmental Refunds of Cash Receipts

This policy applies to refunds made at the department level of receipts/revenues which have previously been deposited with the City Treasurer.

1. Department Refunds Will Be Made Through The Voucher Process.
Refunds of department revenues will be made by checks. A payment voucher will be prepared and submitted to the City Treasurer. The revenue account to which the original receipt was credited, will be charged to reduce revenues by the amount of the refund. Refunds of prior period revenues will be recorded in the current period unless material. If the refund is material, contact the City Treasurer.
2. Refunds Will Be Properly Approved and Documented.
All refunds will be approved and certified by the department head or other person authorized to certify payment vouchers. A copy of the original receipt for which the refunds is being made, along with an explanation of why the refund is necessary, will be attached to the payment voucher.

POLICY 1225 – Bank Returned (NSF) Checks

This policy applies to all checks made payable to the City, which are returned by the bank. The checks may be returned because of insufficient funds, closed account, invalid signature, stop payment, or any other condition making the check invalid. They are often called NSF checks (non sufficient funds).

1. City Will Not Accept Checks From Those Issuing Returned Checks.
The City will accept only the following as payment for a bank returned check: cash, money order, cashier's or other bank check. City departments will maintain lists of persons who have had checks returned by the bank. No checks will be accepted from these customers for a period of one year from the date of the returned check.
2. City Will Stop Service or Revoke License/Permit for Returned Checks.
When a check issued in payment of goods or services is returned by the bank, it will be deemed that no payment has been received for the goods or services.

When appropriate the service will be stopped, the license or permit revoked, the action voided, or other suitable action taken. No new goods or services will be provided until payment is received for the prior goods or services. The department will adequately document the action taken in their files and records.

3. City Will Take Appropriate Legal Action On Returned Checks.
Uncollected bank returned checks will be treated as delinquent accounts of the City. Interest or penalties will be charged as appropriate. The accounts will be sent out for collection service. Other legal action will be taken as appropriate.

POLICY 1230 – Departmental Billings and Payments

This policy applies to intergovernmental or customer billings made by city departments for charges for services (excluding those of the public works department done by Accounting Services staff).

The City maintains a cash basis accounting system which does not provide for formal double entry accounting for accounts receivable. However it may become necessary that the City bill for various city services. The following outlines procedures for maintaining a subsidiary receivable tracking system.

1. Departments Will Prepare Invoices.

The departments will prepare invoices for billing private customers and other governments. City invoices must contain adequate billing and accounting information and be approved by the City Treasurer or Finance Director.

All invoices issued will include a remittance copy of the invoice for transmittal with payment.

2. Departments Will Send Billing Information To Administrative Services.

A copy of the invoice or a summary of invoices sent will be transmitted to Administrative Services at least monthly. Minimum information to be transmitted will be invoice date, individual or organization billed, invoice number, amount and the seller's revenue account distribution. Formats used for the summary of invoices shall be approved by the City Treasurer or Finance Director.

When sending billing information to Administrative Services, the departments will segregate billings to private customers, other governments, and other funds. Department records should be adequate to provide this segregation.

3. Departments Will Maintain Subsidiary Accounts Receivable Ledgers

The departments will maintain subsidiary ledgers recording all accounts receivable transactions. The ledgers will contain, at a minimum, customer name, address, date, amount; and invoice number for billings; date, amount and cash receipt number for cash receipts; and outstanding account balance, if applicable. Formats used for the subsidiary ledgers shall be approved by the City Treasurer or Finance Director.

4. Accounts Receivable Control Accounts Will Be Maintained

An accounts receivable control account will be maintained for all accounts receivable. A control account summarizes the information contained in the subsidiary accounts. It contains a total outstanding receivables balance which is updated periodically with batch receipts (daily, weekly, etc.) and batch billings.

Departments maintaining an accounts receivable control account will reconcile to the subsidiary ledgers monthly. The City Treasurer shall review departmental reconciliations quarterly.

5. Payments on Accounts Receivable Will Be Recorded on Cash Receipt Forms.
When payments are received on accounts receivable the department will process the payment by recording the revenue on the receipt and closing the account receivable in the secondary ledger. The receipt number will be noted in the receivable subsidiary ledger.
6. New Accounts Will Be Properly Authorized And Documented.
All new accounts will be properly authorized. New accounts will be supported with the appropriate source documents; contracts, agreements, notes, court orders, citations, credit applications, etc.

POLICY 1235 – Delinquent and Uncollectible Accounts Receivable

This policy applies to all private customer or intergovernmental accounts receivable which are delinquent or uncollectible, except as noted below.

1. City Will Age Accounts Receivable.
Departments will age the individual accounts in the accounts receivable subsidiary ledger monthly. The aged accounts will show accounts which are 30 days, 60 days, and 90 days overdue, at a minimum.
2. City Will Send Past Due Notices For Overdue Accounts.
Outstanding receivables will be reviewed on a regular basis for past due accounts. Past due notices will be sent out for all accounts that are 30 days in arrears.

Past due notices for all customer accounts receivable will include a statement that the account will be referred to a collection agency if not paid in a timely manner.
3. City Will Collect Interest and Penalties As Appropriate.
Interest and penalties will be charged on all accounts as authorized by state statutes.
4. Departments Will Not Provide Services To Delinquent Accounts.
When applicable, a city department will no longer provide services to a private customer or other government when the individual or organization has a delinquent account balance, unless the service is required by some legal criteria.
5. City Will Send Past Due Accounts Out For Collection.
Departments will send delinquent private customer accounts to a collection agency in accordance with City contract(s) for collection services. The accounts will be sent no later than 120 days after they become delinquent. Any exceptions must be authorized by the City Treasurer. The customer must have had 30 days notice prior to sending the account to the collection agency.
6. Council Will Approve Write-offs of Uncollectible Accounts.

All write-offs of uncollectible accounts will be authorized by council resolution. The City Treasurer will prepare a resolution annually, detailing the uncollectible accounts.

POLICY 1240 - Cash Management and Investment Policies

Careful financial control of the City's daily operations is an important part of the City's overall fiscal management program. Achieving adequate cash management and investment control requires sound financial planning to ensure that sufficient revenues are available to meet the current expenditures of any one operating period. Once steps are taken to ensure that the City maintains a protected cash position in its daily operations, it is to the municipality's advantage to prudently invest idle funds until such time as they are required to make expenditures.

- The City's idle cash will be invested on a continuous basis in accordance with the City's adopted investment policies (see Resolution 02-046 defining the City's formal investment policy).
- The City will invest all funds (in excess of current requirements) based upon the following order of priority: 1) Safety; 2) Liquidity; and 3) Return on Investment.
- The City will review investments on a monthly basis.
- Investments shall not be made for the purposes of speculation.
- The City is prohibited from investing in derivative financial instruments.

All investments of the City of Liberty Lake must be made in compliance with Federal and State law and in accordance with applicable legal interpretations. Funds of the City will be invested in accordance with the current version of the Revised Code of Washington (RCW), the BARS manual, these policies and written administrative procedures. The City of Liberty Lake is empowered to invest in certain types of securities as detailed in RCW 35A.40.050 and RCW 35.39.030. Among the authorized investments are:

1. Non-negotiable certificates of deposit and other collateralized evidence of deposits with qualified public depositories.
 2. United States bonds and certificates of indebtedness.
 3. Bonds or warrants of the State of Washington.
 4. State of Washington Local Government Investment Pool.
 5. Its own bonds or warrants of a local improvement district which are with the protection of the local improvement guaranty fund law.
- Proper security measures will be taken to safeguard investments. The City's designated banking institution will provide adequate collateral to insure City funds.

- The City will maintain written guidelines on cash handling, accounting, segregation of duties, and other financial matters.
- Monthly reports will be prepared and distributed to all departments and the City Council showing cash position and year to date budgeted and actual expenditures.
- The City will conduct annual reviews of its internal controls and cash handling procedures.
- Internal controls will be tested on a quarterly basis at a minimum.

- It is the policy of the City to diversify the investment portfolio to the extent necessary to maximize the return on investment while minimizing the risk of loss and to retain sufficient liquidity to meet cash flow obligations.

- 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 four years from the date of purchase.

- An analysis of the City's cash position will be prepared at regular intervals throughout the fiscal year.

- Administrative Services will routinely monitor the contents of the portfolio, the available markets, and the relative values of competing instruments. Securities will be bought and sold to obtain market yield through both transaction gains and interest earnings when the option is available.

- The City Treasurer is the Investment Officer of the city and is authorized to invest city funds in accordance with Resolution No. 02-046. The City Treasurer may buy and sell investments between funds to meet monthly cash flow requirements. Earned interest on investments shall be credited to the fund holding ownership of the investment at the time the interest is earned.

- The City Treasurer shall submit a monthly report of investment holdings to the Mayor and the Finance Committee. The City Council will be provided with quarterly reports on the City's investment strategy and performance.

- Sufficient cash shall be maintained to provide adequate funds for current operating expenditures.

- The City of Liberty Lake will select its official banking institution through a formal bidding process in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available.

SECTION 1300 – EXPENDITURES AND PAYABLES

POLICY 1310 – General Expenditure Policies

Identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

1. Expenditures approved by the City Council define the City's spending limits for the upcoming fiscal year. The City will maintain an operating philosophy of cost control and responsible financial management.
2. Budgeted annual expenditures will be maintained within the limitations of annual revenues.
3. The City will maintain expenditure categories according to state statute and administrative regulation.
4. Services will parallel and adjust to the City's inelastic revenue sources in order to maintain the highest level of service. During periods of economic upturn, long-term expansion of core services will be limited to the anticipated increase of those sources.
5. The City will take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, or fee increases. The City Council may approve a short-term interfund loan or use of one-time revenue sources to address temporary gaps in cash flow, although this will be avoided if possible.
6. Long-term debt or bond financing shall not be used to finance current operating expenditures.
7. Emphasis will be placed on improving individual and work group productivity rather than adding to the work force. The City will invest in technology and other efficiency tools to maximize productivity. The City will hire additional staff only after the need for such positions has been demonstrated and documented.

8. All compensation planning and collective bargaining will focus on the total cost of compensation which includes direct salary, health care benefits, retirement contributions, and other benefits which are a cost to the City.
9. Periodic comparisons of service delivery will be made to ensure that quality services are provided to the citizens of Liberty Lake at the most competitive and economical cost. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery where appropriate. After consultation with City Council, programs that are determined to be inefficient and/or ineffective by the Mayor may be reduced in scope or eliminated.

POLICY 1315 – PROCEDURE FOR TRAVEL AUTHORIZATION AND REIMBURSEMENT

This policy applies to establishing a procedure related to obtaining travel authorization, eligible expenditures, and reimbursing employees for expenses incurred in conduct of business of the City.

1. Reimbursement of Travel Expenses Incurred in the Course of City Business.
It is the policy of the City of Liberty Lake to reimburse City elected and appointed officials, employees, and members of boards and commissions for their reasonable expenses actually incurred in the conduct of their business for the City.
Reimbursement for such necessary and reasonable expenses will be made subject to the rules herein by application and compliance with this policy and with Chapter 42.24, Revised Code of Washington. Such expenditures will be commensurate with the employee's normal standard of living, but it is assumed and expected that expenses will be consistent with the best interests of the City and its desire to minimize travel costs.

Any normal travel time in excess of one day each way, which is brought about by the employee's choice of transportation, will be charged to the employee as vacation time. Paid time for travel shall be clearly resolved in accordance with FLSA guidelines in advance of authorizing travel.

City charge cards may be issued to elected officials and staff who will travel outside the City on City business. Elected officials and staff using a City issued credit card for travel expenses shall not purchase food, gas or other sundries for other persons, employees, or officials, except that if a meal is purchased by a user of a City credit card on behalf of other persons, the person purchasing the meal shall note on the receipt the persons in attendance. Elected officials and staff who use their personal automobile while on official travel shall not use a City credit card for gasoline. When renting an automobile while on official city travel, the City credit card may be used

for rental and gasoline/oil expenses. The cards are kept at City Hall or with the Department Head and must be signed out prior to departure and signed back in upon return.

2. Authorization Procedure

2.1 Authorization to Travel - Travel by city employees, Mayor, City Council, and board and commission members shall be specifically provided for in an approved budget and as provided below:

- 2.1.1 Specific trip authorization shall be approved on Travel Authorization as provided in Section 2.5.
- 2.1.2 Council Members - Travel and attendance is authorized for Council workshops and all annual committee workshops or task force meetings scheduled by the Association of Washington Cities, National League of Cities, or special events that may require Council attendance.
- 2.1.3 Board and commission members – Workshops, seminars, and conferences are normally included in budget requests.
- 2.1.4 Unanticipated or special travel may be approved provided such approval is received as noted on the Travel Request and Authorization Form.
- 2.1.5 All Travel Request and Authorization forms shall be submitted to the City Treasurer to be made available for review upon request.

2.2 Eligible Expenditures

Generally, eligible expenditures include travel and living costs incurred by the employee while away from the City and expenses incurred within the City necessitated by City business. In the Spokane County area, necessary expenses will be reimbursed only for an employee representing the City in his/her official capacity and in the discharge of his/her duties. Such in-City expenses should be authorized as provided for in Section 2.5 below.

- 2.2.1. Registration – Actual cost of registration of any employee at a meeting, conference, or convention for which he/she has received approval. Registration should be prepaid. The City Treasurer is to be contacted in sufficient time to process the registration with regular accounts payable procedures. If it is not possible to prepay registration fees, receipts must be submitted for reimbursement, or accompany the credit card billing statement.
- 2.2.2 Transportation – Actual costs for bus travel, train travel, taxi, tolls, car rentals, parking fees and air travel are eligible, provided all air travel shall be by coach class, unless, only higher cost accommodations are available. Payment for air travel shall be at actual cost from Spokane International Airport to destination and return.

Employees using a personally owned auto to travel out of town on City business will be reimbursed at the Internal Revenue Service rate and

provided payment will not exceed coach class airfare to and from the same destination.

- 2.2.3. Lodging – Actual cost of hotel or motel accommodations is eligible. If a member or guest accompanies the employee, the employee shall pay for the amount over that of a single accommodation. The single accommodation rate must be noted on the hotel/motel bill submitted.
- 2.2.4. Meals – An individual shall be deemed on travel status where the travel includes reimbursable lodging.

Expenses for meals, where City business is conducted and that could reasonably occur during non-meal periods, are not eligible for reimbursement.

Meals for City Council, boards, commissions, and staff conducting formal City business during meal times are specifically authorized.

Non-travel status travel expense need not be pre-approved prior to being incurred unless the individual who would normally approve such expenditures after the fact has set a policy that requires such pre-approval. Where pre-approval has not been required and the person proposing to incur the expense has any question about the legitimacy of the expense, pre-approval should be obtained. Individuals who incur non-travel status travel expense or authorization of the charge on a City credit card is not approved, the expense will be the individual's personal obligation. Travel expense incurred while on travel status requires the pre-approval as set forth in Section 2.5. The act of obtaining a City credit card does not indicate pre-approval of expenses.

Eligible meal expense when not on travel status requires submission of the restaurant receipt (not the receipt which can be filled out by the individual) and shall be reimbursed or charged on city credit card approved at actual cost.

Individuals may be reimbursed for single non-travel status meal expense from the petty cash fund, provided proper documentation and approval is submitted.

Except for lodging where individuals share the same room and transportation conveyance (cab, rental car, etc.) each individual seeking reimbursement must incur his/her own expense and seek individual reimbursement. The only exceptions are group meals arranged for working sessions or banquets arranged by a department.

Individuals on travel status shall be reimbursed for meal expense using per diem rates. Meal and incidental expense (M&IE) per diem will be applied using IRS guidelines. M&IE per diem will be reduced by the amount of any meal not related to the travel and the amount of any meal provided as part of the conference or training. Incidental expenses can be pro-rated based upon the number of reimbursed meals.

2.2.5. Laundry and Valet Services – Actual cost of laundry and/or valet service are allowable expenses when employees are required to be away from the City for more than six days at one time or the conditions under which they are required to work while away from the City create a more than normal need for such services.

2.2.6. Telephone – Charges for telephone are eligible for reimbursement if City business requires such communication. Employees staying outside of Spokane County on business are allowed one personal call per day at City expense. Such calls shall not exceed 10 minutes in duration. Any personal calls in excess of one per day are to be paid by the employee.

2.3 Ineligible Expenses – None of the following expenses shall be paid by the City: travel paid for by any other organization, alcoholic beverages, valet services (except as noted above), meals or lodging accommodations for family or guests, tour bus fees for sightseeing tours, mileage if traveling as a passenger in a privately owned car, trip insurance, hosting, or any other personal expenditures for entertainment or other purposes.

2.4 Documentation of Expenses – All actual expenses shall be submitted to the City Treasurer for reimbursement on the Travel Authorization form with their Department Head's signature. In the case of lodging expense, a detailed statement of charges must be submitted. Each employee is expected to submit his/her own travel expense voucher reflecting reimbursable expenses actually incurred.

If lodging accommodations are shared between two or more employees, the lodging portion of the billing for all such employees may be submitted by the employee paying the bill.

Claim of any charge which could reasonably raise a question should be accompanied with an explanation of such charge.

2.5 Approvals – Travel and expense reimbursement or credit card payment authorization under this policy must be signed, approved and filed with the City Treasurer.. Travel requests should be preapproved for any travel expenses that are anticipated to be \$500 or over. Normally, claims for reimbursement and

credit card charge receipts are to be submitted no later than 5 days after the return from travel. Ongoing approval responsibility for specific travel, reimbursement for expenditures and credit card charges shall be made, pursuant to normal purchase order duly verified by the claimant, and submitted for final approval as noted below:

- A. If Council or other commissions or boards – approval will be made by the Mayor.
- B. If the Mayor – approval will be made by the Mayor Pro Tem.
- C. If the Mayor’s Designee– by the Mayor, or if the Mayor is not available, the Mayor Pro-Tem.
- D. If the City Attorney – by the Mayor or Mayor’s Designee.
- E. If the Department Director – approval by the Mayor’s Designee.
- F. If other employees – by the direct supervisor and/or department director.

POLICY 1320 – Credit Card Policy (Ordinance No. 84-A)

Delegation of Authority

The Mayor or designee is authorized to obtain City credit cards for the use of travel; procurement purchases (i.e. office supplies, library material, and other items).

Employee and Elected Official Eligibility

Credit cards will be issued to authorized City employees and elected officials. Department Heads are responsible for authorizing an employee to use a credit card.

If the employee’s name appears on the card, only that employee may use the card as prescribed above.

Department Head Procedures

Department Heads may issue a non-individualized “department” card to eligible employees for use as described in section three. Department Heads are responsible for the issuance of each card and must keep a written log to ensure cards are checked in and out properly.

Department Heads are responsible for the monthly statements including reconciliation and the issuance of purchase orders as prescribed in the City’s purchasing policy procedures. Statements must be returned to Administrative Services before the billing statement due date to allow for processing and Council approval.

Purchasing Card Use

The maximum monthly limit per card and the City’s aggregate monthly limit will be established by the banking institution. A Department Head may establish lower limits for department employees.

Use of the Credit Card does not relieve the employee/cardholder from complying with city and departmental policies and procedures. The Credit Card is not intended to replace effective procurement planning which can result in quantity discounts, reduced number of trips, and more efficient use of City resources.

All employees are encouraged to use the invoicing and vouchering process when procuring goods or services from a vendor. The Credit Card shall be used on a limited basis if there is a cost savings to the City or use of the Credit Card is the only means available to purchase a product or service.

Resolution of any merchandise returns and billing errors are the Cardholder and/or Department Head's responsibility. All verifiable charges must be paid upon invoicing.

The Cardholder will be responsible to report a lost or stolen card by contacting Administrative Services immediately. Administrative Services will confirm the loss in writing to the bank.

The following conditions must be met when using the Credit Card:

Each single purchase may be comprised of multiple items, but the total amount must not exceed the transaction limit. When a purchase exceeds the \$500 transaction limit, the normal procedure of using purchase orders must be followed. Purchases must not be split to circumvent the transaction limit. The least expensive item that meets the needs of the department should be sought.

Cardholders must follow their department's administrative control of funds procedures to ensure that sufficient budgeted funds are available for the purchase.

The cardholder must obtain an itemized receipt from the vendor and submit the receipt to their Department Head for processing.

Card Restrictions

The following list covers purchases for which the Credit Cards are specifically prohibited:

- Cash advances or cash refunds;
- Personal use of any kind or any non-city purpose;
- Tuition and/or other reimbursable personal expenses;
- Gas for personal vehicle; (if using personal vehicle, mileage must be claimed and processed on a City Travel Voucher);
- Personal cellular phone bills;
- Capital expenditures (unless approved by a Department Head);
- Any work considered to be Public Works;
- Goods or services on City contracts; unless payment by credit card was specifically contracted.

Misuse of the Credit Card

If for any reason disallowed charges are not repaid by the cardholder before the card billing is due and payable, the city shall retain a prior lien against and a right to withhold any and all funds payable to the employee up to an amount of the disallowed charges and interest at the same rate as charged by the purchasing card holder. Consequences for misuse of the Purchasing Card can include:

- Permanent revocation of Credit Card privileges;
- Assignment of wages for repayment of discrepancies;
- Notification to the Finance Director and the Internal Auditor to investigate the matter further; and
- Disciplinary action.

Credit Card Cancellation

The Credit Card may be cancelled for any of the following reasons:

- The card is lost or stolen;
- If the card is used in a manner which is inconsistent with City Policy;
- The employee retires, resigns or is otherwise terminated from city employment;
- The authorizing Department Head requests cancellation for any reason;
- The Mayor or designee requests cancellation.

Administration

The Credit Card policy is administered by the Administrative Services Department. The Mayor and City Council are responsible for ensuring that all policies and procedures are followed.

POLICY 1330 – Cellular Telephones

This policy applies to Cellular Telephones.

1. Director's are responsible:
Directors are responsible for the authorization and cost of all cellular telephones and other wireless devices issues to employees within their departments. Directors are also responsible for the administration of the City stipend for personal cellular telephone usage.
2. City Issuance of Cellular Telephone:
The City may supply a cellular telephone when such loan or issuance is a benefit to the City and will not be construed as a privilege or benefit. Use of a City cellular telephone may be of convenience to the employee or elected official, but convenience alone will not determine usage.

Additionally, employees or elected officials from time to time, or on a regular basis, may be provided a city-owned cellular telephone for the use while on the job.

Cellular telephones issued to an employee or elected official will remain the property of the City. Should such property become damaged lost or stolen due to the negligence of the employee or elected official, such property will be replaced or repaired at the employee or elected official's own expense. Obligation to replace or repair will not include "normal wear and tear".

The Director will monitor on a monthly basis, City issued cellular telephone bills.

Cellular telephones will not be used when more cost effective means of communication are readily available (i.e. two-way radio or land line telephones). In an emergency, or if safety is a consideration, this provision does not apply.

Prohibited Use:

The following uses of the City telephones (including voice mail) are strictly prohibited:

1. Using the phone system to pursue outside business ventures or political or religious causes.
2. Sending offensive or improper voice mail message, including those of a racial or sexual nature.
3. Using the phone system in a frivolous nature, such as for practical jokes.

3. City Stipend Program for use of Personal Cellular Phone:

On behalf of the City, if a Director determines that an employee needs to carry a cellular telephone for City business the employee may, upon approval of the City Administrator, be eligible to receive a monthly stipend for use of their personal cellular telephone. The personal cellular telephone would replace the need to carry a city-owned cellular telephone. The following is required to receive a City stipend for use of a personal cellular telephone:

1. An employee must agree in writing (City's Stipend Agreement) to have his or her personal cellular telephone accessible and available at all times during City business hours or while on call or standby or other times that an employee may be required to be available for City business.

The City Administrator shall have the sole discretion to determine what department employees are eligible to receive a stipend for use of a personal cellular telephone.

The monthly stipend is paid through the payroll system, and the amount of the monthly stipend is based on one of the two plan options as determined appropriate by the City Administrator:

- A. Phone & Data \$50.00 / month
- B. Phone or Data Plan Only \$25.00 / month

Policy 1335 -MONTHLY VEHICLE ALLOWANCE POLICY

The City provides a monthly vehicle allowance for the Mayor.

In consideration for the use of a personal vehicle, the City will provide a monthly vehicle allowance of \$140.00. The \$140.00 is based on historical mileage and parking expenses within Spokane County. This monthly vehicle allowance is provided in lieu of a reimbursement for expenses incurred or expected to be incurred for using a personal vehicle for City business related travel, including insurance and deductibles in the case of an accident. A Mayor that receives a monthly vehicle allowance will not be provided with a City vehicle or mileage reimbursement.

The monthly vehicle allowance may be reviewed by the City Council and the Mayor shall be notified at least sixty (60) days in advance of any changes to the policy or monthly vehicle allowance amount. The City Council reserves the right to make changes to this policy at any time it deems reasonable, including the monthly vehicle allowance amount.

The monthly vehicle allowance paid will be prorated as appropriate. The monthly vehicle allowance will be paid through the City's payroll system.

Personal cellphones or other electronic devices may not be used while driving any vehicle related to City business or travel, unless utilizing a hands-free device. The Mayor is required to maintain 1) a valid driver's license to operate a motor vehicle, and 2) personal vehicle insurance, which must be in force and effective at all times while utilizing said personal vehicle for City business related travel. The personal vehicle used for City business related travel must be maintained in a safe working condition, have a current license registration, and meet all vehicle requirements for the State of Washington.

This policy does not apply to any travel outside of Spokane County and any travel outside of Spokane County will follow the City Travel Policy 1315.

Policy 1340 Employee Recognition Program

Purpose: To provide recognition for exceptional employee performance and/or actions which represent a significant contribution to the City.

Policy: Exceptional work performance and/or service to the community serves as a role model for other employees and often leads to improved morale and productivity among others in a work unit. This in turn contributes to the overall success of the City in meeting the community's goals and objectives. The Mayor, City Council, and Department Managers appreciate and recognize the value of exceptional employee performance that contributes to improved service, quality, productivity, and/or actions that are beneficial to the community. This program is established to provide a process for such employee recognition.

At the discretion of the Mayor, employee recognition may include the presentation of an award based on the value of the performance. The value of all awards may not exceed \$400 in a calendar year.

The Mayor shall also encourage department directors to use a number of awards valued at under \$50 to routinely recognize employees' excellence in the performance of day-to-day duties. The value of all awards may not exceed \$200 in a calendar year.

Procedures: Informal employee recognition may take many forms, such as an in-person or written "thank you", a commendation to the employee's personnel file, assignment to a special project allowing an employee to present his/her work to others, recognizing the employee's work at a staff meeting, additional training or professional development or other similar forms of recognition. While Department Managers and supervisors frequently acknowledge and commend employees for good performance, and may with approval of the Mayor or his/her designee establish a written departmental employee award program, the following formal recognition programs will additionally be made for exceptional work performance and /or service to the community.

Liberty Lake Public Service Awards: Employees achieving twenty-five (25) years, twenty (20) years, fifteen (15) years, ten (10) years, and five (5) years of service with the City shall be honored and recognized by their Department Manager at a City Council Meeting.

Liberty Lake Police Safety Achievement Awards: Recognizing achievements in Public Safety throughout the year.

Are Awards Taxable: As a general rule awards are taxable wages to the employee, however there are exceptions. Awards are not taxable wages to the employee if they meet the following criteria:

- **Be given for length of service or safety achievement**
- **Be tangible personal property, other than cash, gift certificates or equivalent items.**
- **Be given under conditions and circumstances that do not create a significant likelihood of the payment of disguised compensation**
- **Be given as part of a meaningful presentation**
- **Be no more than the specified dollar limits (\$400)**

SECTION 1400 – INTERFUND TRANSACTIONS

POLICY – 1410 INTERFUND LOAN TRANSACTIONS

This policy applies to all loans made between two city funds. Interfund loans are temporary borrowings of cash or other assets.

1. The City Council Will Authorize Interfund Loans.
The Council will approve all interfund loan transactions by ordinance. The ordinance will provide for the term of the loan as well as setting a reasonable rate of interest to be paid to the lending fund.
2. Interest Will Be Paid On Interfund Loans.
The lending fund will charge the borrowing fund a reasonable rate of interest, based on the external rate available to the City. Interest is not required in the following circumstances, though may be charged:
 - A. The borrowing fund has no independent source of revenue other than the lending fund.
 - B. The borrowing fund is normally funded by the lending fund.
 - C. The lending fund is the General Fund, which, being unrestricted, can loan interest fee, except to a proprietary fund.
3. Loans May Be Made Only To Solvent Funds.
The borrowing fund must anticipate sufficient revenues to be in a position over the period of the loan to make the specified principal and interest payments as required in the authorizing ordinance.
4. Loans Must Be Of A Temporary Nature.
The term of the loan will be for a period not in excess of three years. No permanent diversion of the lending fund shall result from the failure of the borrowing fund to repay the loan.
5. Interfund Loans Will Be Properly Accounted For.
All inter-fund loans and repayments will be promptly recorded in the City's accounting system. Interfund loans receivable and interfund loans payable will be disclosed in the financial notes. Interfund loans will be recorded as Non-revenues (380) and Non-expenditures (580).

POLICY 1415 – TRANSFERS OF PROPERTY BETWEEN FUNDS

RCW 43.09.210 requires that, when property is transferred between funds of the same municipality, it should be paid for at its full value by the fund which receives it. The following rules are intended to clarify the application of this statute.

1. Transfer of Assets Between Governmental Funds.

The transfer of capital assets between two governmental funds of the same entity should be accounted for merely as a change of location and/or custodian because the assets are not owned by the particular funds. Such transfers are not subject to budgetary control, but the assets should be declared surplus (see Policy 2110) to the needs of the relinquishing fund and the transfer approved by the Mayor's Designee.

2. Transfer of Capital Assets to an Enterprise Fund.

The transfer of capital assets to an enterprise fund should be budgeted and accounted for as a sale and purchase of property. Proceeds of such sale should be deposited to the fund which originally paid for the item or to the general fund at the discretion of legislative body.

The transfer of capital assets to an internal service fund must be approved by the entity's legislative body.

SECTION 1500 – DEBT MANAGEMENT

Policy 1510 – Debt Management

The amount of debt issued by the City is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages.

The basic objectives of the City's debt management policies are to:

1. Achieve the lowest possible cost of borrowing.
2. Ensure access to capital markets to adequately provide the long-term financial needs of the City.
3. Be received by the markets as a strong and sound credit which has fully demonstrated its commitment to meet all obligations in a timely fashion.
4. Monitor and control capital spending in such a way that capital market entry can be planned.
5. Maintain a level and structure of outstanding indebtedness that does not lead to erratic and excessive debt service requirements, thereby avoiding unnecessary strain on the operating budgets.

6. To smooth the use of debt so that debt service payments will be predictable and a manageable part of the operating budget.
7. Provide for the distribution of pertinent information to rating agencies.
8. Apply and promote prudent fiscal practices.

The following debt guidelines are established to provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues:

1. City Council approval is required prior to the issuance of debt.
2. The City will use the services of certified and credible legal counsel and underwriting firms in the preparation of all long-term debt representations.
3. The term of the debt shall never extend beyond the useful life of the improvements to be financed.
4. The City will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements. In no case will the City lease-purchase equipment whose useful life is less than the term of the lease.
5. The City will not use long-term debt to pay for current operations. The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements.
6. Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
7. Interest earnings on bond proceeds will be limited to 1) funding the improvements specified in the authorizing bond ordinance, or 2) payment of debt service on the bonds.
8. The City will maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved. The City will encourage and maintain good relations with financial bond rating agencies and will follow a policy of full and open disclosure.
9. The City shall use refunding bonds in accordance with the Refunding Bond Act, RCW 39.53. Unless otherwise justified, the City will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the purpose of avoiding debt service obligations. A target 4% cost savings (discounted to its present value) over the remainder of the debt must be demonstrated for any “advance refunding”, unless otherwise justified.
10. Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.

11. The City will comply with all statutory debt limitations imposed by the Revised Code of Washington (RCW). The City of Liberty Lake debt will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property with the City. Compliance with state law and this policy shall be documented each year in the City's Annual Report.

The following individual percentages (as defined in state law) shall not be exceeded in any specific debt category:

General Debt	2.5% of assessed valuation
Utility Debt	2.5% of assessed valuation
Open Space and Park Facilities	2.5% of assessed valuation

Debt Policies

Establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.

Purpose and Overview

The Debt Policy for the City is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all financings of the City. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations.

Capital Planning:

The City shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying particular attention to financing priorities, capital outlays and competing projects. Long term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. For all capital projects under consideration, the City shall set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal. The issuance of debt to fund operating deficits is not permitted.

Legal Governing Principles

In the issuance and management of debt, the City shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

1. State Statutes – The City may contract indebtedness as provided for by State law, subject to the statutory and constitutional limitations on indebtedness.
2. Federal Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.
3. Local Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by local rules, policies, and regulations.

Roles & Responsibilities

The City Council shall:

- Approve indebtedness;
- Approve appointment of the bond underwriter and bond counsel;
- Approve the Financial Policy, including the section on the Debt Policy;
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and

The Finance Director in consultation with the City staff members such as Administrator, Finance Committee, the Mayor and full Council shall:

1. Assume primary responsibility for debt management
2. Provide for the issuance of debt at the lowest possible cost and risk;
3. Determine the available debt capacity;
4. Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
5. Recommend to the City Council the manner of sale of debt;
6. Monitor opportunities to refund debt and recommend such refunding as appropriate.
7. Comply with all Internal Revenue Service (IRS), Securities and Exchange (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt.
8. Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
9. Provide for and participate in the preparation and review of offering documents;
10. Comply with all terms, conditions and disclosure required by the legal documents governing the debt issued;
11. Submit to the City Council all recommendations to issue debt;
12. Provide for the distribution of pertinent information to rating agencies;
13. Comply with undertakings for ongoing disclosure pursuant to SEC Rule 15c2-

14. Apply and promote prudent fiscal practices.

Ethical Standards Governing Conduct

The members of the City staff will adhere to the standards of conduct as stipulated by the Public Disclosure Act, RCW 42.17 and Ethics in Public Service, RCW 42.52.

Types of Debt Instruments:

The City may utilize several types of municipal debt obligations to finance long-term capital projects. Subject to the approval of City Council, the City is authorized to sell:

1. **Unlimited Tax General Obligation Bonds** – The City shall use Unlimited Tax General Obligation Bonds (UTGO), also known as “Voted General Obligation Bonds” for the purpose of general purpose, open space and parks, and utility infrastructure. Voted issues are limited to capital purposes only.

Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project. UTGO Bonds are payable from excess tax levies and are subject to the assent of 60% of the voters at an election to be held for that purpose, plus validation requirements.

2. **Limited Tax General Obligation Bonds** – A Limited-Tax General Obligation debt (LTGO), also known as “Non-Voted General Obligation Debt”, requires the City to levy a property tax sufficient to meet its debt service obligations but only up to a statutory limit. The City shall use LTGO Bonds as permitted under State law for lawful purposes only. General Obligation debt is backed by the full faith and credit of the City and is payable from non-voter approved property taxes and other money lawfully available. LTGO Bonds will only be issued if:

- a. A project requires funding not available from alternative sources;
- b. Matching fund monies are available which may be lost if not applied for in a timely manner; or,
- c. Emergency conditions exist.

3. **Revenue Bonds** – The City shall use Revenue Bonds as permitted under State law for the purpose of financing construction or improvements to facilities of enterprise (i.e., utility) systems operated by the City (if any) in accordance with the Capital Improvement Plan.

4. **Special Assessment/Local Improvement District Bonds** – The City shall use Special Assessment Bonds as permitted under State law for the purpose of assuring the greatest degree of public equity in place of general obligation bond where possible. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who specifically benefit from the capital improvements through annual assessments paid to the City. LID’s are formed by the City Council after a majority of property owners

agree to the assessment. No taxing power or general fund pledge is provided as security, and LID Bonds are not subject to statutory debt limitations. The debt is backed by the value of the property within the district and an LID Guaranty Fund, as required by State Law.

5. **Short Term Debt** – The City shall use short term debt as permitted by State law for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The City may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund’s current operations. All inter-fund loans will be subject to Council approval and will bear interest at prevailing rates.
6. **Leases** – The City is authorized to enter into capital leases under State law, subject to the approval of City Council.
7. **Public Works Trust Fund Loans** – The City shall use Public Works Trust Fund Loans (when available) as provided under State law for the purpose of repairing, replacing or creating domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste/recycling facilities and bridges.

Policy 1515 – Communication Policy

1. It is the policy of the City to remain as transparent as possible.
2. The City shall manage relationships with the rating analysts assigned to the City’s credit, using both informal and formal methods to disseminate information.
3. The City’s Basic Financial Statements and Notes shall be a vehicle for compliance with continuing disclosure requirements. The Notes to the Financial Statements may be supplemented with additional documentation as required. Each year included in the Notes to the Financial Statements, the City will report its compliance with debt targets and the goals of the Debt Policies.
4. The City shall seek to maintain and improve its current bond rating.

Policy 1520 – Compliance Policy

Investment of Proceeds

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

Legal Covenants

The City shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

Periodic Policy Review

At a minimum, the Debt Policy and the City’s Post Issuance Compliance Policy will be reviewed and updated every five years.

SECTION 1600 – PURCHASING

Purpose and Overview

Purpose. This policy is intended to direct the purchase of goods and services at a reasonable cost, using an open, fair, documented and competitive process whenever reasonable and possible. The integrity, efficiency, and effectiveness of Liberty Lake's procurement functions are critical elements of sound government.

POLICY 1610 – PURCHASING

CHAPTER	TITLE	PAGE #
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City of Liberty Lake Purchasing Procedures

All employees must follow established policies and procedures for procurement of equipment, materials, and services. Adherence to policies and procedures will ensure that public purchases and contracts are open, fair, and at the best value to the public. Procedures are divided into six major areas: 1) Purchases of Supplies, Materials, and Equipment, 2) Public Works Contracts, 3) Architectural and Engineering Services 4) Professional Services, 5) Sole Source Purchases, and 6) Emergency Purchases.

Purchases may not be broken into multiple projects or purchases to avoid compliance with state statutes and City policies.

I. PURCHASES OF SUPPLIES, MATERIALS, AND EQUIPMENT

A. APPROVAL AUTHORITY

Amount	Approval Authority	Procedure
\$0-\$500	- City Engineer - Planning and Building Services Manage	No purchase order needed, invoice/receipts and packing slips given to the City Treasurer.
\$0 - \$1,000	-Finance Director -Chief of Police -Library Director -Operations & Maintenance Director	No purchase order needed, invoice/receipts and packing slips given to the City Treasurer.
1,000.01 - \$5,000	Mayor or Mayor’s Designee	Obtain three quotes, P.O.

		needed, fill out P.O. on BIAS for approval, email P.O. notification to Mayor or designee for approval
\$5,000.01 - \$7,500	City Council	Written quotes, Vendor List, or Competitive Bid
\$7,500.01 - \$15,000	City Council	Vendor List or Competitive Bid
\$15,000 or Over	City Council	Competitive Bid

PROCESS

Purchase Orders must be used for purchases over \$1,000. Direct bill accounts may be established and payment authorized by invoice only for purchases of \$1,000 or less.

The purchase order is a legal contract between the City and a vendor specifying the scope and cost of the equipment, materials, and supplies.

1. The original copy is provided to the vendor, either prior to purchase or as a remittance copy.
2. The second copy is provided to the City Treasurer at the time the purchase is made to encumber funds.
3. The third copy is retained by the department making the purchase until the items purchased have been received. After the items are received and determined to be satisfactory, the copy is attached to the invoice. Signed by the authorized official attesting to the satisfactory receipt of items as ordered, and provided to the City Treasurer for preparation of vendor payment.
4. The City Treasurer retains all copies of documentation for at least a seven-year period for audit by the State Auditor and for reference, should other questions arise.

Purchases between \$1,000.01 and \$5,000:

Three written quotes are required for purchases between \$1,000.01 and \$5,000. Best practice purchasing will be used to ensure that the City obtains quality goods or services at reasonable prices. Spreading purchases out over several months or making separate single purchases, when the total of the purchases is greater than \$1,000, circumvents the policies set forth below and is not authorized.

Purchases between \$5,000.01 and \$7,500:

Three written quotes can be obtained for purchases between \$5,000.01 and \$7,500. The City's Roster of Vendors for Materials, Supplies, and Equipment can also be used to obtain quotations

from vendors. In the event sufficient qualified vendors cannot be found through either direct contact or through the City's Roster of Vendors, formal competitive sealed bids are required.

Purchases between \$7,500.01 and \$15,000

Written quotations will be obtained from vendors who have requested to be listed on the City's Roster of Vendors for Materials, Supplies, and Equipment. A purchase order or contract is required for payment to the lowest responsible bidder.

In the event sufficient qualified vendors are not on the City's Roster of Vendors, formal competitive sealed bids are required.

At least every two months, the City using vendor lists to award contracts valued at more than \$5,000, but not more than \$15,000, must post a list of contracts awarded. The list must contain the name of the vendor, the amount of the contract, a brief description of items purchased, and the date of the award.

Purchases of \$15,000.01 and above:

Formal, competitive sealed bids are required pursuant to RCW 35.23.352.

Advertisement of Request for Bid

The department initiating a purchase shall prepare an Advertisement for Bid containing:

- a) Item(s) or services to be purchased.
- b) Delivery time requirements, including Point of Delivery.
- c) Bid bond requirements, if applicable.
- d) Terms of payment, if appropriate.
- e) Date and time of bid opening.
- f) The location where detailed specifications are available for public inspection and the cost to obtain a set of plans and specifications.
- g) Name and telephone number of City contact person.
- h) Notice that the City reserves the right to reject any and all bids.
- i) Notice that bids received after the scheduled bid opening will not be considered.
- j) Notice that all bid documents are a public record and subject to disclosure.

The Advertisement for Bid must be posted in City Hall and published in the City's official newspaper by the City Clerk once a week for two consecutive weeks with the last publication being at least 13 days prior to the last date upon which bids will be received.

The Advertisement for Bid may be mailed to a listing of vendors from the City's Roster of Vendors by the initiating department.

If changes or clarifications to the specifications are issued during the bid period, the initiating department must send a notice to all prospective bidders and a copy filed with the City Clerk.

Request for Bid Log

The initiating department must prepare a log and record containing the following information: (the log is a formal public record to be filed with the City Clerk after award of the contract or purchase order.)

- a) The name, address, and phone number of every vendor who received a copy of the Advertisement for Bid and Detailed Specifications.
- b) If communications with prospective bidders occur during the bid period, record the substance of the communication on the bid log.
- c) The date and time any changes or clarifications to the specifications are sent to bidders.

Bid Opening

The City Clerk, or his/her designee, shall be present at all bid openings to verify the date and time of bid opening; open each bid proposal; announce the bids of each submitter; record the unit prices, sales tax, delivery charge if applicable, and total cost of each bid proposal. A tabulation of bid results will be prepared by the City Clerk and made available to the public following the formal bid opening.

Bid Award

The requesting department will evaluate the bids, determine, and document the lowest responsible bidder, prepare a purchase order or contract, and submit the documentation to the Mayor's Designee for submission to the City Council. If a contract is required, secure the City Attorney's approval as to form. Contract or purchase order documents are signed by the Mayor after Council approval.

After the purchase order or contract is issued, a copy of the log should be submitted to the City Clerk with the encumbering copy of the purchase order/contract and the unsuccessful vendors should be notified.

Public Record

Immediately after opening of the bids, the original copy of every bid proposal and a copy of the bid log should be filed with the City Clerk for retention; the bids are a public record. A copy of the proposal of the successful bidder should remain with the initiating department until completion of the purchase and /or service.

II. PUBLIC WORKS CONTRACTS

A. Approval Authority

When MRSC Small Works Roster is Not Used

AMOUNT	APPROVAL AUTHORITY	PROCEDURE
\$0 - \$1,000	<u>Supervisor</u> -Finance Director -Chief of Police -Library Director -Operations & Maintenance Director	No Competitive Bids Required, Section Selects
\$1,000.01 - \$5,000	Mayor or Mayor's Designee	Three Quotes, Section makes recommendation and Mayor or designee approves
\$5,000.01 - \$40,000	City Council	Three Written Quotes
Over \$40,000.01 for One Craft or Trade, or Street Signalization or Street Lighting	City Council	Competitive Bid
Over \$65,000 for Two or More Crafts or Trades	City Council	Competitive Bid
Over \$300,000	City Council	Competitive Bid

When MRSC Small Works Roster is Used

AMOUNT	APPROVAL AUTHORITY	PROCEDURE
\$0 - \$1,000	-Finance Director -Chief of Police -Library Director -Operations & Maintenance Director	Solicit quotations from a minimum of three contractors from the appropriate Small Works Roster and award the contract to the lowest responsible bidder as defined under RCW 39.04.010.
\$1,000.01 - \$5,000	Mayor or Mayor's Designee	Solicit quotations from a minimum of three contractors from the appropriate small works roster and award the contract to the lowest responsible bidder as defined under RCW 39.04.010
\$5,000.01 - \$35,000	City Council	Solicit quotations from a minimum of three contractors

		from the appropriate Small Works Roster and award the contract to the lowest responsible bidder as defined under RCW 39.04.010
\$35,000.01 - \$150,000	City Council	Quotations may be invited from all appropriate contractors on the small works roster or quotations may be invited from at least five contractors on the Small Works Roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors in the roster.
\$150,000.01 - \$300,000	City Council	City may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought.
Over \$300,000	City Council	Competitive Bid (Small Works Roster Cannot Be Used for Public Works Projects over \$300,000)

B. Procedure

Procedures When Not Using MRSC Small Works Roster

Projects that will not exceed \$40,000 and a single craft or trade is involved or it is a street signalization project and projects that will not exceed \$65,000, and more than one craft or trade is involved.

Competitive bids are not legally required for these public works contracts; however, best practice purchasing will be used to assure the City obtains quality services at reasonable prices.

Contracts issued are to be reviewed for form by the City Attorney; payments to the contractor will be by purchase order and completion of the Request for Pay form.

Procedures When Using MRSC Small Works Roster

Cost. The City need not comply with formal sealed bidding procedures for the construction, building, renovation, remodeling, alteration, repair, or improvement of real property where the estimated cost does not exceed Three Hundred Thousand Dollars (\$300,000.00), which includes the costs of labor, material, equipment and sales and/or use taxes as applicable. Instead, the City may use the Small Public Works Roster procedures for public works projects as set forth within the MRSC Small Public Works Roster contract. The breaking of any project into units or accomplishing any projects by phases is prohibited if it is done for the purpose of avoiding the maximum dollar amount of a contract.

Publication. At least once a year, on behalf of the City, MRSC will publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to appropriate MRSC Roster(s) at any time that they submit a written request and necessary records. The City may require master contracts to be signed that become effective when a specific award is made using a small works roster.

Written Quotations. The City shall obtain written or electronic quotations for public works contracts from contractors on the appropriate Small Works Roster to assure that a competitive price is established and to award contracts to a contractor who meets the mandatory bidder responsibility criteria in RCW 39.04.350(1) and may establish supplementary bidder criteria under RCW 39.04.350(2)

- a) A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation.
- b) Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. "Equitably distribute" means that the City may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services.

If the estimated cost of the work is from one hundred and fifty thousand dollars (\$150,000) to three hundred thousand dollars (\$300,000), the City may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must notify the remaining contractors on the appropriate small works

roster that quotations on the work are being sought. The City has the sole option of determining whether this notice to the remaining contractors is made by:

- (i) publishing notice in a legal newspaper in general circulation in the area where the work is to be done;
 - (ii) mailing a notice to these contractors; or
 - (iii) sending a notice to these contractors by facsimile or email.
- d) At the time bids are solicited, the City representative shall not inform a contractor of the terms or amount of any other contractor's bid for the same project;
- e) A written record shall be made by the City's representative of each contractor's bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.

Limited Public Works Process. If a work, construction, alteration, repair, or improvement project is estimated to cost less than thirty-five thousand dollars (\$35,000), the City may award such a contract using the limited public works process provided under RCW 39.04.155 (3). For a limited public works project, the City will solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder as defined under RCW 39.04.010. After an award is made, the quotations shall be open to public inspection and available by electronic request.

For limited public works projects, the City may waive the payment and performance bond requirements of chapter 39.08 RCW and the retainage requirements of chapter 60.28 RCW, thereby assuming the liability for the contractor's nonpayment of laborers, mechanics, subcontractors, materialmen, suppliers, and taxes imposed under Title 82 RCW that may be due from the contractor for the limited public works project. However, the City shall have the right of recovery against the contractor for any payments made on the contractor's behalf.

The City shall maintain a list of the contractors contacted and the contracts awarded during the previous 24 months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

Determining Lowest Responsible Bidder. The approval authority shall award the contract for the public works project to the lowest responsible bidder provided that, whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the approval authority may call for new bids. A responsible bidder shall be a registered and/or licensed contractor who meets the

mandatory bidder responsibility criteria established by Chapter 133, Laws of 2007 (SHB 2010) and who meets any supplementary bidder responsibility criteria established by the City.

Award. All of the quotations shall be collected and presented at the same time to the approval authority for consideration, determination of the lowest responsible bidder, and award of the contract.

The competitive bid process must be used for projects over \$300,000.

Advertisement for Bid of Public Works Project:

The City Engineer or designee shall prepare an Advertisement for Bid of Public Works Project containing the following information:

- a. Brief description of the Public Works Project being bid.
- b. Notice of the requirement of a bid proposal deposit in the amount of 5% of the amount bid in the form of a cashier's check, postal money order, or surety bond in favor of the City of Liberty Lake.
- c. Terms of payment, if appropriate.
- d. Date and time of bid opening.
- e. The location where detailed plans, specifications, and contract documents are available for public inspection and the cost to obtain a set of plans and specifications.
- f. The name and telephone number of the City contact person.
- g. Notice that the City reserves the right to reject any and all bids.
- h. Notice that the bids received after the scheduled bid opening will not be considered.
- i. Notice that all bid documents are public record and subject to disclosure.

The Advertisement for Bid must be posted in City Hall and published in the City's official newspaper by the City Clerk once a week for two consecutive weeks with the last publication being at least 13 days prior to the last date upon which bids will be received.

Detailed Plans and Specifications:

Detailed plans and specifications of public works project will be prepared at the direction of the City Engineer or designee, along with an estimate of the cost of such work. The specifications will be approved by the City Engineer or designee and a certified copy filed with the City Clerk. Copies will be provided to prospective bidders upon payment of a sum equal to the cost of having said documents prepared.

Any changes or clarifications to the contract documents, specifications, or design drawings made after advertising and before the bid submittal and bid opening, should be

issued to all document holders as numbered and dated addenda. A copy of the change order clarification must be filed with the City Clerk.

Request for Bid Log:

The initiating department must prepare a log and record containing the following information (the log is a formal public record to be filed with the City Clerk after award of the contract):

- a. The name, address, and phone number of every contractor who received a copy of the Detailed Plans and Specifications for the project and the date and time specifications were provided.
- b. If communications with prospective bidders occur during the bid period, record the substance of the communication on the bid log.

Bid Opening:

The City Clerk, or his/her designee, shall be present at all bid openings to verify the date and time of bid opening; open each bid proposal; announce the bids of each submitter; record the unit process, sales tax, delivery charge if applicable, and total cost of each bid proposal. A tabulation of bid results will be prepared by the City Clerk and is available to the public immediately following the formal bid opening.

Bid Award:

The requesting department will evaluate the bids, determine, and document the lowest responsible bidder, prepare a contract including review as to form by the City Attorney, and submit the documentation to the Mayor for approval and submission to the City Council.

After the purchase order or contract is issued, a copy of the log should be submitted to the City Clerk with the encumbering copy of the purchase order/contract and the unsuccessful vendors should be notified.

All bid proposals deposits must be returned to the unsuccessful bidders; the 5% bid bond of the successful bidder will be retained until a contract is entered into and a bond to perform the work is furnished, with surety satisfactory to the City Council. If the bidder fails to enter into the contract in accordance with his or her bid and furnishes a bond within ten days from the date of being notified of the successful bid, the 5% bid bond will be forfeited to the City of Liberty Lake.

Public Record:

Immediately after opening of the bids, the original copy of every bid proposal and a copy of the bid log should be filed with the City Clerk for retention; the bids are a public record. A copy of the proposal of the successful bidder should remain with the initiating department until completion of the project.

III. ARCHITECTURAL AND ENGINEERING SERVICES CONTRACTS

A. Approval Authority

AMOUNT	APPROVAL AUTHORITY	PROCEDURE
\$0-\$5,000	Mayor	Contract/Invoices
Over \$5,000	City Council	Contract/Invoices

B. Process

The initiating department shall prepare a Request for Qualifications and publish in advance of the department’s requirements for professional services. The RFQ and its publication are intended to reach those potentially interested consultants that can provide the services required within the established time frame.

Whether the RFQ is for a specific project or for a “category or type” of service, it should contain the following information:

- a. Project title and description.
- b. Scope of services desired.
- c. Submission deadline.
- d. Format of response.
- e. Criteria for selection.
- f. Number of copies desired.
- g. Name and telephone number of City contact person.
- h. Instructions for submittal of qualifications and deadline for response.
- i. Specific contract provisions, if applicable.
- j. Notice that all documents submitted are a public record and subject to disclosure.

The responses received will be evaluated at the direction of the initiating department against established and consistently applied evaluation criteria. In some cases, top finalists may be selected for an interview procedure for further

evaluation and rating. Upon conclusion of the evaluation procedure, a recommendation will be presented to the appropriate budget authority for approval, or to the Mayor for submission to the City Council for approval.

Contract negotiations proceed after selection of the most qualified firm at which time statute provides for negotiation on a “fair and reasonable price.”

The contract is a legal contract between the City and a vendor and will specify the scope and costs of the services to be provided, as well as the terms of payment. All contracts must be reviewed and approved as to form by the City Attorney.

The contract should be composed of two originals and two copies and is distributed as follows after execution:

1. One original provided to the vendor prior to commencing work.
2. One original provided to the City Clerk.
3. One copy to the City Clerk.
4. One copy to the department responsible for monitoring contract performance and authorizing progress and final payments.

IV. PROFESSIONAL SERVICES CONTRACTS

A. Approval Authority

AMOUNT	APPROVAL AUTHORITY	PROCEDURE
\$0 - \$5,000	Mayor or designee	P.O. for Amount Over \$1,000 and Invoices (Discretionary Contract)
Over \$5,000	City Council	Contract/Invoices

B. Process

Contracts for professional services such as attorney services, computer programmers, financial consultants, planners bond counsel, accountants, etc., may be procured by direct negotiation with a selected firm or individual.

Although formal competitive bids or Requests for Qualifications are not legally required, it is recommended the process described under Architectural and Engineering Services be followed.

V. SOLE SOURCE PURCHASES

Compliance to the provisions of these purchasing policies and procedures may be waived upon approval of the City Mayor and by resolution of the City declaring that the purchase is clearly and legitimately limited to a single source or supply within the near vicinity, or the materials, supplies, equipment, or services are subject to special market conditions, and recites why this situation exists.

VI. EMERGENCY PURCHASES

Compliance to the provisions of these purchasing policies and procedures may be waived for certain public works projects or purchases in the event of an emergency in order to provide the ability to respond and so as not to compromise the health, safety, or welfare of the people.

Within 48 hours of the initiating of the emergency contract or purchase, and declaration of the emergency by the Mayor or designee or budget authority, a purchase order will be prepared indicating the emergency for which issued.

Additional justification, documentation, or other materials may be required by the Mayor or City Council.

Within seven days after the commencement of an emergency public works project, the City must record and publish the description and cost estimate of the project. Within two weeks of the finding that such an emergency existed, the City must adopt a resolution certifying the existence of the emergency situation.

VII. DEFINITIONS

Architectural and Engineering Services – Those services within the scope of practice of architecture, engineering, or land surveying.

Best Practice Purchasing – Whenever formal written quotes/bids are not required, competitive relationships with vendors/suppliers/contactors will be shopped or negotiated to assure competitiveness and reasonableness in achieving low cost, good quality, and service.

Budget Authority - Person(s) authorized to spend funds up to amounts as budgeted on behalf of the City.

Competitive Sealed Bid – Notice to bidders is advertised and sealed bids are required. Usually, the bid document is very detailed and specific.

Direct Bill Account – The City may negotiate direct bill accounts with local suppliers and authorized employees may purchase items on the City's account with packing/shipping slips matched to invoices for payment.

Emergency – A situation which results from the occurrence of a disaster, such as, but not limited to, flood, hurricane, riot, power outage, disease, or a situation which may lead to the impairment of the health, safety, or welfare of the public, if not immediately attended to.

Lowest Responsible Bidder – In addition to price, elements which may be considered when selecting the best bid/proposal, include, but not limited to:

1. Tax revenue the City would receive by purchasing locally.
2. The ability of the bidder to perform the work.
3. The experience, efficiency, reputation, judgment, integrity, and character of the bidder.
4. Ability to perform promptly and within time specified without delay or interference.
5. Performance quality of previous contracts or services.
6. Previous and/or existing compliance by the bidder with laws relating to contracts or services.
7. Financial responsibility of the bidder to perform the contract or provide the service.
8. Limitations of any license the bidder may be required to possess.
9. The quality, availability, and/or adaptability of the product or service.
10. Ability of the bidder to provide future maintenance and/or service.
11. Life cycle maintenance and performance of the equipment or product.
12. Compatibility and uniformity with existing equipment, services, and/or procedures.
13. Other information as may be pertinent and having a bearing on the decision to award the contract.

Proposal - The consultant's proposal describing key personnel, technical approach, experience, and familiarity with the area, time schedules, work plan, and other information relating to the specific service being sought.

Professional Services – An occupation wherein the labor and skill involved is predominately mental or intellectual rather than physical or manual. Professionals included in this category are: Accountants, artists, attorneys, bond brokers, computer programmers/consultants, insurance brokers, economists, financial analysts, planners, real estate appraisers, and codification of municipal ordinances.

Purchasing Agent – Person(s) responsible for purchasing in each department.

Request for Proposal (RFP) – A solicitation sent to known vendors, usually prepared by a department head or designee, which includes in a general manner the work or type of service which the City desires to contract. RFP's generally solicit original ideas from experienced and knowledgeable workers.

Roster – Small Works – A listing of pre-qualified bidders for public works projects up to \$300,000.

Roster – Vendors for Supplies, Materials, and Equipment – A listing of vendors from which bids/quotations will be sought for purchases of supplies, materials, and equipment estimated to cost between \$5,000.01 and \$15,000.

Statement of Qualifications – A form of proposal wherein the prospective consultant/contractor provides information relating to the proposer's qualifications to perform the type(s) of work being sought, and may include brochures, resumes of key personnel, descriptions of work completed in other places, references, etc.

Written Quotation – A written record of prices and other terms provided by prospective vendors in response to written solicitation sent to the prospective vendors by the City.

SECTION 1700 – GRANTS

POLICY 1710 – INTERGOVERNMENTAL REVENUES

Many service costs of the City are influenced by other governments, either because of service overlap or service mandates imposed by the county, state, or federal government. The City should take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues, and grants while aggressively opposing mandates that distort local service priorities.

1. Grants Should Not Fund Ongoing Services.
The City will refrain from using grants to meet ongoing service delivery needs. In the City's financial planning, grants will be treated in the same manner as all other temporary and uncertain resources and will not be used to fund ongoing, basic service needs.
2. Grant Agreements Reviewed for Compliance with Regulations.
All grant agreements will be reviewed by the appropriate City staff, including Administrative Services, City Attorney's Office, and sponsoring department, to ensure compliance with state, federal, and City regulations.
3. Budgeting for Grant Expenditures.
The City will budget expenditures for grant-funded programs only after grant award or letter of commitment, and only for the amount of grant award. City overhead or indirect costs for grant-funded programs will be included in all grant proposals, where permitted.
4. Protecting the City's Interests.
The City will aggressively oppose state or federal actions that mandate expenditures that the City Council considers unnecessary. The City will pursue intergovernmental funding to support the incremental cost of those mandates.

POLICY 1715 – ACCOUNTING FOR GRANTS

Grants will be accounted for according to standards listed in the manual for Budgeting, Accounting, and Reporting System (BARS) as issued by the Washington State Auditor's Office.

Grants will be reported according to standards for Schedule 16 – Expenditures of Federal Awards and State/Local Financial Assistance as detail in the manual for Budgeting, Accounting, and Reporting System (BARS) as issued by the Washington State Auditor's Office.

SECTION 1800 – DISBURSEMENTS

Policy 1810 – CLAIMS VOUCHERS

This policy applies to all vouchers prepared for processing through the claims fund. The following are authorized claims vouchers:

1. Payment Vouchers
2. Travel Expense Vouchers
3. Petty Cash Vouchers

1. City Claims Vouchers Will Be Adequately Documented

Adequate documentation will be attached to city payment vouchers to assure that it supports a valid, legally authorized purchase. Payments will be made only on original invoices. Properly prepared and approved requisitions, purchase orders and receiving reports will be attached when applicable.

If the original invoice has been lost, the preparer should write “Original lost” on the copy. Voucher files should be examined to assure that the original has not been paid. Claims for travel or other business expenses will be documented as detailed in Policy 1315.

2. Claim Vouchers Will Be Properly Approved, Certified and Audited.

The City Clerk, in the absence of the Finance Director, will sign the check register, certifying that the “materials have been furnished, the services rendered or the labor performed...and that the claim is a just, due and unpaid obligation against the city...” Claims for travel expenses will be certified by the individual incurring the travel expense, as well as the designated department official. Expense claims for department heads will be approved by the Mayor or Mayor’s designee.

All claims vouchers will be audited by the City Clerk, in the absence of the Finance Director (see City Ordinance #5A) prior to payment and entry into the city’s financial system.

All claims against the city will be certified by the Executive Officer or delegate. The certification will be made on a blanket voucher authorization indicating all voucher expenditures by fund, and supported by listings of the vouchers certified. The City executive will provide final approval of all city check issues.

3. Vouchers Will Be Processed Bi-Monthly.

The City Treasurer or designee will process vouchers the Thursday before the bi-monthly council meeting. Vouchers must be submitted to the City Treasurer by noon on Wednesday to be included in the current processing. Claims checks will be issued after approval by Council.

4. Payment Vouchers May Not Be Used To Record Personnel Expenditures.

Payment vouchers will not be used to record expenditures for salaries or wages, overtime or extra help. All personnel expenditures must be processed through the payroll system.

Payment vouchers will be used to record professional services expenditures for individuals who are not employees of the City of Liberty Lake.

POLICY 1815 – PETTY CASH AND REVOLVING FUNDS (Ordinance 04)

This policy applies to all petty cash funds. Petty cash funds include change funds, revolving funds, and stamp funds, or any sum of money or other resources set aside for the specific purpose of minor disbursements, making change, or other similar uses.

1. The Mayor will Authorize Petty Cash Funds.
Petty Cash funds will be authorized in writing by the Mayor or his/her representative. In addition, all increases or decreases in petty cash amounts, or closeout of petty cash funds, will be authorized in writing by the Mayor or his/her representative. The City Treasurer will maintain a master file of all petty cash funds authorized in the City.

2. The Mayor will Appoint a Custodian for the Petty Cash Fund.
The Mayor will appoint a custodian for the fund. The custodian will prepare a petty cash fund authorization card to acknowledge receipt of the funds entrusted to him/her. The original authorization card will be filed with City Clerk with a copy being sent to the City Treasurer.

If a new custodian is appointed, the revolving fund will be reconciled, replenished, and turned over to the new custodian intact. A new authorization card will be prepared by the new custodian and transmitted to the City Clerk.

3. Petty Cash funds will be Established by Voucher and Check.
New petty cash funds and increases in petty cash funds will be established by voucher and check. The payment voucher will be approved in writing from the Mayor or his/her representative.

4. Closed-Out Funds will be Deposited with the Treasurer.
Monies from petty cash funds which are closed out, for which the authorized amount is reduced, will be deposited with the City Treasurer.

5. Petty Cash will be kept in a locked box during the day.
The custodian and department head or designee should be the only persons with access to the fund. Petty cash should be stored in a safe at night, if available.

6. Petty Cash will be Reconciled and Replenished Regularly.
Petty cash and revolving funds will be reconciled to the authorized amounts at least every 2 months or as needed. Reimbursement requests will be prepared and

submitted to the City Treasurer with a payment voucher monthly or on an as-needed basis.

Reimbursement requests will be submitted for all petty cash funds at fiscal year end to assure that expenditures are recorded in the proper period.

7. Petty Cash Funds May Not Be Used for Personal Advances.
Petty cash funds may not be used for personal cash advances, even if secured by check or other IOU's.
8. Petty Cash Funds will be Properly Reported.
The authorized amounts for all petty cash funds will be recorded in the City's general ledger and reported in the City's financial statements.
9. All Disbursements will have Adequate Documentation.
All disbursements from petty cash funds will be supported by a voucher or petty cash receipt showing the date, recipient, purpose and amount and will be signed by the recipient of the funds when applicable. The vendor's original invoice or receipt will be attached to the voucher or petty cash receipt.
10. Petty Cash Funds will be Audited on a Surprise Basis.
Fund accountants in charge of funds that include petty cash funds will audit the petty cash fund on a surprise basis.

POLICY –1820– Vendor Refunds and Credit Memos

This policy applies to cash refunds and credit memorandums received by city departments from vendors for returned goods; for services paid for, but not used; or for overpayments.

1. Receipt of Credit Memos Will Be Properly Documented.
Adequate documentation will be attached to the credit memo. Documentation must be in sufficient detail for the City Treasurer to approve the distribution of the credit. The City Treasurer will determine what constitutes adequate documentation.

If no invoice is currently due to the vendor, the credit memo will remain in Budget System until a future invoice is paid to that vendor. The system will automatically reduce the next voucher payment to the vendor by the amount of the credit memo, and the credit memo will be cleared from the records.
2. Refunds Will Be Recorded in Accounting System.
Refunds should be requested when a department does not expect to do further business with a vendor. Refunds received from a vendor because of returned goods; services paid for, but not used; or for overpayments will be recorded in the accounting system. (See Policy 1215.7)

If the refund is received during the same accounting period (fiscal year) as the original expenditure was made, the refund will be recorded in the accounting system as a reduction of expenditures, rather than a revenue. The expenditure account to which the original payment was charged will be credited for the amount of the refund.

If the refund is received after the end of the accounting period in which the original expenditure was made, and the dollar amount of the refund is not material, BARS revenue source code 369.90 will be credited for the amount of the refund.

If the refund is received after the end of the accounting period in which the original expenditure was made, and the dollar amount of the refund is material, BARS revenue source code 388.80 will be credited for the amount of the refund.

5. City Treasurer Will Determine Materiality of Refunds.

A refund received will be considered material if the improper classification of the refund might distort the results of the fund's financial operations or might improperly influence a decision of management. Whether or not such a refund is material will be determined by the City Treasurer.

6. Department Will Notify Administrative Services When Cash Refunds Are Received For Amounts Previously Entered as Credit.

When a department receives a refund for an amount which has previously been entered as a credit memo on a payment voucher, the refund should be recorded as noted in the preceding paragraphs. In addition, the department must contact the City Treasurer to reverse the credit memo. The City Treasurer will prepare a modified payment voucher reversing the original credit memo entry.

POLICY 1825 – Claims Checks Issue, Cancellation, and Reconciliation

This policy applies to all checks issued through the City’s accounting system.

1. Check Stock Will Be Controlled and Accounted For.
All check stock will be pre-numbered. A check log will be maintained to account for all document numbers of checks issued and checks not used due to spoilage or other reasons. The automated disbursement system will assign a check number to all checks issued by the system. This number will be the official check number.
2. Check Cancellations Will Be Adequately Documented.
All check cancellation requests must be accompanied by the original check which is to be cancelled, or by an Affidavit of Lost/Destroyed Check.
3. Check Cancellations Will Be Properly Approved.
All check cancellations will be approved by the Mayor’s designee.
4. Checks Reconciled Monthly.
A monthly reconciliation by fund will be made of all checks issued, cancelled checks and checks outstanding. Outstanding check balances will be reconciled to the ending cash balance.

POLICY 1830 – Manual Checks

This policy applies to all claims checks which are not produced through the automated accounts payable system.

1. Use of Manual Checks Will Be Restricted.
Manual Checks will be authorized only under the following circumstances:
 - A. Events beyond the control of the requestor create an immediate need for the check, which if delayed would result in a fine, penalty or other costly impact on the City.
 - B. If the immediate need for the check is caused by processing delays or errors originating in the Administrative Services itself.
 - C. If the immediate need for the check results from a court order or other legal constraint.
 - D. If the check is being issued from a segregated cash account.
2. Manual Check Requests Will Be Properly Approved.
Manual check requests will be approved by the department head or authorized delegate prior to submitting to Cash Operations and Payables.

The City Clerk, in the absence of the Finance Director, will approve the preparation of the manual check after an audit of the voucher and supporting

documents has been completed and will approve as to fiscal period and accounting distribution.

3. Manual Checks Will Be Adequately Controlled and Safeguarded.
Manual checks will be pre-numbered from the normal check stock. Checks issued will be sequentially recorded in a check log.

SECTION 1900 – RESERVE FUND POLICIES

Adequate reserve levels are a necessary component of the City’s overall financial management strategy and a key factor in external agencies’ measurement of the City’s financial strength. Prudent use of reserve funds enable the City to defray future costs, take advantage of matching funds, and other beneficial (but limited) opportunities. Reserve funds provide the City with the ability to exercise flexible financial planning in developing future capital projects. Reserve funds are necessary to enable the City to deal with unforeseen emergencies.

POLICY 1910 – Restricted Reserve

Resolution 107-D provides for the management and use of the Restricted Reserve Fund. The balance of the Restricted Reserve Fund shall generally be maintained at fifteen percent (15%) of the General Fund’s projected or actual, if known, operating revenues for the fiscal year. Following the appropriation of money from the Fund, the City Council shall use best efforts to replenish the Fund from unencumbered and un-appropriated monies in the General Fund. At all times, the Restricted Reserve Fund shall be invested in permitted municipal investments for the purpose of earning interest on the fund balance. The Restricted Reserve Fund should not be used for current expenses of the City, except in unusual or emergency conditions. The procedures for appropriation and use of the Restricted Reserve are defined in Resolution 107-D.

POLICY 1915 – General Fund

The City’s goal shall be to maintain a General Fund ending balance of at least 20 percent of the budgeted General Fund operating revenues.

These reserves shall be created and maintained to:

- 1) Provide sufficient cash flow to meet daily financial needs.
- 2) Sustain City services in the event of a catastrophic event such as a natural/manmade disaster or a major downturn in the economy.

POLICY 1917 – Other City Reserves

The City also maintains other Reserve funds for Contingency, Capital, and Equipment Replacement, as detailed below:

Contingency Reserve

1. A Contingency account in an amount of 5 percent of the General Fund expenditure budget may be maintained annually in the City budget as City resources allow. The Contingency account will be reestablished annually as part of the budget process
2. The Contingency account will be maintained to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the annual budget. The account provides some flexibility for unforeseen events without the necessity to appropriate additional funds from the City's reserves.
3. All transfers from the Contingency account will require City Council approval.

Capital Reserve

1. A Capital account in an amount of 5 percent of the General Fund expenditure budget may be maintained annually in the City budget as City resources allow. The Capital account will be reestablished annually as part of the budget process
2. The Capital account will be maintained to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the annual budget. The account provides some flexibility for unforeseen events without the necessity to appropriate additional funds from the City's reserves.
3. All transfers from the Capital account will require City Council approval.

Equipment Rental & Replacement Fund

1. Sufficient reserves will be maintained to provide for the scheduled replacement of City vehicles and capital equipment at the end of their useful lives.
2. Contributions will be made through assessments to the operating departments and maintained on a per asset basis.

Additional Reserves

Additional reserve accounts may be created by the City Council to be set aside for specific purposes or special projects, for known significant future expenditures, or as general operational reserves.

POLICY 1920 – Other City Operating Funds

The City's goal shall be to maintain ending balances for other City operating funds of at least 5 percent of the budgeted Fund's operating revenues for emergency or unforeseen needs.

SECTION 2000 – CAPITAL IMPROVEMENT PLAN (CIP) POLICIES

POLICY 2010 – Capital Improvement Plan

The City of Liberty Lake’s government is accountable for considerable investment in buildings, parks, roads, equipment, and other capital investments. The preservation, maintenance, and future improvement of these facilities are a primary responsibility of the City. Planning and implementing sound capital improvement policies and programs today will help the City avoid emergencies and major costs in the future.

The Capital Improvement Plan (CIP) is a list of public improvement projects identified by the City. The list is updated annually and identifies all the capital projects the City could undertake given adequate revenues. Since the City’s revenue is limited, the City prioritizes the projects in the CIP and chooses a portion of those projects based on need and finances available. Those projects chosen are adopted into the Capital Facilities Plan.

The City will make capital improvements in accordance with an adopted capital facilities plan. All municipal capital facility needs for existing and future development will continue to be assessed on an annual basis. Planning documents will be prepared describing, in detail, the capacity of facilities and the funding estimates for the proposed capital facility projects, including lists of proposed projects and their funding sources over the next six years.

The Capital Improvement Plan addresses needed improvements which are of relatively large scale, are generally non re-occurring high cost projects, and may involve multi-year financing. They tend to cost more than \$25,000, have a life expectancy of more than ten (10) years, and result in additions to municipal fixed assets and/or extend the life of existing capital infrastructure. Smaller scale capital improvement expenditures are addressed in the City’s annual budget process.

SECTION 2100 – FIXED ASSETS

POLICY 2110 – ACCOUNTABILITY OF FIXED AND ATTRACTIVE ASSETS

General Fixed Assets are long-lived assets of the City as a whole and are recorded as expenditures when purchased. Although no general fixed asset account group is established, it shall be the policy of the City to list and inventory fixed and attractive assets to ensure accountability and stewardship of the City’s assets.

1. Capitalization Level.

Assets costing more than \$5,000 and having a useful life of more than one year will be accounted for by listing the item, date of purchase, cost, and responsible person. When an asset is disposed of a notation of the method of disposal will be made in the listing.

2. Attractive and Sensitive Items.
Attractive items such as cameras, televisions, DVD players, computers or similar items will be capitalized regardless of cost. Sensitive items such as weapons, radar guns, or radios will also be capitalized regardless of cost.
3. Inventory of Items
All items will be inventoried at least once every two years.

POLICY 2115 – DISPOSAL OF SURPLUS CITY ASSETS

This policy applies to the disposal of surplus city property.

1. Council Determines Surplus:
Assets of the City that are no longer useable, are no longer of value to the City, or are surplus to the City's needs may not be removed from City ownership, sold, or in any other way disposed without a declaration by the City Council.
2. Reassignment of Assets.
When a City department makes a determination that an asset is surplus to its needs, notification shall be made to the Mayor's designee. Prior to bringing the item to the City Council for a declaration of surplus, the first option will be reassign the asset within the City where it can be of use or value.
3. Minimum Requirements.
If it is not possible to be reassigned, the Mayor's designee shall prepare the asset for a determination by the City Council. Each asset requiring a declaration of surplus must have a value assigned and a recommended method of disposal.
4. Methods of Disposal.
Primary methods of disposal to the general public are recognized as direct sale, sealed bid, trade-in or auction. Other methods of disposal to the general public must be clearly detailed in writing and must have the consent of the City Council. The City Council may transfer a surplus asset to another public agency upon written request and a determination that it is in the public interest to do so. Such request shall specify the asset and the inability of the agency to otherwise afford to buy it. The City Council may elect to trade assets, authorize the Mayor or designee to negotiate payment or transfer it without compensation.
5. Additional Requirements, Assets Over \$50,000; Utility Assets.
If the asset proposed as surplus is evidence released by the Court, seized assets or unclaimed property, the Mayor's Designee shall review the appropriate statutes

prior to asking the City Council to declare it surplus. If the value of the asset is estimated to be more than \$50,000, and if the sale or conveyance is to another governmental entity, the provisions of Section 39.33.020 RCW shall apply. This includes several requirements, including a public hearing and certain notice provisions. If the asset was originally purchased for utility purposes, the provisions of Section 35.94.040 shall apply. This includes several requirements, including a resolution and public hearing.

6. Final Determination of Value.

When disposal is made to the general public through direct sale, sealed bid or auction, final determination of value shall be the highest responsible bid or offer.

7. Prohibited Benefit; Delegation of Authority.

It is recognized that City Council members are prohibited by state law from benefiting from the disposal of public assets of the City. The City Council may elect to delegate the task of declaring items surplus to the Mayor or Mayor's Designee by amending or adding to this policy and identifying the conditions thereof within this policy. If such a delegation is made, the prohibition of benefiting from the disposal of public assets is extended to the Mayor, if the Mayor is delegated, or the Mayor and Mayor's Designee if the Mayor's Designee is delegated.

Attachment “A”

Trailhead Cash Handling Procedures

Administrative and Recreation Services staff has prepared this guide to develop cash handling procedures to ensure proper internal controls, segregation of duties, and adequate safeguards of City assets. Trailhead staff is responsible for complying with cash handling policies and procedures outlined, and also for developing detailed written departmental operating procedures. Upon completion of the department's cash handling procedures documents, Administrative Services will review the procedure documents and make any appropriate recommendations.

Internal controls are necessary to prevent mishandling of funds to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling process.

Segregation of duties is essential to prevent one individual from having responsibility for more than one component. Components of cash handling are collecting, depositing and reconciling. When developing these cash handling procedures we took into consideration the importance of internal controls and segregation of duties and implemented these two concepts into the procedures.

The procedures include, but are not limited to the following guidelines. Cash is defined as coin, currency, checks, money orders and credit/debit card transactions. We will also decide on a cut-off time of when your business day will end.

Receipt

- For all transactions where funds are transferred face to face, an official cash receipt must be issued to the customer by the person receiving the funds.
- Voids can only be processed by individuals with supervisor access after the transaction has been completed.
- Endorse check immediately
- Place cash in safekeeping
- Voids prior to receipt can be made by users, but should be monitored by reconciler.
- One person can open the mail, endorse, date stamp the check, and enter it into the till. The Z tape will produce a printable log of the checks received. A second person will verify receipt of the funds, make deposit and secure until delivered to bank.

Sales tax

- Taxable items will be marked as taxable.

Checks

- The Trailhead Golf Course will not accept personnel checks for payment for golf services, which includes green fees, driving range, and merchandise services.

Protecting cash

- During hours of operations, secure cash to restrict access. The golf pro-shop (and till) should always be staffed to ensure cash security.
- Staff who handles cash are properly trained.
- Cash is ALWAYS to be kept in a locked secure place until deposited.
 1. Combinations should be changed periodically or when personnel changes occur
 2. Locks should be re-keyed periodically
- Don't leave checks or deposits sitting in the out box or on top of a desk or counter when you leave your area.
- Keys to be kept on your person.
- Two signature lines for people signing cash
- When cash or cash bags are removed from safe it should be counted by two people and both people should sign the cash count sheet acknowledging that the recorded amount of cash was in the bag.
- The person taking the cash should also take the signed copy of the cash record and keep it with the cash.
- When cash is returned to the safe, it should again be double counted and the cash count sheet should be signed by both parties.

Cash handling guidelines

- Trailhead staff is not authorized to use collected funds for any purpose whatsoever other than for deposit.
- Count cash between shifts. Two staff are required to witness counting out the cash. Any discrepancies will be reported immediately to Recreation Manager and City Treasurer. The goal is 100% accuracy for every deposit.
- Balance cash to register/receipts/inventory daily
- Separate the components of cash handling – collecting, depositing and reconciling
- The controls (rules) that we will discuss are designed to protect both YOU and the cash you are handling.
- **Never make change from your personal cash!**

Deposit of funds:

- Staff must ensure timely deposits

1. All deposits must be deposited daily
 - a. Nominal amounts of deposits are exempt
 - b. Must make deposits > \$200 daily
 - c. < \$200 every 3 business days regardless of amount
- Overage/shortages must be reported and deposited.

Internal controls

Receipt monitoring

- Ensure that voids are being handled properly

Surprise cash counts

- Recreation Manager and City Treasurer will audit employees work periodically, without notice.
- They will also review and report on the nature and extent of daily overages and shortages.

Limited access/segregation of duties

- The person taking the cash should not be the same person making the deposit!
- If using two registers ensure that only one person has access at any time.

Reconciliations

- Should be done daily, weekly and/or monthly
- Reconciliations should be performed by City Treasurer and always by someone other than the person performing the activity.

Record Retention

- All cash receipts and related documents must be maintained in accordance with record retention schedules. Cash register tapes, deposit slips, credit card receipts, copies of manual cash receipts, etc. should be kept for six years.