



**City of Grand Terrace**

# **Fiscal Policies**

September 8, 2015

**City of Grand Terrace  
Fiscal Policies**

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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.01</b>
<b>Subject: Cash Handling &amp; Control</b>	<b>Effective Date: 9/8/14</b>
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**PURPOSE:** The purpose of this policy is to establish the practice by which all cash receipts, or cash equivalents, tendered to the City will be accepted, documented, recorded, safeguarded and deposited. This policy is also intended to provide staff with acceptable practices in the handling and safekeeping of cash or cash equivalents.

**DEFINITIONS:**

**Cashier:** Anyone who accepts payments on behalf of the City.

**Cash Receipts:** Includes coin, currency, checks, money orders, or other cash equivalents that may be processed by a financial institution. (Debit and credit card payments are also considered Cash Receipts, although they are not currently accepted by the City.)

**Cash Receipt Location (CRL):** A physical location, other than the Main Cashier at City Hall, which has been designated as a location to collect and receipt cash for the City of Grand Terrace.

**Main Cashier:** Located at the front counter of the Finance Department in City Hall.

**Point of Sale System (POS):** A software program that can be run either on a stand-alone computer or on a network and allows for the recording of cash collection and receipting related to payments for goods or services.

**Remote Deposit:** The process for scanning and transmitting checks to the bank electronically for deposit.

**Returned Items:** Transactions that have been presented to the bank for deposit and returned to the City due to account balance or status issues. Such transactions could include but are not limited to Non-Sufficient Funds (NSF) or closed accounts.

**Starter Checks:** Checks that are issued to a bank depositor upon the opening of a new checking account. These checks typically do not contain any address or telephone information related to the depositor.

**POLICY:**

**I. Responsibility**

- A. The Finance Director has oversight, fiduciary, and administrative responsibility for all cash collections performed by City staff or on behalf of the City by contractors.
- B. The Finance Director has the responsibility and authority to ensure that all cash handling is performed according to this policy.
- C. This responsibility shall include:

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1. To act as an advisor for cash handling activities performed by City staff.
2. To oversee the cash handling activities on behalf of the City.
3. To verify that all deposits are handled and prepared in accordance with City policy.
4. To review and implement internal controls as needed to ensure the safety of City cash and cash equivalents.

## **II. Scope**

- A. This policy shall apply to all locations that collect cash or cash equivalents on behalf of the City.
- B. In some cases due to the nature of the collection activity, specialized procedures may be developed which are different than those outlined within this policy. In these cases these procedures must be approved by the Finance Director prior to their implementation.
- C. Entities that collect funds on behalf of the City, through a contractual relationship, may adopt policies and procedures that differ from those outlined herein. In such cases, these documents must be reviewed and approved by the Finance Director.

## **III. Internal Controls**

- A. Standard accounting internal control procedures will be established and followed.
- B. Standard accounting internal controls include but are not limited to:
  1. Separation of duties. (For example, the person preparing the deposit should be different from the person who accepted the payment and receipted the transaction, when it is practical to do so from a staffing standpoint.)
  2. Periodic reconciliation of accounts by someone independent of the cash handling or recording functions.
  3. Document Control. Unused manual receipt books should be maintained in a secured location with access limited to authorized staff.

## **IV. Collection Locations**

- A. The Main Cashier in the Finance Department is designated as the primary location for the collection and deposit of cash receipts. A Cash Receipt Location has also been authorized for the Community Development Department (CDD) counter and Child Care Center.
- B. Cash Receipts received by the City should be deposited in the City's bank whenever accumulated deposits total \$500 or more. Cash deposits will be made in person at the bank; check deposits may be made in person at the bank or via

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Remote Deposit. Deposits processed by the Child Care Center require a deposit slip submitted to Finance for bank reconciliation purposes. When the appropriate account coding is not immediately available, the payment should be deposited and coded to a suspense account until such time that the coding is identified and communicated to Finance staff. Items placed in suspense need to be identified and reclassified to their correct account within ten working days or by the calendar month-end.

- C. Any request for the collection of cash receipts at a location other than the Main Cashier, CDD counter or Child Care Center must be authorized by the Finance Director and should include the following information:
  - 1. How customer service will be improved through the processing of payments..
  - 2. The cash custodian(s).
  - 3. How cash activities will be accounted for (for example, cash register, hand receipts, etc.).
  - 4. How cash receipts will be safeguarded (for example, safe or lockbox)
  - 5. How deposits will be managed.
- D. A list of approved collection locations will be maintained by the Finance Department.
- E. All Cash Receipts will be maintained in a secured area with limited access.
- F. The establishment of change funds to support collection operations will follow the guidelines set forth in Fiscal Policy No. 1.02 (Petty Cash Funds & Change Boxes).
- G. All City employees who handle cash will be included under the City's insurance coverage.

#### **V. Methods of Payment**

- A. The following methods of payment will be accepted:
  - 1. Cash
  - 2. Checks
  - 3. Money Orders
  - 4. Traveler's Checks
  - 5. Wires / Electronic Funds Transfer (EFT)
  - 6. Other forms of tender as approved by the Finance Director and the City's bank.
  - 7. Credit Card Payments (Visa, Mastercard, or Discover)
  - 8. Note: Debit card payments are currently not accepted but will be recognized as an allowable payment method once the City has established the procedures to process such payments.
- B. Checks
  - 1. Checks, Money Orders and Traveler's Checks are to be made payable to the

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2. Change will not be made for checks written in excess of the invoice amount. In cases where the amount of the check is in excess of the invoice amount the difference will be refunded by means of a City check.
3. Personal Checks
  - a. Personal checks presented in person must have the customer's name and address preprinted on the face of the check.
  - b. Starter/Blank checks are not to be accepted without the approval of the Finance Director. Proper identification must be provided and the name, address and phone number will be placed on the face of the check.
  - c. Returned Items
    - i. Returned Items will be subject to a returned check fee.
    - ii. The amount of the Returned Check Fee will be determined annually and published in the City's Fee Schedule.
    - iii. Payors **may not** replace the returned item(s) in the same manner as the original presentment. (For example if the customer provided an NSF personal check they cannot replace this with another personal check.)
    - iv. Upon the occurrence of a returned item, Finance staff will notify the accepting department so that the related goods or services can be held until the item is replaced.
    - v. The Finance Department will maintain a list of customers who have presented payments that have been returned. The City may require other forms of payment from customers who have recurring issues with returned payments.
  - d. Checks will not be accepted for the following reasons:
    - i. Post-Dated Checks (Checks written on a future date)
    - ii. Stale Dated Checks (Checks written 30 days prior)
    - iii. Checks drawn on foreign currency
  - e. The following personal check transactions will **not** be performed:
    - i. No cash may be given as change for a personal check transaction. If a check is accepted for an amount greater than the cost of the service, a payment request must be prepared and processed as a refund once the check has cleared. In the case of business license renewals, a credit may be applied to the account.  
**No Exceptions.** (This constitutes an illegal loan of City funds.)
    - ii. City employee personal checks will not be redeemed (cashed) for cash.
    - iii. No two-party checks will be accepted. (A two-party check is made payable to one party and endorsed to the City)

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- f. When checks are received through the mail the following requirements will be met:
    - i. Checks will be restrictively endorsed. The first employee at a Cash Receipt Location to come in contact with a check is responsible to have the check restrictively endorsed. Endorsement stamps will be obtained from the Finance Director or his/her designee. In the case of checks processed through the Remote Deposit process, the endorsement is automatically generated.
    - ii. If the check is payable to the City but lacks sufficient information to identify the appropriate general ledger account number, write "SUSPENSE" on the deposit form and present to the Main Cashier or Finance Department staff. The check will then be deposited into the bank. When the appropriate general ledger account number is identified, provide the coding to Finance so that the funds can be properly applied to the account. The appropriate account should be identified prior to the month-end closing.
4. Business Checks
 

Company checks will be inspected to ensure that multiple signatures are in place if required or if a **"not valid over \$"** statement is included.
5. Traveler's Checks
  - a. Traveler's checks are treated as cash but will require the following actions:
    - i. Cashier must witness the customer write in the payee.
    - ii. Cashier must witness the customer countersign the check.
    - iii. Signature and countersignature should be compared.
  - b. Identification will be required.
  - c. No traveler's checks drawn on foreign funds will be accepted.
6. Cashier's Checks / Personal Money Orders
  - a. Cashier's Checks and Personal Money Orders will be accepted.
  - b. Identification will be required.
7. Currency
  - a. Anyone receiving cash payments is responsible for exercising reasonable care in screening cash transactions for counterfeit currency.
  - b. Mutilated currency is still legal tender. Staff may ask customers to substitute another bill for the mutilated bill. If they cannot substitute the bill staff must accept the mutilated bill.

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- i. Currency is considered mutilated if it is torn, written on, missing a portion, or otherwise damaged.
- ii. Mutilated currency will be exchanged at full value if  $\frac{3}{4}$  of the two serial numbers are present. Currency that is less than  $\frac{3}{4}$  intact will not be accepted due to its diminished redemptive value.
- iii. Mutilated currency should be removed from the deposit and returned separately to the bank for collection.

8. Wires / Electronic Fund Transfers (EFT)

- a. All wires or EFTs are to be coordinated through the Finance Director or his/her designee.
- b. Documentation supporting the wire/EFT and identifying the correct revenue coding will be provided to Finance staff prior to the anticipated date of receipt. This will assist Finance staff in their daily cash management planning.

**VI. Documentation of Transactions**

- A. All transactions will be recorded by means of an acceptable method of documentation.
- B. Acceptable methods of documentation include:
  1. Cash Register
  2. Point of Sale System (POS)
  3. Manual Receipt books as issued by the Finance Department.
- C. Customers must always be provided a receipt which provides the following information:
  1. Amount Paid
  2. Date of Transaction
  3. Service or Product provided
  4. Manner of payment
- D. Receipts
  1. Receipts provided to customers will be pre-numbered and issued in numerical sequence by the receipting location (Finance, CDD counter and Child Care Center).
  2. Manual Receipting will be performed when necessary (e.g., during power outages, computer system failures, or special events) by utilizing City of Grand Terrace receipt books, which are maintained and issued by the Finance Department.
  3. Receipts generated by POS systems or cash registers should have a system generated receipt number that should be unique and should be issued in sequence.



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E. When City of Grand Terrace manual receipts are issued, copies will be distributed in the following manner:

1. Customer
2. Issuing department
3. Cash drawer/transaction
4. Receipt book

## **VII. Balancing and Reconciling**

A. It is the responsibility of each cashier to balance and reconcile his/her cash drawer(s) daily. Cash drawer(s) should be equal to the change fund plus the balance of cash receipt activity for the day or shift.

B. Cash drawer(s) should be reconciled against the daily cash receipts report, cash register tape or calculator tape depending on whether the site uses a POS system, a cash register, or manual receipts.

C. Overage / Shortage

1. When the amount in the cash drawer does not balance with the daily report, staff will report an Overage or a Shortage as appropriate.
2. When an Overage or Shortage is identified, staff will complete the City of Grand Terrace Overage/Shortage Form and submit with their deposit.
3. The Overage/Shortage form will require the following information:
  - a. Date of Deposit
  - b. Amount of overage/shortage
  - c. Reason for overage/shortage
  - d. Signature of staff responsible for drawer
  - e. Signature of supervisor
4. The Overage/Shortage Form must accompany deposit to the Main Cashier.
5. Overages or Shortages in excess of \$10 must be immediately brought to the attention of the Finance Director or his/her designee upon identification.
6. Under no circumstances is City staff allowed to balance overages by keeping the overage out of the deposit or balance shortages by taking money from other sources, such as out of pocket or money held back from a previous overage.

## **VIII. Requirements for Deposit**

A. All cash receipts will be deposited into the City's bank account in a timely manner to ensure the proper posting of accounts and to ensure the safety of staff and City funds.

1. Deposits can be made at the Main Cashier during City Hall business hours.
2. Deposits not taken to the bank the same day will be secured by Finance staff in a fireproof and locked cabinet or safe. A drop safe is utilized at the Child Care Center for checks not processed the same day as received. No cash is to be dropped off.

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- B. All Cash Receipt Locations will prepare deposits whenever accumulated deposits total \$500 or more.
- C. Funds received by staff who are not designated as a Cash Receipt Location must be forwarded to the Finance Department the same day as received.
- D. Cash Receipts are not to be sent through the City's interoffice mail system.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.02</b>
<b>Subject: Petty Cash Funds &amp; Change Boxes</b>	<b>Effective Date: 5/13/14</b>
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**PURPOSE:** For Petty Cash – To authorize the use of petty cash funds for emergency purchases and minor out-of-pocket expense reimbursement.

For Change Boxes – To authorize change boxes for the sole purpose of making change.

**DEFINITIONS:** **Petty Cash** is defined as a small fund of cash that is maintained for the payment of incidental expenses. It may also be advanced to employees on an exception basis to make small, incidental purchases where payment by check is not possible or not feasible given the circumstances. It is also available on an exception basis to reimburse City officials or employees for prior-approved, City business-related purchases which were originally paid out-of-pocket, and where reimbursement by check is not feasible under the circumstances.

**Change Box** is defined as a small fund of cash requiring a particular mix of denominations of dollar bills and coinage for the explicit purpose of making change. Reimbursements and advances for incidental City purchases may not be made from a change fund.

## **POLICY:**

### **I. Approval to Make Purchases or Receive Reimbursement from Petty Cash**

- A. Advance approval from the employee's department head must always be obtained to make a Petty Cash purchase or to be reimbursed for out-of-pocket expenses from Petty Cash. Without prior approval, there should be no expectation that an out-of-pocket expense will be reimbursed by Petty Cash. For recurring purchases, a standing approval may be given by the department head so that advance approval is not needed for each transaction.
- B. Use of Petty Cash is considered an exception to the standard means of procuring supplies. Issuance of a City check shall be the preferred method of procurement.

### **II. Establishment and Authorization of Petty Cash Funds**

- A. Petty Cash funds have been established in the following amounts:

City Hall (Finance Department)	\$550
Child Care Center	\$500
Community Services *	\$100

\* Maintained in the Finance Department and used for special events such as Animal Licensing.

- B. Increasing the above amounts or establishing any additional Petty Cash funds requires written recommendation by the applicable department head and Finance Director, and approval by the City Manager.

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### **III. Maximum Limit For Petty Cash Expense or Reimbursement**

- A. The maximum amount of Petty Cash that may be used for a particular expense or reimbursement shall be as follows:

City Hall Petty Cash	\$200
Child Care Center Petty Cash	\$200

- B. Any request to exceed above limits limit must be approved by the Finance Director or his/her designee.

### **IV. Responsibilities and Procedures**

- A. Fund Custodians

1. Finance Department staff shall maintain the City Hall Petty Cash fund. The Petty Cash fund maintained at the Child Care Center shall have a fund custodian appointed by the department head and an appropriate authorization form on file with the Finance Department.
2. At all times, and without exception, the total Petty Cash fund shall consist of cash or a combination of cash and approved Petty Cash Request Forms, which together total the authorized amount of the fund, as identified in Section II.A of this Policy.

- B. Procedures for Advancement of Petty Cash for Incidental Purchases

1. Whether the request is to utilize the City Hall or Child Care Center Petty Cash fund, the requesting department or individual must complete a Petty Cash Request Form, which shall provide the date, dollar amount requested, description, account number to be charged, and the appropriate signature approvals.
2. In the event the amount requested exceeds the limits set forth in Section III.A of this policy, the signature of the Finance Director or his/her designee shall be obtained to approve the disbursement.
3. The Petty Cash Request Form must clearly indicate if the monies are being "Advanced".
3. A receipt or other supporting documentation substantiating a purchase is to be obtained from the employee within two (2) working days following the purchase.
4. If the purchase was for less than the advanced amount, the fund custodian must note the actual amount on the voucher form, obtain the difference in cash from the recipient, and return this amount to the Petty Cash fund. The recipient and fund custodian should initial the revised voucher form as concurrence.

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5. If the purchase was for more than the advanced amount, the recipient must submit a new and approved Petty Cash Request Form for the total amount of the purchase. The fund custodian will reimburse the recipient for his/her out-of-pocket amount and return the original Petty Cash Request Form previously submitted.

**C. Procedure for Use of Petty Cash for Out-of-Pocket Reimbursement**

1. The requesting department or individual must complete the Petty Cash Request Form for review and approval. The completed form shall provide date, dollar amount requested, description, account number to be charged, and the appropriate signature approvals prior to presentation.
2. Actual receipts of the out-of-pocket purchase must be attached to the Petty Cash Request Form.
3. In the event the amount requested exceeds the limits set forth in Section III.A of this Policy, the signature of the Finance Director or his/her designee shall be obtained to approve the disbursement.

**D. Replenishment of the Petty Cash Fund**

To replenish the Petty Cash fund, the fund custodian will attach all receipts and the applicable Petty Cash Request Forms, complete a payment request form, obtain the appropriate authorization signatures, and submit the reimbursement request to the Finance Department.

**V. Approval to Establish or Increase a Petty Cash Fund**

- A. The Finance Director shall be responsible for review of any request to establish or increase a Petty Cash fund; however, approval to establish a new fund or increase an existing fund requires approval of the City Manager.
- B. Such requests shall be submitted in writing to the Finance Director by the department head responsible, and shall include justification for the request. If the Finance Director is in agreement with the request, he/she will indicate his/her approval and forward the request to the City Manager for final approval.

**VI. Change Boxes**

**A. Authorization and Control**

1. Three (3) Change Boxes are currently authorized in the Finance Department and integrated with the cash register.
2. Each Change Box maintains cash and coin totaling \$200.
3. Each Cash Box has a separate custodian with individual password security and daily reconciliation.

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**B. Responsibilities and Procedures**

1. Departments maintaining Change Boxes shall appoint fund custodians.
2. The procedure for establishing or increasing the amount of a Change Box shall be the same as that for Petty Cash funds (see Section V of this policy).
3. Internal control procedures for Change Boxes shall be the same as those for Petty Cash (see Section VII of this policy).
4. Under no circumstances shall a Change Box be used to advance money or to reimburse for incidental purchases.

**VII. Internal Control**

**A. Audits of Petty Cash Funds and Change Boxes**

1. Audits of Petty Cash funds and Change Boxes will be the responsibility of the Finance Department and shall consist of unannounced cash counts on a periodic basis, but no less than semi-annually.
2. Petty Cash custodians shall have the responsibility to balance their respective Petty Cash funds and Change Boxes on no less than a monthly basis.
3. Any balancing discrepancies from the periodic cash counts must be brought to the immediate attention of the Finance Director. Notification shall consist of a memo from the department head detailing the known or presumed causes of the discrepancy.

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<b>Subject: Accounts Receivable</b>	<b>Effective Date: 5/13/14</b>
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**PURPOSE:** To establish uniform guidelines and principles for the recognition, recording, collection and write-off of accounts receivable related to goods or services provided by the City or for citations issued by or administered by the departments of the City.

**DEFINITIONS:**

**Accounts Receivable:** A debt owed to the City that arises in the normal course of business dealings and not supported by negotiable paper; a claim against a debtor usually arising from sales or services rendered. Accounts receivable include but are not limited to, rent, concession fees, permit fees, license fees, citations, and payments for goods and services.

**Allowance for Doubtful Accounts:** A valuation account (i.e. contra asset) that is subtracted from the trade receivable on the balance sheet.

**Bad Debt:** A past due account receivable that, despite best efforts by the City, remains unsatisfied and for which there is reasonable doubt that the underlying debt will be satisfied in whole or in part. The expense for a bad debt is recognized when the account receivable becomes doubtful, which typically occurs prior to the write-off of the receivable. The recording of Bad Debt is for accounting purposes only and this action does not discharge the debt. The debt is still owed to the City, however, the amount shown as owed to the City has been adjusted off the financial statement to reflect the doubtful collection.

**Cognizant Department:** The department within the City that negotiated the agreement or contract, or issued the citation or invoice giving rise to the particular account receivable.

**Debt:** In the context of this policy, debt refers to a sum of money due by express agreement between the City and another party or parties. Debt may be owed the City by an individual or by a business entity.

**Past Due:** Refers to an account receivable for which payment has not been received by the established due date.

**Unearned Revenue:** An accounting transaction where items are not recognized as revenue in the current period because they do not meet the "availability" or "collectability" standards in order to be recorded in the current period.

**Write-Off:** An accounting transaction that removes an account receivable from the accounting books and records, and signals the end of any further collection efforts related to that account receivable.

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**POLICY:**

**I. Scope**

This policy pertains to all accounts receivable City-wide whether processed through the City's financial system or through other subsidiary systems or processes. Accounts receivable include all monies owed to the City for services performed, taxes levied, or citations issued for other persons or organizations including contracts, grants and leases.

**II. Responsibilities**

- A. Finance Department: It is the responsibility of the Finance Department to perform the following functions:
  - 1. Record the transaction in the City's general ledger.
  - 2. Maintain supporting documentation.
  - 3. Bill the customer or reimbursing agency. The exception to this is in cases where the Cognizant Department performs the billing function. In such cases, the Finance Director must review and approve the billing and collection procedures.
  - 4. Maintain an aging schedule of outstanding Accounts Receivable and follow up monthly via statements, collection notices or telephone contact, as appropriate, to collect any amounts outstanding more than 30 days. (Note: While monthly follow up and collection efforts are administered by the Finance Department, the Cognizant Department may be asked to assist with collection efforts due to their relationship with the customer or reimbursing agency.)
  - 5. Coordinate the referral of uncollected Accounts Receivable to a collection agency, as applicable and further addressed in Section III of this Policy.
  - 6. Annually review the collectability of outstanding accounts at fiscal year-end.
- B. Cognizant Department: It is the responsibility of the department providing the service or issuing the citation to perform the following functions:
  - 1. Obtain an agreement to pay such as contract or other form of documentation.
  - 2. Provide the product or service to the customer.
  - 3. Document the product or service provided.
  - 4. Communicate with Finance staff and provide supporting documentation for the transaction.
  - 5. Bill customer if not handled by the Finance Department. In cases where the billing function is performed by the Cognizant Department rather than the Finance Department, the Finance Director must review and approve the billing and collection procedures.
  - 6. Communicate with customer or agency to resolve disputes or discrepancies.
  - 7. Assist with collection efforts if requested to do so by the Finance Department.



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8. In conjunction with the Finance Department, annually review the collectability of outstanding accounts at fiscal year-end.
- C. Contractors working on behalf of the City to collect for goods or services provided or for citations issued are responsible to perform the following functions:
  1. Provide to the Finance Department a monthly aging schedule of all Accounts Receivable including an accounting of current billings, collections and any other activity conducted on accounts related to City services or citations.
  2. Maintain a system that tracks the history and status of customer accounts.

### **III. Payment Terms / Collections**

- A. The following payment terms and collection process shall be followed.
  1. Payments will be due within 30 days from the invoice date.
  2. Interest/Penalty/Late Fees will be charged in a manner consistent with applicable ordinances or policies. The imposition of interest charges, penalties or late fees will be communicated to the customer through the following methods:
    - a. A warning notice or statement will be sent out thirty (30) days in advance of the penalty effective date.
    - b. A new statement will be sent out with the amended invoice/citation amount including the appropriate interest, penalty or late fee.
  3. Statements will be issued on a monthly basis unless there are circumstances that warrant some other billing cycle. Exceptions from the monthly billing cycle must be approved by the Finance Director.
  4. The Cognizant Department may be requested to assist Finance staff in collection efforts on accounts more than 60 days outstanding.
  5. Accounts more than 60 days outstanding may be assigned to a collection agency as determined by the Finance Director.

### **IV. Financial Reporting for Accounts Receivable**

- A. The Finance Department will record the revenues and associated accounts receivable in accordance with *Generally Accepted Accounting Principles*.
- B. Periodically, at least annually in conjunction with the fiscal year-end audit, open accounts receivable balances will be reviewed in order to ensure that the City's financial statements accurately and appropriately reflect the status of these accounts.
- C. The collectability of open accounts receivable will be estimated so that they can be reflected in the City's financial statements at their net realizable value, which is consistent with *Generally Accepted Accounting Principles*. These amounts will be reflected in the following manner:

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.03</b>
<b>Subject: Accounts Receivable</b>	<b>Effective Date: 5/13/14</b>
	<b>Page 4 of 5</b>

1. Enterprise Funds: For enterprise funds (if applicable), an allowance for doubtful accounts will be established in an amount to be determined by the Finance Director or his/her designee in consultation with the current outside auditor for the City.
2. Other Funds: Taxes, fees, citations and other types of revenues found in governmental funds that are due but not collected at year-end, and where there is some level of uncertainty about the ultimate collectability, will be recorded with a debit to Accounts Receivable and a credit to Unearned Revenue within the appropriate fund structure until the uncertainty is resolved at which time the appropriate entry would be a debit to Unearned Revenue and a credit to the appropriate revenue account. This method will result in recognizing the receivable on the financial statements without impacting fund balance with potential fluctuations as revisions are made to estimates.

#### **V. Write-Offs:**

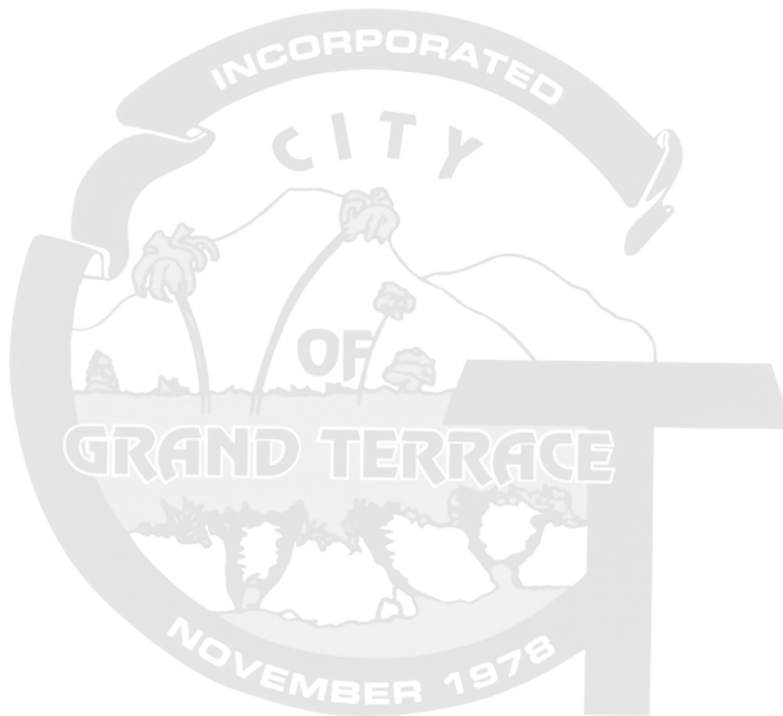
- A. As part of the annual review of accounts receivable balances, accounts that have progressed through the collection process and remain unpaid will be reviewed to determine collectability. Based on this review, a recommendation for the write-off of the account or additional collection efforts will be made. The collection process will consist of, but not be limited to, the following steps or processes:
  1. Internal Collection efforts (including consultation with the City Attorney's office for potential legal remedies);
  2. Assignment to collection agency;
  3. Claims to the Franchise Tax Board (Administrative & Parking Citations);
  4. Claims to the Department of Motor Vehicles (Administrative & Parking Citations).
- B. The City Manager may, at his/her discretion, discharge from further accountability any City department, officer, or employee charged by law with the collection of money which is due and payable if any of the following circumstances apply:
  1. The amounts are too small to justify the cost of collection.
  2. The likelihood of collection does not warrant the cost involved.
  3. The amount has been otherwise lawfully compromised or adjusted.

Such discharge of accountability shall only be made upon consideration and approval of a verified application submitted by a department or division with the Finance Director and then approved by the City Manager. Such a discharge of accountability does not constitute a release of any persons from liability for payment of any amount due the City.

- C. The request to authorize the write-off of accounts must be accompanied by the following documentation:

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.03</b>
<b>Subject:   Accounts Receivable</b>	<b>Effective Date: 5/13/14</b>
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1. A detailed account aging (listing of date of service/citation and amount owed by account);
  2. A description of collection efforts undertaken;
  3. Explanation of reason(s) account(s) is/are determined to be uncollectible;
  4. A signed Application for Discharge of Accountability form (Exhibit A).
- D. Applications for Discharge of Accountability that have been deemed by the Finance Director to be appropriate to forgo further collection actions will be submitted to the City Manager for final approval.
- E. A copy of the completed Application for Discharge of Accountability and the supporting documentation will be forwarded to Finance staff for entry into the City's financial system.



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## Exhibit A

### Application for Discharge of Accountability

---

To: (1) Finance Director  
(2) City Manager  
From: Applicable Department Head  
Date:  
Subject: Application for Discharge of Accountability for Collection of Monies Owed the City

---

1. I, \_\_\_\_\_ on behalf of the \_\_\_\_\_ Department apply for  
(Department Head) (Department)  
Discharge of accountability for collection of the following obligation(s) for the following reason(s):  
☐ The amounts are too small to justify the cost of collection.  
☐ The likelihood of collection does not warrant the cost involved.  
☐ The amount has been lawfully compromised or adjusted.  
☐ Other \_\_\_\_\_

2. The person(s) or entity(ies) liable for payment are: \_\_\_\_\_

---

(Attach a separate sheet if necessary)

Type/ Program	Account/ Invoice #	Department Name	Date	Balance

I certify that all reasonable collection efforts have been attempted and that correspondence files and other collection documentation supporting the reasons for discharge of accountability shown above will be maintained for three years from the approved date of the discharge of accountability.

\_\_\_\_\_  
(Department Head Signature)

#### Above Application for Discharge of Accountability:

- |  |  |
|--|--|
| <input type="checkbox"/> Approved as submitted.    | <input type="checkbox"/> Approved as submitted.    |
| <input type="checkbox"/> Approved except as noted. | <input type="checkbox"/> Approved except as noted. |

\_\_\_\_\_  
(Finance Director Signature)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(City Manager signature)

\_\_\_\_\_  
Date



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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.04</b>
<b>Subject: Investments</b>	<b>Effective Date: 5/13/14</b>
	<b>Page 1 of 4</b>

## **I. PURPOSE**

To establish a policy for the management and oversight of the City's investments.

## **II. POLICY**

It is the policy of the City of Grand Terrace to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all statutes governing the investment of City funds.

## **III. SCOPE**

This investment policy applies to all financial assets of the City. These funds are audited annually and accounted for in the Annual Financial Report. Funds include the General Fund, Capital Projects Fund, Special Revenue Funds, Enterprise Funds and Trust Funds, including funds held by the Successor Agency to the Grand Terrace Community Redevelopment Agency.

## **IV. PRUDENCE**

Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility and/or liability for an individual security's credit risk or market price changes.

## **V. OBJECTIVES**

The primary objectives, in order of priority, of the investment program shall be:

- A. **Safety**: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses in individual securities do not exceed the income generated from the remainder of the portfolio.
- B. **Liquidity**: The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- C. **Yield**: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.04</b>
<b>Subject: Investments</b>	<b>Effective Date: 5/13/14</b>
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## **VI. DELEGATION OF AUTHORITY**

Authority to manage the investment of surplus funds is derived from California Government Code Section 53600, et seq., and this policy. Management of bond funds is controlled by Government Code Section 5922(d) and such investments must conform to the requirements of the bond indenture. In some cases, it may be appropriate for investments of bond proceeds to cover a longer duration than those limits established for surplus (operating) funds. Management responsibility for the investment program is hereby delegated to the Treasurer (or Finance Director if a separate position of Treasurer is not staffed), who shall establish procedures and operate the investment program consistent with this investment policy. Procedures may include, but not limited to, references to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. The Treasurer (Finance Director) may delegate authority to subordinates for day-to-day investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer (Finance Director).

## **VII. ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

## **VIII. AUTHORIZED FINANCIAL INSTITUTIONS AND BROKER/DEALERS**

- A. The City will utilize only financial institutions and broker/dealers who are authorized to provide investment services in the State of California.
- B. No public deposit shall be made except in a qualified public depository as established by State laws. For broker/dealers of government securities and other investments, the Treasurer (Finance Director) shall select only broker/dealers who are licensed and in good standing with the Securities and Exchange Commission and the Securities Regulation Division of the California Department of Business Oversight.
- C. Broker/dealers and investment advisors utilized by the City shall be approved by the City Council.

## **IX. AUTHORIZED INVESTMENTS**

The City is empowered by statute and authorized by the City Council to invest in the following:

- A. **U.S. Treasury Obligations (Treasury Bills, Treasury Notes)**
- B. **Repurchase Agreements**



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<b>Subject: Investments</b>	<b>Effective Date: 5/13/14</b>
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- C. **Certificates of Deposit with State Banks, National Banks, State or Federal Savings Associations, State and Federal Credit Unions in California** that are fully insured by federal deposit insurance. The Treasurer (Finance Director) may waive collateralization in lieu of deposit insurance.
- D. **Negotiable Certificates of Deposit, Collateralized with U.S. Treasury Obligations Having a Market Value of 110%.** The Treasurer (Finance Director) may, at his/her discretion, waive security for that portion of a deposit that is already covered by federal deposit insurance.
- E. **Passbook Savings Accounts Placed with Federal or State Banks or Credit Unions that are fully insured by federal deposit insurance.** The Treasurer (Finance Director) may waive collateralization in lieu of federal deposit insurance.
- F. **Securities Issued by Federal Agencies**
- G. **Local Agency Investment Fund (LAIF)**
  - 1. This is a special fund of the State Treasurer, in which local agencies are allowed to pool their funds for investment purposes up to a maximum of \$50 million, with no restrictions on the amount of bond proceeds that can be invested.
  - 2. LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.
  - 3. All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery-versus-payment (DVP) basis using a third-party custodian. All investments are purchased at market and a market valuation is conducted monthly. Additionally, the PMIA has policies, goals and objectives for the portfolio to ensure that the goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by Investment Division staff and reviewed by both the PMIB and the LIAB on an annual basis.
  - 4. The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an in-house audit process involving three separate divisions.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.04</b>
<b>Subject: Investments</b>	<b>Effective Date: 5/13/14</b>
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H. **Mutual Funds** issued by diversified management companies as defined by Section 23701(m) of the Revenue and Taxation Code, provided that the portfolio of such investment company or investment trust is limited to U.S. government obligations or agencies of the federal government and repurchase agreements fully collateralized by such securities.

I. **Pools and Other Investment Structures Incorporating Investments Permitted in California Government Code Sections 53601 and 53635** such as local government investment pools sponsored by counties and joint powers authorities. These entities will typically have their own investment policies, which may differ from that of the City.

#### **X. COLLATERALIZATION**

All certificates of deposit must be collateralized by U.S. Treasury obligations held by a third party. The Treasurer (Finance Director) may waive this requirement up to the amount already insured by federal deposit insurance.

#### **XI. SAFEKEEPING AND CUSTODY**

All securities purchased from broker/dealers shall be conducted on a delivery-versus-payment (DVP) basis and shall be held by a third-party custodian designated by the Treasurer (Finance Director) and evidenced by safekeeping receipts. This would not apply to any book-entry direct purchases from the U.S. Government.

#### **XII. DIVERSIFICATION**

The City will diversify its investments by security type and institution.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.05</b>
<b>Subject: Fixed Assets</b>	<b>Effective Date: 5/13/14</b>
	<b>Page 1 of 3</b>

**PURPOSE:** To establish the criteria for determining fixed assets, as well as their physical control, accountability, and depreciation.

**DEFINITIONS:** **Fixed Assets** refers to land, buildings, equipment, furniture, vehicles, and improvements other than buildings, acquired by the City of Grand Terrace for use in the provision of goods and services to its citizens.

Not all Fixed Assets are required to be reported on the balance sheet. Fixed Assets with very short useful lives, or of small monetary amounts, can be “expensed” in the period in which they are acquired. Fixed Assets reported on the balance sheet are said to be “capitalized”, meaning the capital outlay is recorded as an addition to the asset account, and will have an expected useful life of at least two years.

The monetary criteria by which governments decide to report Fixed Assets on the balance sheet, is known as the “capitalization threshold.” Governments may utilize separate thresholds for different classes of fixed assets, or establish a single threshold for all of its fixed assets.

Capitalization is a financial reporting issue. It addresses the material expenditure level by which users of the City’s financial reports are informed of the policy decision to account for Fixed Assets. It does not eliminate the City’s responsibility for maintaining adequate control over all of its assets, or other equipment below the capitalization threshold, to minimize the risk of loss or misuse.

## **POLICY:**

### **I. Fixed Asset Capitalization Threshold Criteria**

#### **A. Land**

Land will be capitalized at actual cost. There is no specific dollar threshold.

#### **B. Improvements to Land**

Improvements to land with a value of \$25,000 or more will be capitalized. Improvements valued at less than \$25,000 will be expensed in the current year.

#### **C. Buildings and Building Improvements**

1. Buildings and building improvements with a value of \$25,000 or more will be capitalized. Buildings and improvements valued at less than \$25,000 will be expensed in the current year.
2. Capitalized cost generally includes such items as site clearance and excavation, architectural fees, initial landscaping, building construction and others.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.05</b>
<b>Subject: Fixed Assets</b>	<b>Effective Date: 5/13/14</b>
	<b>Page 2 of 3</b>

D. Equipment and Vehicles

1. Equipment and vehicles with a value of \$5,000 or more will be capitalized. Equipment and vehicles valued at less than \$5,000 will be expensed in the current year.
2. Capitalized cost generally includes purchase price, sales tax, transportation costs and installation.

B. Useful Life

1. Fixed assets will be capitalized only if they have a useful life of at least two years following the date of acquisition.
2. Assets that do not meet this criterion shall be expensed regardless of cost.
3. Following are the various Fixed Asset categories and the corresponding useful life range for each category:
  - a. Machinery & Equipment 5 – 15 years
  - b. Vehicles 6 – 15 years
  - c. Improvements other than Buildings 15 – 20 years
  - d. Infrastructure 20 – 30 years
  - e. Buildings 50 years
  - f. Sewer Lines 90 years

Note: The specific useful life assigned to each asset will be determined by the Finance Director, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.

C. Final Capitalization Decision Rests with Finance Director

The final decision on whether to capitalize, or how much to capitalize a fixed asset, rests with the Finance Director or his/her designee.

## II. Identification and Inventory

- A. Each vehicle, furniture and equipment item that is classified as a Fixed Asset will have a unique identification tag affixed to the item by Finance staff for security and control purposes at the time the Fixed Asset is placed in service.
- B. An inventory of all Fixed Assets will be conducted by Finance staff annually to verify that no Fixed Assets are missing nor have been moved to another location. Any Fixed Assets that are missing or not in the assigned location when the inventory is conducted must be reported to the City Manager, along with a written explanation from the director of the department to which the Fixed Asset was assigned.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.05</b>
<b>Subject: Fixed Assets</b>	<b>Effective Date: 5/13/14</b>
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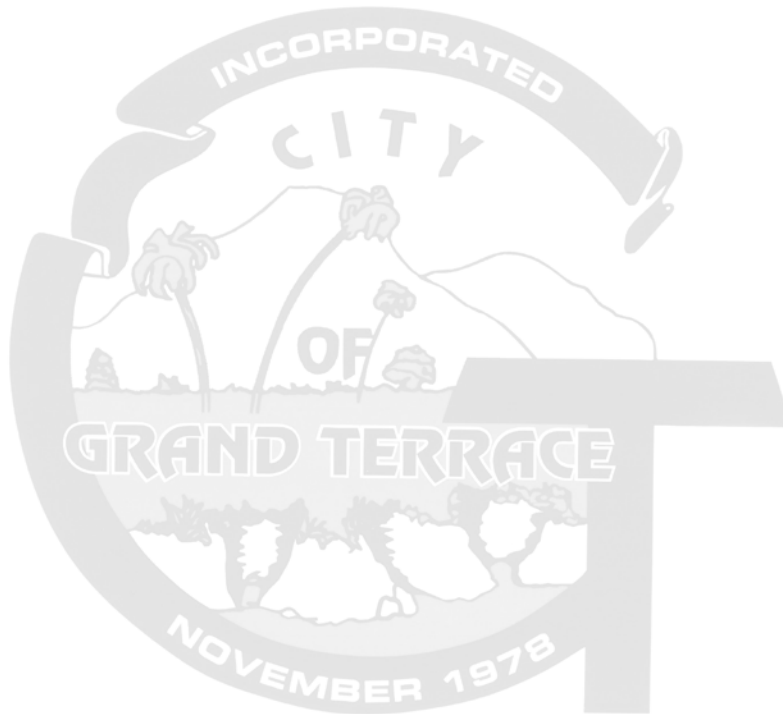
### **III. Depreciation**

#### **A. Financial Statement Basis:**

1. Fixed Assets will be depreciated over their estimated useful lives, as reflected in the City's Annual Financial Report, in accordance with GASB Statement No. 34.
2. The straight-line method of depreciation will be used for all Fixed Assets, unless it is determined by the Finance Director or his/her designee, and confirmed by the City's outside auditor, that another depreciation method is more appropriate for a given Fixed Asset or a Fixed Asset class.

#### **B. Budgetary Basis:**

1. Depreciating Fixed Assets over their useful lives for budgetary purposes is not required but is a recommended practice in that it establishes an Asset Replacement Account for each Fixed Asset. Such a practice increases the City's annual operating costs, in that depreciation charges become a budgeted expense, however, it levels operating expenses over time because when Fixed Assets are replaced, the funds (or a portion of the funds) have already been set aside and therefore do not need to be re-budgeted.
2. While the City has not previously depreciated Fixed Assets for budgetary purposes, it is the City Council's intent to do so beginning with the FY 2014-15 budget, and to continue the practice on a go-forward basis thereafter.



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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.06</b>
<b>Subject: Disposition of Surplus Property</b>	<b>Effective Date: 5/13/14</b>
	<b>Page 1 of 1</b>

**PURPOSE:** To define the process for identification and disposal of surplus City supplies, materials and equipment (collectively referred to as property).

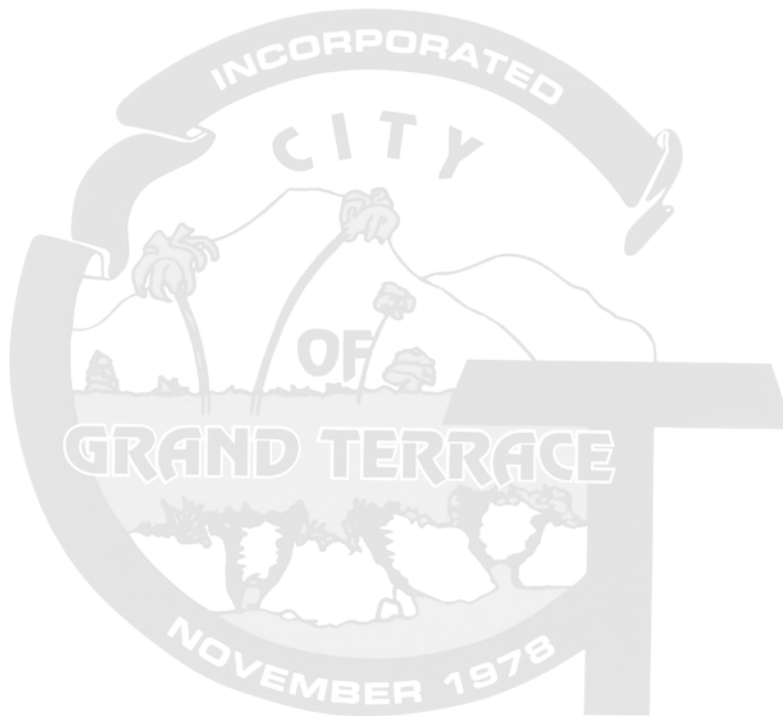
**POLICY:**

**I. Identifying Surplus Property:**

- A. Departments will be responsible for identifying surplus property within work areas assigned to their control.
- B. Departments will notify the Finance Director of surplus property by completing a Surplus Property Form (Exhibit A). Such form will include descriptive information on the property (i.e., license number, model number, serial number, condition of the item, reason the item is no longer needed, etc.), along with the location of the property. The form must be approved by the respective department head, Finance Director and City Manager before disposition of the item is authorized.
- C. If the surplus property is a Fixed Asset, as defined in Fiscal Policy No. 1.05, the Fixed Asset identification number must also be included on the Surplus Property Form, so that the City's Fixed Asset records can be adjusted accordingly.
- D. If a Fixed Asset is being declared as surplus before its useful life (as reflected in the City's Fixed Asset records) has been exhausted, detailed justification for the requested disposal must be provided on the Surplus Disposal Form.
- E. Finance staff, in consultation with the City Manager's Office, will be responsible for making arrangements to warehouse surplus property, as needed, or determining if the item can be used by another department.
- F. Information Technology staff will be advised if any of the surplus property is computer or telephone equipment.

**II. Disposition of Surplus Property:**

- A. Supplies, materials and equipment which are determined to be surplus and to have no further use by the City will be disposed of by Finance staff through trade-in, sale, auction, or donation.
- B. The City Manager or his/her designee will be responsible for determining which method of disposition will be most advantageous to the City.
- C. The method of disposition will be reflected on the Surplus Property Form.



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Requesting Department	Request Date	Contact Person
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Condition	Reason No Longer Needed	Recommended Disposal Method			
		Trade-in	Sale	Auction	Donation

If the surplus property is a fixed asset that is not fully depreciated, please provide detailed justification for the requested disposal below.

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Department Head approval

Date

- ☐ Disposal approved
- ☐ Disposal not approved

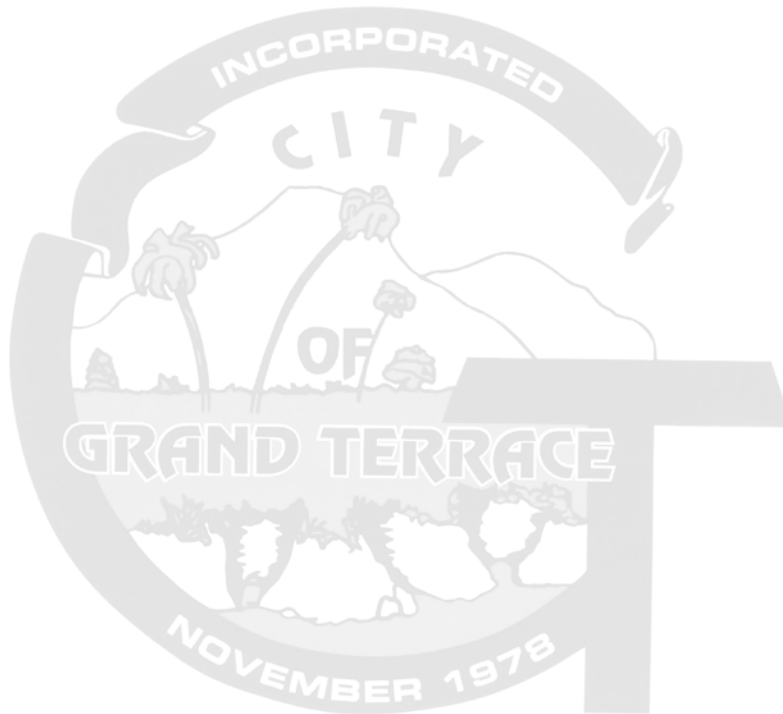
City Manager \_\_\_\_\_ Date \_\_\_\_\_

Comments:

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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.07</b>
<b>Subject: Fraud Prevention &amp; Detection</b>	<b>Approval Date: 1/28/14</b>
	<b>Page 1 of 7</b>

## **I. PURPOSE AND SCOPE**

To establish a policy and procedures for identifying acts that might be fraudulent, and to describe the steps to be taken when fraud or other dishonest activities are suspected, and to establish procedures to follow in accounting for missing funds, investigating other irregularities, and providing for restitution and recoveries.

## **II. DEFINITIONS**

A. Fraud – the intentional false representation, or concealment of material fact for the purpose of personal gain for oneself or others; or inducing another to act similarly. Fraud and other similar irregularities include, but are not limited to:

1. Claim for reimbursement of expenses that are not job-related or authorized by City policy.
2. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, agreements, purchase orders, budgets, etc.).
3. Misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.).
4. Improprieties in handling or reporting of financial transactions.
5. Authorizing or receiving payment for goods not received or services not performed.
6. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of City-owned software.
7. Misrepresentation of information on documents.
8. Misrepresentation of authority.
9. Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.
10. Seeking or accepting anything of material value from those doing business with the City including vendors, consultants, contractors, lessees, applicants, and grantees.

B. Employee – In this context, employee refers to any individual or group of individuals who receive compensation, either full-time or part-time, from the City of Grand Terrace. The term also includes any volunteer who provides services to the City through an official arrangement with the City or a City organization, as well as Council Members, consultants, vendors,

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.07</b>
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contractors, outside agencies and/or any other parties with a business relationship with the City of Grand Terrace.

- C. Management – In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.
- D. Investigator – In this context, Investigator refers to any person, persons or governmental agency assigned by the City Manager and/or the City Council to investigate any fraud or similar activity.
- E. External Auditor – In this context, External Auditor refers to independent audit professionals who perform annual audits of the City's financial statements.

### **III. POLICY**

- A. The City of Grand Terrace is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the City to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.
- B. This policy applies to any irregularity, or suspected irregularity, involving Employees, consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the City.
- C. Any investigative activity required will be conducted in an objective and impartial manner, without regard to the suspected wrongdoer's length of service, position, title, or relationship to the City.
- D. All Employees are responsible for the detection, reporting and prevention of fraud, misappropriations, and other irregularities.
- E. It is the City's intent to fully investigate, or cause the investigation of, any suspected act of fraud, misappropriation, impropriety or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.
- F. Each department of the City is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area(s) of responsibility and be alert for any indications of such conduct.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.07</b>
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- G. Investigator, in conjunction with the City Manager, has the primary responsibility for the investigation of all activity as defined in this policy.
- H. Should the City Manager be a subject of the investigation, the City Attorney will be substituted for the City Manager in references throughout this policy. Employees or other individuals suspecting any fraudulent activity by the City Manager should report his/her concern directly to the City Attorney.
- I. Should the City Manager and City Attorney both be subjects of the investigation, the Mayor will be substituted for the City Manager and City Attorney in references throughout this policy. Employees or other individuals suspecting any fraudulent activity by both the City Manager and City Attorney should report his/her concern directly to the Mayor, who will in turn advise the other members of the City Council.
- J. Throughout the investigation, the Investigator will inform the City Manager and others that he/she designates, of pertinent investigative findings. The City Council shall also be immediately advised of the investigation and kept apprised of its status throughout the investigation.
- K. Employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the City nor any person acting on behalf of the City shall:
  - 1. Dismiss or threaten to dismiss the Employee,
  - 2. Discipline, suspend, or threaten to discipline or suspend the Employee,
  - 3. Impose any penalty upon the Employee, or
  - 4. Intimidate or coerce the Employee.

Violations of the whistle-blower protection will result in discipline up to and including dismissal.
- L. Upon the conclusion of the investigation of an allegation of fraud said to have been committed by an employee or official, the City Council shall be informed by the City Manager, or by the official whom received the complaint and authorized the investigation, of the outcome of the investigation. This shall be done in manner cognizant of the privacy right, if any, of the accused employee or official, as advised by the City Attorney.
- M. The City Manager, following review of investigation results, will take appropriate action regarding Employee misconduct. Disciplinary action can include termination, and referral of the case to an appropriate law enforcement agency and District Attorney's Office for possible arrest and prosecution.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 1.07</b>
<b>Subject: Fraud Prevention &amp; Detection</b>	<b>Approval Date: 1/28/14</b>
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- N. The City will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

#### **IV. PROCEDURES**

##### **A. Management Responsibilities**

1. Management is responsible for being alert to, and reporting fraudulent or related dishonest activities in their areas of responsibility.
2. Each City official should be familiar with the types of improprieties that might occur in his or her area(s) of responsibility and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area(s).
3. When an improper activity is detected or suspected, Management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
4. If Management determines a suspected activity may involve fraud or related dishonest activity, they should contact their next immediate supervisor not involved in the alleged misconduct – and together with that supervisor inform their Department Director (unless the Department Director is alleged to have involvement in the alleged misconduct) and City Manager.
5. If the City Manager is suspected to be involved in the alleged misconduct, the City Attorney should be notified in lieu of the City Manager. If the City Manager and City Attorney are both suspected to be involved in the alleged misconduct, the Mayor should be notified in lieu of the City Manager or City Attorney. The Mayor will, in turn, advise the other members of the City Council.
6. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, Management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.
7. Management should support the City's responsibilities and cooperate fully with the Investigator, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
8. Management must give full and unrestricted access to all necessary records and personnel. All City furniture and contents, including desks and electronic devices, are open to inspection at any time. There is no reasonable expectation of privacy.

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9. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management should avoid the following:
  - a. False accusations.
  - b. Alerting suspected individuals that an investigation is underway.
  - c. Treating Employees unfairly.
  - d. Making statements that could lead to claims of false accusations or other offenses.
10. In handling dishonest or fraudulent activities, Management has the responsibility to:
  - a. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc.
  - b. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the City Attorney.
  - c. Avoid discussing the case, facts, suspicions, or allegations with anyone other than employees who have a need to know such as the City Manager, City Attorney, Department Head, Finance Director, Investigator, or law enforcement personnel – and should direct any City Council inquiries to the City Manager.
  - d. Direct all inquiries from the suspected individual, or his or her representative, to the Investigator. All inquiries from the media should be directed to the City Manager.
  - e. Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the City Manager, in conformance with the City’s Personnel Rules and Regulations and the appropriate Memorandum of Understanding, as applicable.

**B. Investigator Responsibilities**

1. Upon assignment by the City Manager, the Investigator will promptly investigate the allegations of fraud or other dishonest activities.

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2. Employees must cooperate with the Investigator. Refusal to cooperate, or the conveyance of inaccuracies, may subject an Employee to disciplinary action up to and including dismissal.
3. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Investigator, in consultation with the City Manager, and City Attorney as appropriate, will contact the appropriate law enforcement agency.
4. The Investigator shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.
5. If evidence is uncovered showing possible dishonest or fraudulent activities, the Investigator will proceed as follows:
  - a. Discuss the findings with the City Manager and City Attorney.
  - b. Meet with the City Manager to:
    - 1) Determine if disciplinary actions should be taken.
    - 2) Notify insurers and coordinate the filing of insurance claims.
  - c. Take immediate action, in consultation with the City Manager and City Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:
    - 1) Removing the records and placing them in a secure location, or limiting access to the records.
    - 2) Preventing the individual suspected of committing the fraud from having access to the records.
6. In consultation with the City Manager and City Attorney, and the appropriate law enforcement agency, the Investigator may disclose particulars of the investigation to potential witnesses if such disclosure would further the investigation.
7. If the Investigator is contacted by the media regarding an alleged fraud or audit investigation, the Investigator will not speak with the media but will instead refer the matter to the City Manager before a response is made.
8. At the conclusion of the investigation, the Investigator will document the results in a confidential report to the City Manager. If the report concludes that the allegations are founded, the report will be forwarded to the appropriate law enforcement agency and the City Council will be advised.



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9. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusions of the audit. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Investigator no later than seven calendar days after notice is received.
10. The Investigator will be required to make recommendations to the appropriate department for assistance in the prevention of future similar occurrences.
11. Upon completion of the investigation, including all legal and personnel actions, all records documents, and other evidentiary material obtained from the department under investigation will be returned to the City Manager.



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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 2.01</b>
<b>Subject: Accounts Payable</b>	<b>Effective Date: 5/13/14</b>
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**PURPOSE:** To define the process for review, authorization and payment of vendor invoices.

**DEFINITIONS:**

<b>Check Register:</b>	A report provided to the City Council on a monthly basis listing payments made to the various City vendors for the preceding month.
<b>Discount:</b>	A percentage or fixed amount that may be deducted from payment of a vendor's invoice if payment is made by a date determined by the vendor. A common discount term is "1% 10", meaning that one percent (1%) may be deducted from the invoice amount if payment is made with 10 days of the invoice date.
<b>EFT:</b>	Electronic Funds Transfer; may be used as a payment alternative to City check when authorized by the Finance Director.
<b>Invoice:</b>	A bill rendered to the City by a vendor requesting payment for goods or services provided to the City.
<b>Net 30:</b>	A specific type of trade credit where the payment is due in full 30 days after the item is purchased and an invoice received.
<b>Purchase Order:</b>	A City document authorizing a specified quantity of goods and/or services to be provided to the City at specified prices and terms.
<b>Receiving Document:</b>	A document provided to the City by a vendor attesting to the delivery of goods and/or services.
<b>Statement:</b>	A summary provided by a vendor showing amounts previously billed, paid, and the unpaid balance.
<b>Vendor:</b>	A business entity or agency providing goods and/or services to the City.

**POLICY:**

**I. Payment Terms**

- A. In order to maintain good business relations with the City's Vendors, it is the policy of the City of Grand Terrace to pay Invoices for authorized goods or services within 30 days of Invoice receipt; (i.e., on a Net 30 basis) unless specified otherwise by City Purchase Order or contract.

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- B. Invoices offering a Discount should be paid within the Discount terms whenever it is possible to process and pay the Invoice within those terms, unless it is determined by the Finance Director that it is more advantageous from a cash management standpoint to not take the Discount and instead to make payment on a Net 30 basis. (Minimum amounts that qualify for Discount processing may be established by the Finance Director in order to ensure that accelerated Invoice processing is cost effective in relation to the Discount amount.)

## **II.    Invoice Processing**

- A. Vendors are to be instructed to mail (or e-mail) their Invoices to the City's Finance Department, attention Accounts Payable.
- B. Invoices received in Accounts Payable are to be date stamped the same day as received in order to document the date received by the City.
- C. Should an Invoice mistakenly be received by a department other than Finance, it should be given to the Finance Department Accounts Payable staff the same day as received, so that the date stamp applied to the Invoice will reflect the date received by the City.
- D. On a timely basis, Accounts Payable staff should notify the applicable department that ordered the goods or services, that an Invoice has been received, so the responsible departmental staff can review and approve the Invoice for payment.
- E. Invoice approval shall be in accordance with the City's Signature Authorization Listing. No Invoice should be paid without proper City authorization.
- F. If an Invoice is related to a City Purchase Order or contract, the quantity and prices reflected on the Invoice must be verified by the department responsible for the purchase to ensure that they are in agreement with the Purchase Order or contract.
- G. If an Invoice is provided by Accounts Payable staff to another department for review and approval, Accounts Payable staff must maintain a record of the Invoice and date it was provided to the applicable department to ensure that it is returned to Accounts Payable in time to meet the City's Net 30 payment policy or Discount terms. If there is a dispute regarding the goods or services that were billed to the City, such that the Net 30 or Discount terms cannot be met, the applicable department must notify Accounts Payable staff of the dispute.
- H. Only original Vendor Invoices should be processed for payment. Payment should never be made from an Invoice copy or Statement. (Should an original Invoice be lost, such that a Vendor submits a duplicate Invoice for processing, the duplicate Invoice should be stamped as a "Duplicate Original" by Accounts Payable staff.)
- I. A City check should be mailed for all approved Vendor Invoices within 28 days of the date of Invoice receipt in order to comply with the Net 30 payment policy, allowing two days for mail processing and delivery. Exceptions would be Invoices

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offering Discount terms, which would be paid sooner than 28 days from receipt in order to qualify for the Discount (also allowing two days for mail processing and delivery) and payments made by EFT.

- J. If the City's business software system allows a "three-way matching" process, such that a Purchase Order, Invoice and Receiving Document are electronically matched, this process should be implemented since it is considered to be an industry "best practice" and eliminates the need for Invoices to be manually verified or provided to another department for review and approval.

### **III.   City Council Approval**

- A. A Check Register will be prepared by the Finance Department and submitted to the City Council for review and approval on a monthly basis during a regularly scheduled City Council meeting.
- B. The Check Register will list all vendor payments for the preceding month along with a brief description of the type of goods or services purchased and the account code(s) associated with each payment.
- C. In order to meet the Net 30 payment terms, and to take advantage of Discounts offered by Vendors, payment of Invoices will not be delayed pending approval of the Check Register.



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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.01</b>
<b>Subject: Purchasing</b>	<b>Effective Date: 5/13/14</b>
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**PURPOSE:** The purpose of this policy is to ensure that the City's purchasing practices are carried out in accordance with the Purchasing Ordinance, which was approved by the City Council on November 27, 2012.

**DEFINITIONS:**

**Notice Inviting Bids:** A document issued to specified potential bidders, or posted on the City's website, inviting bids for specified merchandise or service. The subsequent contract is generally awarded to the lowest responsible bidder.

**Purchase Order:** A document which authorizes the delivery of specified merchandise or the rendering of certain service and the making of a charge for such merchandise or service.

**Purchase Requisition:** A document submitted by a department requesting approval to purchase specified merchandise or service. Upon its approval, a Purchase Order is issued to the selected vendor or service provider.

**Purchasing Officer:** The Purchasing Ordinance designates a Purchasing Officer, to be appointed by the City Manager. The City Manager has currently appointed the City's Finance Director as the Purchasing Officer. Under the direction of this position, the Finance Department is charged with the responsibility of administering the Purchasing Ordinance.

**Request for Proposals (RFP):** A document issued to specified potential service providers, or posted on the City's website, requesting proposals for services. The subsequent contract is awarded based on a number of factors including professional expertise, experience, service level, references and pricing. Consideration of factors other than pricing differentiates an RFP process from a "Notice Inviting Bids" process.

**POLICY & PROCEDURES:**

**I. Informal Purchases (\$0 - \$500)**

The following procedures apply:

- A. Funds must be budgeted for the goods or services to be purchased.
- B. A Purchase Order (P.O.) is not required for purchases.
- C. Price quotes are not required for purchases, although they are encouraged when easily obtainable.
- D. Payment for purchases is made by submitting a Request for Payment form with approval by the applicable Department Head or designee (per the Authorized Approval Listing).
- E. Use of City credit card or petty cash may be appropriate for certain low-value purchases, with separate guidelines applying to these purchases.

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## **II. Informal Purchases (\$501 - \$1,000)**

The following procedures apply:

- A. Funds must be budgeted for the goods or services to be purchased.
- B. A Purchase Order (P.O.) is required for purchases.
- C. Price quotes are not required for purchases, although they are encouraged when easily obtainable.
- D. Payment for purchases is made by submitting a Purchase Requisition form with approval by the applicable Department Head or designee (per the Authorized Approval Listing).
- E. Approval from the City Manager is required.

## **III. Open Market Purchases (\$1,001 - \$10,000)**

The following procedures apply:

- A. Funds must be budgeted for the goods or services to be purchased.
- B. Three (3) informal price quotes must be obtained.
- C. A Purchase Requisition must be submitted to Finance by the requesting department with the price quotes attached as back-up. Purchase Requisitions require approval of the applicable Department Head or designee (per the Authorized Approval Listing).
- D. Following Finance review of the Purchase Requisition, a P.O. will be issued by Finance and mailed to the vendor, with a copy returned to the originating department. Funds will also be encumbered in the financial system at this time. (Note: P.O.s are signed by the Finance Director signifying that funds are available and that the purchasing requirements have been met.)
- E. Invoices to be paid against an approved P.O. do not require a Request for Payment form. Instead, to expedite processing, an approval stamp may be utilized on the invoice referencing the applicable P.O. (The account code to be charged does not need to be referenced on the invoice unless the P.O. is allocated to multiple account numbers, as the invoice will be charged per the P.O.) Department Head or designee signature is required on the invoice (per the Authorized Approval Listing).

## **IV. Formal Purchases (over \$10,000)**

The following procedures apply:

- A. Funds must be budgeted for the goods or services to be purchased.
- B. Formal contracting procedures must be followed as enumerated in Section 3.24.080 of the Purchasing Ordinance, including:



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1. Notice Inviting Bid
  2. Bidders' List
  3. Bidders' Security
  4. Bid Opening Procedure
  5. Performance Bonds as applicable
  6. Formal Award of Contract by the City Council
- C. Following award of contract, a Purchase Requisition should be submitted by the applicable department, with a copy of the executed contract and City Council staff report attached as backup. Purchase Requisitions require approval of the applicable Department Head or designee (per the Authorized Approval Listing).
- D. Following Finance review of the Purchase Requisition, a P.O. will be issued by Finance and mailed to the vendor, with a copy returned to the originating department. Funds will also be encumbered in the financial system at this time. (Note: P.O.s are signed by the Finance Director signifying that funds are available and that the purchasing requirements have been met.)
- E. Invoices to be paid against an approved P.O. do not require a Request for Payment form. Instead, to expedite processing, an approval stamp may be utilized on the invoice referencing the applicable P.O. number. (The account code to be charged does not need to be referenced on the invoice unless the P.O. is allocated to multiple account numbers, as the invoice will be charged per the P.O.) Department Head or designee signature is required on the invoice (per the Authorized Approval Listing).

## **V. Professional Services**

- A. Professional Services are not awarded via formal bidding, since there are a number of factors other than pricing used to determine the company that is best suited to provide the service. Such factors include professional expertise, experience, service level and references.
- B. Although not formally bid, it is recommended that professional services with an expected value greater than \$10,000 utilize a competitive selection process via a Request for Proposals (RFP).
- C. RFPs should be posted on the City's web page and distributed to known companies with expertise in the applicable service area. Generally, at least 30 days should be allowed for proposal submittal following the RFP issuance date. It may also be appropriate to schedule a pre-submittal conference to clarify the RFP and respond to the interested parties' questions.
- D. Contracts for professional services with a value of \$10,000 or less may be awarded by the City Manager.
- E. Contracts for professional services with a value greater than \$10,000 must be awarded by the City Council.

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- F. Following award of contract, a Purchase Requisition should be submitted by the applicable department, with a copy of the executed contract and City Council staff report (if applicable) attached as backup. Purchase Requisitions require approval of the applicable Department Head or designee (per the Authorized Approval Listing).
- G. Following Finance review of the Purchase Requisition, a P.O. will be issued by Finance and mailed to the vendor, with a copy returned to the originating department. Funds will also be encumbered in the financial system at this time. (Note: P.O.s are signed by the Finance Director signifying that funds are available and that the purchasing requirements have been met.)
- H. Invoices to be paid against an approved P.O. do not require a Request for Payment form. Instead, to expedite processing, an approval stamp may be utilized on the invoice referencing the applicable P.O. number. (The account code to be charged does not need to be referenced on the invoice unless the P.O. is allocated to multiple account numbers, as the invoice will be charged per the P.O.) Department Head or designee signature is required on the invoice (per the Authorized Approval Listing).

#### **VI. Single Source Purchases / Waiver of Bidding / Piggy Backing**

- A. If it is determined that only one company is available or capable of providing the desired goods or services, the purchase may be approved without obtaining price quotes (purchases of \$1,001 to \$10,000), conducting formal bidding (purchases over \$10,000), or utilizing an RFP process (professional services over \$10,000), provided that approval is received for the single source purchase, as follows:
  - 1. Purchases with a value of \$1,001 - \$10,000: Memo explaining the basis for the single source purchase must be submitted by the applicable Department Head along with the Purchase Requisition and approved by the City Manager.
  - 2. Purchases with a value greater than \$10,000: Approval for the single source purchase must be submitted via a staff report in conjunction with the contract award and approved by the City Council.
- B. If a purchase is not considered to be single source but a waiver of bidding/competitive selection is requested because it is in the best interest of the City, approvals must be obtained by the City Manager (\$1,001 - \$10,000) or City Council (over \$10,000) as described above.
- C. Justification must be provided if a waiver of bidding/competitive selection is requested. A waiver is an exception to the competitive bid process. As a result, explanation/documentation is required to begin the review process. Below are examples for requesting the waiver of the bid/competitive selection process:
  - i. **Sole Source:** Only one company is available/capable of performing the task or providing the goods or services; the goods or services provided by

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a specific company are unique in quality, performance, or use specifications.

- ii. **Time Sensitive:** The need for the desired good/service is needed to correct or prevent an emergency;
- iii. **Intrinsic Value:** When a good or service is determined by its historic, artistic, or educational value.

D. If the City has determined that another municipality (host agency) has completed the competitive bid/RFP process awarding a contract within the last 6 months for goods and/or services that the City may require, in order to avoid time and costs, the City has the option to “piggyback” on the public agency’s existing contract provided the following requirements are met:

- i. Approval must comply with the purchasing policy as follows:
  - a. \$0 - \$500 requires Department Head approval;
  - b. \$501 - \$10,000 requires City Manager approval; and
  - c. Over \$10,000 requires City Council approval.
- ii. The other public agency’s bid and contract award process meet’s the City’s bid and contract award requirements;
- iii. The host agency and the City (piggybacking agency) must sign an agreement allowing the piggyback;
- iv. The vendor/contractor must agree to the piggyback, offering the same terms and conditions written in their contract to the piggyback agency; and
- v. The vendor must inform both the host agency and the piggybacking agency in writing that they agree to the piggyback.

## **VII. Contract Requirements**

- A. If a purchase involves work to be performed on City premises or the public right of way, regardless of the dollar amount, a City contract is recommended to adequately address liability issues. If there is uncertainty regarding whether or not a contract is needed for a given purchase, the City Attorney should be consulted.
- B. Contracts up to \$10,000 in value may be approved by the City Manager, following City Attorney approval as to legal form. Whenever possible, the standard City contract form should be used.
- C. Contracts over \$10,000 in value require City Council approval via the agenda process.

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- D. Contracts should include a requirement for the service provider to obtain a City Business License. The department administering the contract is responsible for coordinating with Finance to ensure that a Business License is obtained if the contract value is \$10,000 or less (City Manager approval). If the contract value is greater than \$10,000 (City Council approval), the City Clerk's Office will coordinate with Finance to ensure that a Business License is obtained.
  
- E. The department administering the contract is also responsible for obtaining the insurance certificates from the service provider and verifying that the coverage conforms to the contract requirements if the contract value is \$10,000 or less (City Manager approval). If the contract value is greater than \$10,000 (City Council approval), the City Clerk's Office will be responsible for obtaining the insurance certificates from the service provider and verifying that the coverage conforms to the contract requirements.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.02</b>
<b>Subject: Budget Appropriation Adjustments</b>	<b>Effective Date: 5/13/14</b>
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**PURPOSE:** To establish policies and procedures regarding changes to appropriation amounts after adoption of the Annual Budget by the City Council.

**DEFINITIONS:**

**Type A Adjustments:** New or increased appropriations necessary to fund service level changes, new programs, fixed assets, and expenditures in excess of approved budget amounts.

**Type B Adjustments:** New or increased appropriations with offsetting revenues such that there is no net budgetary impact.

**Type C Adjustments:** Transfer of budget amounts from one operating program to another in different funds and/or departments.

**Type D Adjustments:** Transfer of budget amounts from a Capital Improvement Plan (CIP) project to another, regardless of fund.

**Type E Adjustments:** Transfer of budget amounts from one division, program, or object code to another within the same fund and department.

**POLICY:**

**I. Responsibility**

- A. Budget adjustments shall be processed at such time it is determined that additional funds are needed in a program (business unit) so that expenditures will not exceed the City Council approved appropriation for the program (business unit). This shall apply to operating programs as well as capital projects.
- B. Every budget adjustment request requires the completion of a Budget Appropriation Adjustment (BAA) Form. Written justification is required on the BAA Form for all requests.

**II. Procedures and Required Approvals**

- A. Type A: New or increased appropriations from reserves or fund balance
  - 1. New or increased appropriations from reserves or fund balance shall require City Council approval. A properly completed BAA Form must be submitted as an attachment to the City Council staff report describing the appropriation request. The Finance Department will retain the BAA Form following its review and verification; it will not be included as an attachment to the final staff report.
  - 2. These adjustments must be approved by the City Council prior to commitment of funding in excess of budgeted amounts.

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- B. Type B: New or increased appropriations with offsetting revenues; no net budgetary impact
1. The City Manager is authorized to approve such appropriations.
  2. This type of appropriation adjustment shall require the following approvals:  
Requestor: Program Supervisor/Manager  
Approval: Department Head  
Approval: Finance Director  
Approval: City Manager or designee
- C. Type C: Transfers of budget amounts between operating programs in different funds and/or departments, regardless of fund, shall require the following approvals:
1. The City Manager is authorized to approve such appropriations.
  2. This type of appropriation adjustment shall require the following approvals:  
Requestor: Program Supervisor/Manager  
Approval: Department Head  
Approval: Finance Director  
Approval: City Manager or designee
- D. Type D: Transfer of budget amounts between Capital Improvement Plan (CIP) projects, regardless of fund, shall require the following approvals:
1. The City Manager is authorized to approve such appropriations.
  2. This type of appropriation adjustment shall require the following approvals:  
Requestor: Program Supervisor/Manager  
Approval: Department Head  
Approval: Finance Director  
Approval: City Manager or designee
- E. Type E: Transfer of budget amounts from one division, program, or object code to another within the same fund and department shall require the following approvals:
1. The Finance Director is authorized to approve such appropriations.
  2. This type of appropriation adjustment shall require the following approvals:  
Requestor: Program Supervisor/Manager  
Approval: Department Head  
Approval: Finance Director

### **III. Request Procedures**

Requests for Budget Appropriation Adjustments shall be completed on the authorized BAA Form (Exhibit A).

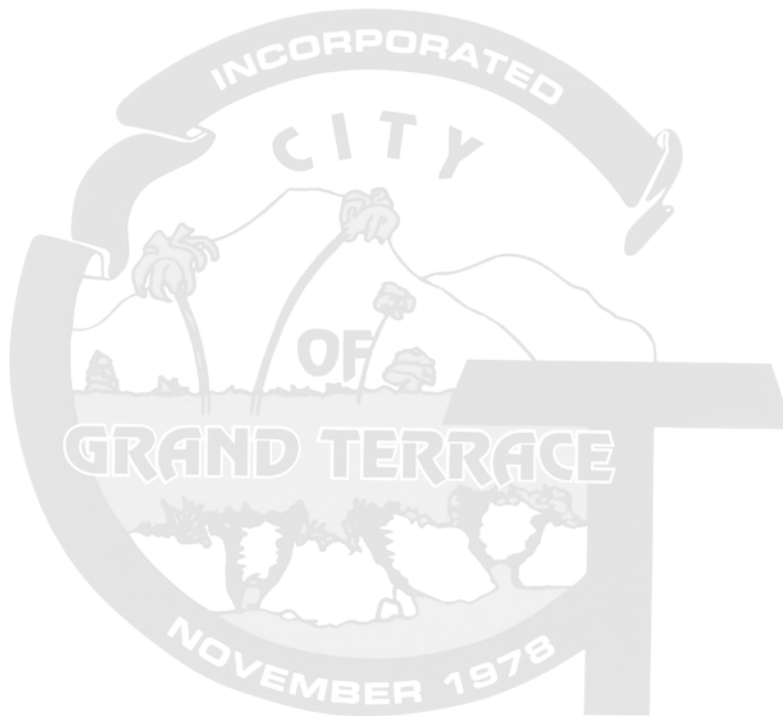
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#### **IV. Routing and Follow-up**

- A. Type A adjustments (City Council approval required)
  - 1. The department requesting the appropriation adjustment is responsible for completing the BAA request form and attaching it to the corresponding City Council staff report.
  - 2. The Finance Director will retain the BAA Form following its review and verification; it will not be forwarded with the staff report for subsequent reviews and approvals, nor included as an attachment to the staff report.
  - 3. Upon Council approval, the Finance Department will process the budget adjustment, with no further approvals on the BAA Form required.
- B. All Other Types of Adjustments
  - 1. The department shall prepare the BAA Form and specify in the justification box of the form, the reason for the adjustment request. If there is insufficient room for the justification, an additional Word document specifying the purpose or need for the adjustment may be attached.
  - 2. After departmental staff signatures are obtained, the BAA Form should be routed to the Finance Director for review and final processing.

#### **V. City Council Staff Reports**

- A. The recommendation and fiscal impact sections of the report to City Council should include specific reference to the nature of the appropriation adjustment.
  - 1. If the adjustment is to increase an amount of an existing budgeted project or program, the proper account codes must be included in the recommended action.
  - 2. If the request is for a new project or program, the report should indicate the proposed funding sources and amounts of appropriations required.
  - 3. In addition, if new revenue sources are associated with the proposed project/program (i.e., grants, special revenues, etc.) these should be included and identified in the recommended City Council action so that appropriate revenue accounts can be adjusted.
  - 4. A properly completed BAA Form must be submitted as an attachment to the City Council staff report describing the appropriation request. The Finance Department will retain the BAA Form following its review and verification; it will not be included as an attachment to the final staff report.



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## EXHIBIT A - City of Grand Terrace Budget Appropriation Adjustment (BAA) Form

Date:   
Department:   
Cost Center:

### Type of Adjustment:

- ☐ A) New/Additional Appropriations (Expense) from Reserves/Fund Balance  
Required Signatures: 1: Requestor 2: Dept. Head 3: Finance Dept. 5: City Manager 6: City Council
- ☐ B) New/Additional Appropriations (Expense) with offsetting Revenue (no net budgetary impact).  
Required Signatures: 1: Requestor 2: Dept. Head 3: Finance Dept. 5: City Manager
- ☐ C) Transfers between Funds & Departments (Inter-fund/Inter-Departmental Transfers)  
Required Signatures: 1: Requestor 2: Dept. Head 3: Finance Dept. 5: City Manager
- ☐ D) Transfers between Capital Improvement Program (CIP) projects within the same fund (no net budgetary impact)  
Required Signatures: 1: Requestor 2: Dept. Head 3: Finance Dept. 5: City Manager
- ☐ E) Transfers between Cost Centers within the same Department & Fund (no net budgetary impact)  
Required Signatures: 1: Requestor 2: Dept. Head 3: Finance Dept.

Council Action Date

Council Action No.

### Revenue

GL Account No.	Account Description	Current Budget	Increase/ (Decrease)	Revised/ Budget	Justification/Reason for Budget Appropriation Adjustment
	TOTAL				

### Expense

GL Account No.	Account Description	Current Budget	Increase/ (Decrease)	Revised/ Budget	Justification/Reason for Budget Appropriation Adjustment
	TOTAL				

### Transfer OUT (From)

GL Account No.	Account Description	Current Budget	Increase/ (Decrease)	Revised/ Budget	Justification/Reason for Budget Appropriation Adjustment
	TOTAL				

### Transfer IN (To)

GL Account No.	Account Description	Current Budget	Increase/ (Decrease)	Revised/ Budget	Justification/Reason for Budget Appropriation Adjustment
	TOTAL				

Prepared by: Requestor

Authorization: Department Head

Approval as to Funds: Finance Department

Authorization: City Manager

Extension: \_\_\_\_\_

Extension: \_\_\_\_\_

Extension: \_\_\_\_\_

Extension: \_\_\_\_\_

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

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

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

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

Note: For Type A adjustments, please attach minutes from the City Council meeting to provide documentation of City Council approval.  
Signature by the Mayor on the BAA Form is not required.



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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.03</b>
<b>Subject: Travel &amp; Related Business Expenses</b>	<b>Effective Date: 5/13/14</b>
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## **PURPOSE:**

This policy establishes the basic guidelines for travel on City business. It defines the City's expectations of its employees (and other City officials) who are required to travel in connection with their work responsibilities, identifies which expenses will be advanced or reimbursed to the employee by the City, and which expenses are considered the personal responsibility of the employee. Business travel is defined as authorized attendance at conferences and seminars, or authorized travel for any other purpose in connection with official City responsibilities. Business travel includes one-day trips and trips requiring one or more overnight stays.

As a general rule, this policy is not intended to cover business meetings of less than one day involving travel of less than 150 miles round trip, even though employees may be reimbursed for their cost of meals and travel. In such cases Department Head discretion is required and departments may decide that such travel fits within the scope of this policy. As an example, a day trip to Los Angeles to attend a business meeting will likely involve meals and transportation expense reimbursement. However, such travel may involve less than \$100 of expenditures and are generally not considered as part of the scope of this policy.

## **POLICY:**

### **I. General Standards**

#### **A. Mandatory Use of the Travel Authorization & Expense Reporting Form (Exhibit A).**

The Travel Authorization & Expense Reporting Form (Travel Form) is a mandatory document for all employees, whether or not one expects to receive a travel advance or reimbursement for business related travel expenses. It serves as an estimate of the total cost of attending conferences, meetings and seminars, and provides documentation of cash advances, vendor payments and credit card purchases. Equally important, it serves as documented authorization to travel on City business and helps identify when the employee is traveling on behalf of the City in case of an accident or other incident. The requirement to submit a Travel Form also applies to City Council Members and other appointed officials (such as Planning Commissioners), who will coordinate travel with the City Manager's Office and obtain City Manager approval of the Travel Form as a prudent internal control measure.

#### **B. Policy Emphasizes Economy and Practicality with Reasonable Subsistence and Accommodations while on City Business**

1. This policy provides for reasonable subsistence, modes of travel, and lodging and accommodations while on City business. The intent is to allow employees to eat in moderately priced restaurants, stay in moderately priced hotels, and travel comfortably. Employees are responsible for using good judgment in making reservations, and travel decisions should emphasize economy and efficiency at all times. For example:

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- a. When using air travel, employees should always book flights in coach as opposed to first class.
  - b. Although the Internet offers numerous specials and low-priced flights, flexibility is often sacrificed and sales are often final. Employees should consider this when booking their flights and can be held personally accountable if a flight is booked incorrectly, costing the City money. To provide more flexibility, designated travel agencies should be used.
  - c. When choosing a hotel for a conference, it is preferable to stay at the hotel where the conference is being held even though it may be slightly more expensive than others in the area.
- 2. It is permissible to combine personal travel with business travel, such as departing for a business conference a few days early to utilize personal vacation time. But only strictly business-related expenses will be advanced or reimbursed and personal travel shall not result in higher business travel costs or they must be reimbursed to the City.
- D. Policy is Not Intended to be All Inclusive
  - 1. This policy is not intended to address every issue, exception or contingency that may arise in the course of City travel or attendance at meetings.
  - 2. Accordingly, the basic standard that should always prevail is to use good judgment and economy in the use and stewardship of City funds.

## **II. Travel Authorization & Expense Reporting Form ("Travel Form")**

- A. Travel Authorization
  - 1. Travel Authorization approval by Department Head and City Manager is required whenever:
    - a. Total estimated cost will exceed \$200; or
    - b. Overnight accommodations will be required.
  - 2. Department Head authorization is acceptable for employee travel that is estimated at \$200 or less and does not involve overnight accommodations.
  - 3. Travel Restrictions
    - a. Out-of-state travel authorizations require approval by the City Manager (or his/her designee).
    - b. Department Head travel authorizations require approval of the City Manager (or his designee).

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4. Determining Methods of Payment for Travel Expenses

- a. The City will pay for legitimate and reasonable travel-related business expenses, including transportation, lodging, registration fees, meals, and any other related expenses if they are for official business and fit within these guidelines.
- b. There are four methods of payment for travel-related expenses: (1) direct payment to vendors by check; (2) payment by City credit card (secured in the Finance Department); (3) reimbursement to the employee for out-of-pocket expenses; and (4) cash advances, which include per diem.
- c. Direct payments to vendors are made by the City to an organization to pay for specific costs related to the trip. These costs usually include registration fees, lodging and airfare.
- d. City credit card (may be used to prepay travel expenses, including registration fees, lodging and airfare, or may be used to cover expenses as they arise on the trip. Credit cards may not be used to advance per diem.
- e. The employee will be reimbursed for actual, reasonable and allowable out-of-pocket expenses related to travel on City business. The employee must account for out-of-pocket expenses with receipts.
- f. Cash advances, including per diem, are lump sum payments made to the employee prior to one's travel based on reasonable estimated expenses. Ground transportation is often difficult to estimate, but may be advanced to the employee using reasonable estimates based on the itinerary. Upon the employee's return, and with the exception of per diem expenses, the employee must account for advanced expenses with receipts. Advances exceeding substantiated expenses must be returned to the City. If authorized expenses (excluding meals and incidentals covered by per diem) exceed the amount advanced, the City will reimburse the employee for the difference.

**Note: Receipts are not needed to justify meals and incidental expenses covered by per diem.**

- g. To obtain direct vendor payments or to receive a cash advance, the employee must do the following prior to his trip:
  - 1) Complete the appropriate sections of the Travel Form.
  - 2) Attach documentation for all payments requested. This would include copies of registration forms, announcements, itineraries, and copies of seminar brochures that provide detail of costs.

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- 3) Attach completed and signed Direct Pay Request forms for all travel-related payment requests.
  - a) Include the appropriate authorization signatures.
  - b) Retain a copy of the completed form to reconcile and account for actual expenses upon return from trip.
  - c) Submit the Travel Form and any Direct Pay Request forms to the Accounts Payable section of the Finance Department.

5. Per Diem (Meals and Incidentals)

- a. Meals and incidentals, as defined by Internal Revenue Service (IRS) guidelines, include all meals and miscellaneous hotel services, such as tips to waiters and porters. Per Diem will be paid at the current rates established by IRS guidelines determined by the minimum federal per diem rate table for the City's region. All IRS tax rules will apply.
- b. By IRS regulations, per diem is defined as travel subsistence extending beyond one day and there is no requirement to provide receipts. However, for one day or partial days of travel, meals expense receipts are required and the standard one day, non-per diem meal allowance will be \$45 allocated as follows:
  - Breakfast: \$ 8.00
  - Lunch: \$12.00
  - Dinner: \$25.00

If an employee is advanced money for one-day or partial day meals and the total amount of all receipts is less than the amount advanced, the difference must be reimbursed to the City.

Conversely, if the employee exceeds the total one-day or partial day standard non-per diem meal allowance and is requesting reimbursement, receipts MUST be provided and reimbursement shall be at the discretion of the Finance Director based on the circumstances.

- c. As a general rule, employees are expected to base their requests for daily meals and incidentals according to the federal per diem rates.
- d. As an alternative, an employee can elect not to receive per diem and request reimbursement of actual, reasonable and allowable subsistence expenses that are substantiated with receipts. This alternative must be approved in advance and receipts must accompany the request for reimbursement. However, a combination of per diem and reimbursement of meals and incidental business expenses is prohibited.

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- e. Partial per diem for travel of more than one day may be advanced depending on the employee's departure time and return time. The request for partial or full per diem will be based on the employee's itinerary and will be granted based on a "fair and reasonable" request. Partial days per diem will be prorated as follows:

- 1) Travel of less than 12 hours in a day will be prorated to one-half day of per diem.
- 2) Travel of 12 hours or more in a day will count as a full day for per diem.

For example, assuming a daily per diem of \$45, if an employee leaves on Monday at 6:00 A.M. to San Francisco for a business conference and returns to work at 1:00 P.M. on Tuesday, the per diem advance would be \$90.

#### 6. Other Expenses

- a. Alcoholic Beverages – Expense reimbursement for alcoholic beverages will not be allowed.
- b. Spouses and Guests – Spouses and guests are welcome to accompany employees on City travel and at conferences, seminars and meetings. However, any additional costs associated with the participation of a spouse or guests are the responsibility of the employee.

#### 7. Method of Travel

- a. When planning the transportation portion of the trip, the employee must consider all aspects of cost to the City, such as daily expenses, overtime, lost work time, and actual transportation costs. In general, common carrier (bus, train or plane) is preferred mode of transportation.
- b. The City will only pay or reimburse employees for the cost of coach class flights.
- c. Employees shall be responsible for canceling any airline or hotel reservations they will not use. Any charge for an unused reservation shall be considered the employee's personal expense, unless failure to cancel the reservation was due to circumstances beyond the employee's control.
- d. If available, a City-owned vehicle should be used for travel unless the employee receives a mileage allowance.
- e. If a City vehicle is not available, or if there is another reason why the employee should drive his/her personal automobile, the City will reimburse the employee with either the cost of the most appropriate

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means of transportation, or the actual mileage involved in the travel, whichever is the lesser of the two.

- f. The reimbursed mileage rate for use of a private vehicle for City travel will be at the current Standard Federal Mileage Rate set by the IRS.
- g. Mileage reimbursement for a private vehicle being used for City travel must consider the employee's normal commute to work and whether the employee receives a monthly vehicle allowance. If the employee does not receive a vehicle allowance, the employee is entitled to reimbursement for all business miles driven, with the following exceptions:
  - 1) If travel begins and ends at work, the entire business mileage will be reimbursed.
  - 2) If travel begins at work and ends at home (or vice versa), and if the total business mileage driven is less than the total mileage that would have been driven if travel began and ended at work, the total mileage can be claimed. (Example: John Doe lives in Banning and is attending a morning conference in Los Angeles. The trip from Banning to Los Angeles is 75 miles, but is only 60 miles from Grand Terrace to Los Angeles. Since his normal commute would bring him to Grand Terrace and 10 miles closer, in this case John would be reimbursed 120 miles, the round-trip distance from City Hall).
  - 3) If travel begins at home and ends at home, and if the total business mileage driven is less than the total mileage that would have been driven if travel began and ended at work, the total mileage can be claimed. (Example: Jane Doe lives in Banning and is attending a conference in Palm Springs. The round-trip mileage from her house is 120 miles, but would have been 130 miles had she started at and returned to the Grand Terrace City Hall. In this case Jane would be reimbursed for the 120-mile round trip).
  - 4) Under no circumstances shall reimbursement be given to the total business mileage claimed that exceeds the total mileage had the travel begun and ended at work.
- h. If an employee already receives a monthly vehicle allowance, a total of 50 miles must be deducted for each one-way travel to or from the authorized City business travel destination. The mileage exceeding a 50-mile radius is subject to reimbursement, however, the first 50 miles each way is considered applicable to the employee's vehicle allowance. The above four rules shall also apply.



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- i. In order to drive a privately-owned vehicle on City business, the employee must:
  - 1) Possess a valid California driver's license.
  - 2) Carry liability insurance, as required by the State of California
  - 3) Realize that any damage to the employee's personal vehicle and/or service or repair occurring on the trip will be the employee's responsibility, as insurance costs are factored in the IRS per mile cost reimbursement.
- j. If local ground transportation is needed during the trip, the use of public transit such as airport shuttles, buses, streetcars, and subways is appropriate.
- k. Ground transportation must be efficient and cost effective. Use of taxis, hotel courtesy buses and local shuttles are allowed when other public transit or common carriers are not reasonably available.
- l. Requests for advances of ground transportation costs (including tips) should be substantiated whenever possible. If the cost cannot be substantiated, advances will be based on a fair and reasonable estimate of expenses.
- m. Ground transportation receipts are required for reimbursement. Employee requests for out-of-pocket reimbursement of ground transportation costs without receipts are subject to review and approval by the Finance Director.
- n. The use of a rental car is authorized in cases where it is economical or more feasible relative to using ground transportation.
- o. If a car rental is required, the employee may request reimbursement for out-of-pocket costs including fuel, upon return from business travel. Receipts are required. The optional car rental agency-provided insurance is not a reimbursable cost. Since employees are normally insured by their own automobile insurance carrier for use of a rental vehicle, employees may opt for this coverage at their own expense.
- p. The City will reimburse all reasonable business travel expenses, including bridge tolls and parking fees incurred as a result of an employee's authorized use of a private vehicle or City vehicle while traveling on City business. Receipts are required.
- q. Without receipts, any employee request for out-of-pocket reimbursement of costs incurred as a result of an employee's authorized use of a private vehicle or City vehicle while traveling on City business is subject to review and approval by the Finance Director and additional approval by the City Manager.

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8. Compensation for Travel Time (Non-Exempt Employees)

- a. When travel time exceeds the normal workday or workweek, the City's rules for overtime apply to those employees eligible for overtime.
- b. In determining overtime compensation, normal commute time should be deducted from total travel time.
- c. Normal unpaid meal periods are not considered work time while traveling.
- d. Overtime eligibility applies equally to drivers and passengers, and should be granted whether travel occurs during normal workdays or on weekends or evenings.

9. Lodging

- a. Lodging is allowed for attendance at conferences, seminars or meetings that are in excess of 50 miles or one hour of travel time, one-way, from the employee's home. The City Manager may approve exceptions to the 50-mile/one hour minimum if he/she considers the request to be reasonable and practical, especially considering the destination, the difficulty of the commute, and the starting time of the conference.
- b. Reasonable lodging expenses will be paid at actual cost including taxes and parking, for as many nights as necessary.
- c. The lodging accommodations should be economical and practical. In general, the employee should select the most reasonably priced accommodations available, but consistent with the purpose and goals of the trip.
- d. When choosing a hotel for a conference, it is preferable to stay at the hotel where the conference is being held even though it may be slightly more expensive than others in the area, in order to reduce transportation expenses such as cab fares.
- e. Other non-business related room charges, including movies or refreshments are not reimbursable.
- f. When making lodging reservations, be sure to ask if a "government rate" is available. Some cities exempt travelers on government business from their local transient occupancy tax (TOT). This can represent as much as a 12%-15% savings on lodging costs depending on the TOT rate. Check with the hotel for this exemption and form.
- g. Since there is seldom a difference in the room rate for double occupancy, it is permissible for an employee to share a room with a

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spouse or guest at no additional cost to the City. However, if double occupancy of a room by a non-City employee results in an increased room rate, the difference will be the employee's personal expense. Furthermore, incurring a non-business related expense using advanced City funds is prohibited.

#### 10. Incidental Expenses

- a. Incidental expenses include but are not limited to tips for persons who provide services, such as waiters, maids, porters, and baggage handlers.
- b. Incidental expenses incurred while on an overnight business trip are covered by per diem. To receive reimbursement on incidental expenses incurred on a day business trip, receipts should be submitted whenever possible. If the employee is unable to obtain a receipt, the costs should be documented on the Travel Form as a reimbursement request, along with an explanation of why a receipt was not available. Reimbursement of such unsupported expenses will require approval by the Finance Director and City Manager.
- c. Business-related expenses such as telegrams and telephone calls, copying and faxing, computer accessories, tapes and other training materials purchased at a conference are reimbursable with receipts, and become property of the City. Whenever possible, employees should anticipate the need for supplies and should take whatever they need with them instead of purchasing these supplies at their destination, where the cost may be significantly more than what the City would normally pay.
- d. Tips are generally an allowable and reimbursable cost of business travel, but they must be reasonable.
  - 1) For business trips not involving per diem, they should never exceed 15% of the cost of the meal.
  - 2) For ground transportation, they should not exceed 10% of the fare.

#### 11. Non-Reimbursable Expenses

Personal entertainment costs are not reimbursable. These include headphones or alcoholic beverages purchased on airplanes, video rentals and refreshment bars in hotel rooms, spas and gyms, laundry or dry cleaning and other items of a personal nature.

#### B. Travel Expense Report

1. When returning from a trip, a final accounting of all expenses related to the trip must be approved by the Supervisor and Department Head, and then submitted to the Finance Department within 15 working days. Department

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Head Travel Expense Reports must be approved by the City Manager. City Manager Travel Expense Reports must be approved by the Finance Director and Mayor.

2. A Travel Expense Report is required in all cases – there are no exceptions. This is mandatory whether or not the advance received is equal to the expenses incurred, whether the employee is eligible for additional reimbursement, or whether money is owed to the City.
3. If the employee owes the City for the unused balance of a cash advance (other than per diem), he/she should pay the amount due to the Finance Department cashier and attach the receipt to his Travel Expense Report. The amount returned to the City must be applied as a credit to the expense account originally used for the cash advance.
4. Supervisors and Department Heads approving Travel Expense Reports are responsible for ensuring that:
  - a. All expenses are reasonable, necessary and consistent with this policy;
  - b. Any required receipts are attached;
  - c. The final disposition is correct (balance due employee, or balance due City);
  - d. Any amounts due to the City are fully reimbursed; and
  - e. Final accounting of all expenses related to the trip is submitted to the Finance Department within 15 workdays following the employee's completed travel.
5. If the City owes the employee money, the employee may request reimbursement by forwarding the Travel Expense Report to the Finance Department along with a Request for Payment. If the amount requested is \$100 or less, a Petty Cash Request may be submitted for reimbursement. Requests for reimbursement will be processed on the next available Accounts Payable check run, if submitted by the normal Accounts Payable deadline, but no later than 10 workdays following receipt. Requests for reimbursement by petty cash will be reimbursed per the City's Petty Cash & Change Boxes Policy (Fiscal Policy No. 1.02).
6. If the employee owes the City money, he/she should attach a check to the Travel Expense Report.

# EXHIBIT A - City of Grand Terrace - Travel Authorization & Expense Reporting Form

Instructions: Prior to travel or training, complete **Part I** to have anticipated expenses approved. Submit a copy of this approved form with each payment expense submitted. Complete **Part II** to confirm total travel expenses including any approved adjustments. If paid with a procurement card, submit a copy of this approved form with the appropriate bank statement, otherwise submit to Accounts Payable within 15 workdays of the travel end date.

<b>Part I - Travel Authorization</b>		Pre-Trip Employee Signature		Pre-Trip Supervisor Signature (where applicable)	
Name:		Purpose of Trip:			
Job Title:		Destination:			Out of State? <input type="checkbox"/>
Division:		Enter below the departing date and time then the return date and time. Per diem travel days will automatically be calculated.			
Business Unit(s)	% Split	Split Total Equals	Departure		
	100%		Date & Time: 4/22/14 7:30 AM		
			Return		
		100%	Date & Time: 4/24/14 5:30 PM		
Expense Type		Account #	Description of Expenses		Amount
Registration:					<input type="checkbox"/>
Lodging:					<input type="checkbox"/>
Mileage:		Miles:	X	Rate:	\$0.560
Airfare:					<input type="checkbox"/>
*Per Diem:					<input type="checkbox"/> Check box to optionally decline Per Diem, whereby actual receipts (up to the preset limits) must be submitted.
Total Travel Days (Enter # of Days) >>>					
*To receive per diem, travel must include an overnight stay.		= Total Per Diem:			
Misc. Other:					<input checked="" type="checkbox"/>
Business Meals:					<input type="checkbox"/>
Supervisor's Approval		Date	Total Anticipated Expenses:		
X	X		City Manager Approval (as required)		Date
Department Head Approval		Date			
X	X		X		X

<b>Part II - Expense Reporting</b>					
(Please check the appropriate box below and provide details)					
<input type="checkbox"/> No adjustments are necessary. Anticipated expenses match actual expenses incurred.					
<input type="checkbox"/> Advance payments exceeded the actual expenses incurred. Attached is my receipt as evidence of reimbursement to the City. (Explain below, use negative numbers)					
<input type="checkbox"/> Actual expenses exceeded the anticipated original request. Additional funds are required as listed below.					
Expense Details		Expenditure Code		Amount	CAL-Card?
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
Post-Trip I certify that this document is a true and accurate record of travel expenses for official City business.	Employee Signature:		Business Unit Split		
	Date:	Ext.	Totals:		
			Final Total Expenses:		
	Supervisor's Approval		Date		
X	X		City Manager Approval (as required)		Date
Department Head Approval		Date			
X	X		X		X



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**PURPOSE:** To clarify, standardize and identify the benefits of seeking potential grants and the process to properly manage and maximize the use of grants.

**GOALS:** To seek grant funding that will enhance, support and provide additional services to the City, which will clearly provide a positive benefit to the community or needed infrastructure improvements that may not be provided at adequate levels due to limited City revenues.

**POLICY:** To perform cost/benefit analysis of a grant request and to identify potential financial impacts relating to costs associated with the hiring of new personnel, equipment and technology and other related costs during the term of grant and after expiration of grant.

## **I. Pre-Application Process – Review of Grant/Grant Proposal Information Form**

- A. Upon notification of a potential grant, the City Manager shall assign it to the applicable department. A department that receives direct notification of a grant opportunity may also initiate the grant application process after notifying and receiving concurrence from the City Manager's office. The department shall designate a Grant Project Manager to identify and review potential grant sources, obtain grant application materials and related regulations. This process is not applicable for ongoing direct allocation grants such as the Community Development Block Grant (CDBG) program. Sections II, IV and V of the Grant Policy shall not apply to potential grants of less than \$25,000 which the Grant Project Manager determines have matching or administrative requirements which can be handled within the approved City budget and current staffing resources.
  - 1. Federal Grants: identify all requirements needed prior to and after approval of grant such as public hearings, notification of public clearinghouse, advisory boards, lobbying efforts, monitoring/audits and type of reporting requirements. Address issues dealing with supplanting of local funds which restrict funding or existing staff/technology and limit funding to only new hires and new technology.
  - 2. State Grants: identify state requirements including mandatory quarterly/annual reports and monitoring.
  - 3. The annual CDBG entitlement process is not addressed in this policy because the procedures and regulations are outlined under 24 CFR Part 570. Individual projects funded under CDBG shall be applicable to certain provisions of this policy relating to Federal grants.

## **II. Completion of Grant Proposal Information Form & Cost/Benefit Worksheet**

- A. Based on information obtained, the Grant Project Manager shall complete the Grant Proposal Information Form (Exhibit A) and Grant Cost/Benefit Worksheet (Exhibit B). The grant funding identified in Exhibit B should be based on a five-

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year budget projection if applicable. Exhibits A and B shall be reviewed and approved by the Department Head, Finance Director, and City Manager (or designee) as part of the grant application process.

1. Identify amount or percent of grant funds covering cost of personnel, consultant services, design, construction, equipment and technology.
2. Identify source and amount of matching funds needed to be budgeted for the term of the grant.
3. The Finance Director shall determine if adequate funds are available to meet required local match plus any additional costs exceeding the match.
4. The City Manager and the Finance Director, after consultation with Human Resources, shall determine whether grants that have supplanting conditions relating to the hiring of new personnel and technology shall be considered for funding.
  - a. Due to the financial impacts of short-term grants that fund personnel for a limited time, special review must be undertaken to analyze the cost/benefit of the grant.
  - b. If the cost/benefit analysis clearly demonstrates a strong community benefit, the City Manager may: (1) limit the hiring of new personnel to the term of the grant; or (2) authorize continued funding of the new personnel costs after termination of the grant.

### **III. Complete Grant Application**

- A. The grant application shall be completed by the Grant Project Manager under the direction of the applicable Department Head. The Grant Project Manager shall write and complete the grant proposal. The Grant Project Manager shall also confirm that the grant proposal meets eligibility requirements and is consistent with the grant guidelines; that goals and objectives are clearly identified; and that the percent and amount of costs funded by the grant and required matching funds are clearly identified.
  1. Ensure the complete computation of personnel and other applicable costs such as consultant services, estimated design and construction, equipment and technology, etc. are included in the grant document. Obtain the computation of component grant costs as follows:
    - a. Personnel costs: Finance Department
    - b. Computer equipment and technology-related costs: Information Services
    - c. Design and construction costs: Public Works Department
    - d. Other miscellaneous costs: Finance Department



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2. Verify the source and amount of the required local match for term of grant. Ensure that all direct costs or in-kind services are identified and included in the grant as eligible expenses or City matching funds to the extent possible.

#### **IV. City Council Review**

- A. A City Council staff report describing and justifying the benefits of the grant application request shall be presented to the Council prior to grant submittal. In the event of agenda scheduling conflicts due to untimely notification by funding agency of grant deadline, the City Council shall be advised by memo (or other communication such as the City Manager's Report) of the grant submittal. A staff report shall be submitted after grant award notification requesting acceptance of grant award.
- B. Complete resolution for City Council approval if required by grant.

#### **V. Finance Director/City Manager Review**

- A. The completed grant application shall be reviewed by the Finance Director and City Manager (or designee) prior to submittal:
  1. Review completed grant proposal and staff report to evaluate cost/benefit of receiving administering grant, assure consistency with program goals and identification of personnel, equipment, technology and other related costs.
  2. Verify all costs associated with the grant are identified and fully accounted for throughout the term of the grant.
  3. The City Manager (or designee) shall have the exclusive authority to execute grant agreements, to sign financial reports and grant applications.

#### **VI. Grant Award Notification**

- A. Upon notification of award the Grant Project Manager shall take the following steps:
  1. Prepare a staff report to City Council for acceptance of grant award, if the City Council had not previously approved the grant application. The staff report must include a Budget Appropriation Adjustment Form to record grant revenues and expenditures, as further defined in Fiscal Policy No. 3.03 (Budget Appropriation Adjustments). Coordinate with Finance to establish/set up fund accounts for grant, if necessary.

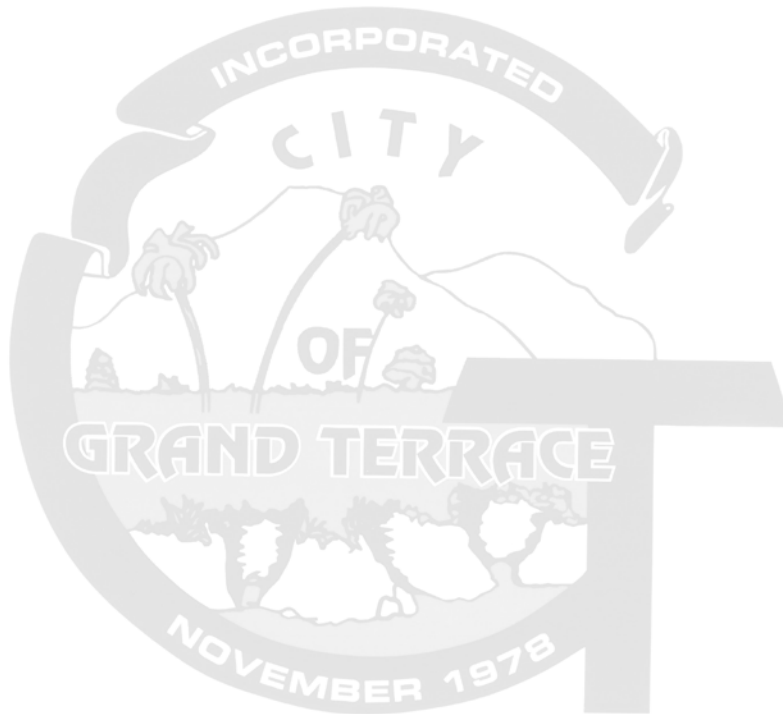
<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.04</b>
<b>Subject: Grants</b>	<b>Effective Date: 5/13/14</b>
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2. Following City Council's acceptance, prepare a News Release for review and approval of the City Manager's office.
3. Schedule a meeting to discuss the applicable financial, project management and reporting requirements of new grant.
  - a. Review personnel, equipment and technology data to determine if needs and costs are still applicable or need updating.
  - b. Set up separate meeting for design and construction projects to discuss project issues and grant requirements related to Federal funding such as preparation of construction-related documents procurement, Davis Bacon compliance standards, etc., and hold a pre-construction conference and take minutes of meeting.
  - c. Initiate all necessary procurement activities, distribute grant documents to those departments involved in the project, hire grant-funded personnel and purchase equipment and technology.
  - d. Monitor projects for compliance with grant requirements, assure timely submittal of required quarterly, semi-annual or annual progress reports. The Grant Project Manager shall coordinate with assigned department to specify the responsibilities of the grant-funded personnel that may involve collection of data for preparation of reporting requirements.
4. Provide technical and administrative assistance to the grantee department if needed.
5. Ensure that all grant-funded contracts include the required grant provisions and route to applicable staff.
6. Prepare appropriate purchase requisitions and progress payment requests. The Grant Project Manager shall prepare requests for grant payments and/or reimbursements and obtain appropriate department signatures and shall review for eligibility of purchase under conditions of the grant.
7. Coordinate with Finance staff the submittal of copies of grant documentation associated with grant-funded purchase requisitions. The Grant Project Manager shall identify personnel, equipment and technology and reference with specific grant name or number on documentation for purchase requisition.
8. Prepare electronic transfer draw-downs for Federally-funded projects or other procedure identified by funding agency.
9. Review/approve change order requests for construction projects.

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**VII. Grant Expiration/Project Completion**

- A. The Grant Project Manager and assigned department shall notify other departments of project completion.
  - 1. Review departmental grant file for completeness of all required documentation and mandatory reports. Complete final assessment report if required.
  - 2. Retain records for the required time period.
  - 3. Participate in grant audit or monitoring.
  - 4. Prepare News Release regarding completion of project if appropriate.
  - 5. Schedule and attend grant close-out meetings (construction projects).



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## EXHIBIT A

### GRANT PROPOSAL INFORMATIONAL FORM

Name of Grant: \_\_\_\_\_

Funding Source: \_\_\_ Federal \_\_\_ State \_\_\_ Other (Describe) \_\_\_\_\_

Responsible Department: \_\_\_\_\_

Amount of Grant: \$ \_\_\_\_\_

Local Match Required \$ \_\_\_\_\_

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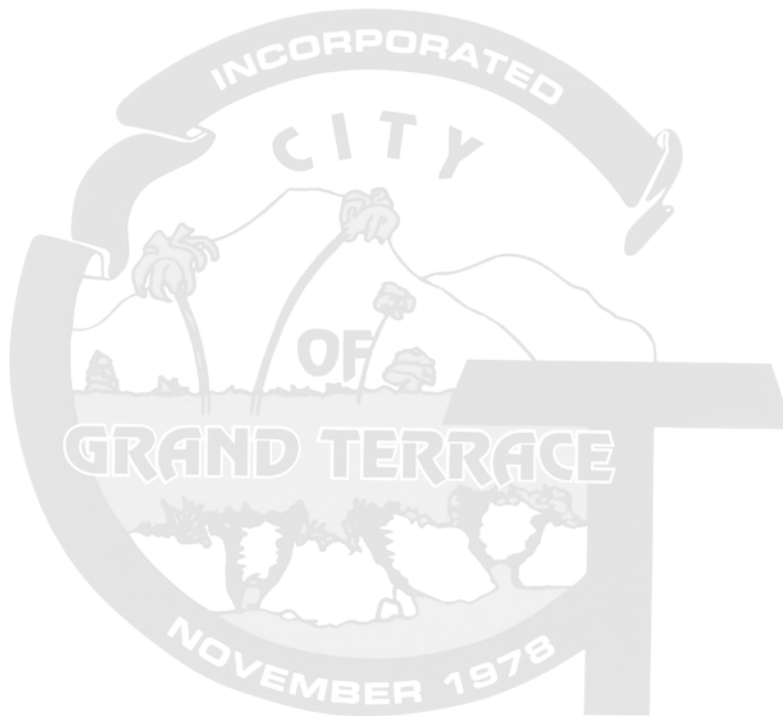
Please provide brief answers for the following questions.

1. Is the grant consistent with the policy and goals identified in the Grant Policy (Fiscal Policy No. 3.04)?
  
  
  
  
  
  
  
  
  
  
2. Provide brief description of grant.
  
  
  
  
  
  
  
  
  
  
3. Describe and identify costs for the personnel, equipment, technology, construction, design and other items required or needed under this grant (refer to Attachment B).
  - a. Personnel
  
  
  
  
  
  
  
  
  
  
  - b. Equipment/Technology
  
  
  
  
  
  
  
  
  
  
  - c. Design/Engineering
  
  
  
  
  
  
  
  
  
  
  - d. Construction
  
  
  
  
  
  
  
  
  
  
  - e. Other

4. Identify Grant Project Manager and other departments/staff who will be responsible for implementing the grant and providing project oversight.
5. List procedural requirements for grant such as public hearing, advisory board setup, Davis Bacon, environmental reviews, etc. and describe any potentially costly monitoring or compliance issues.
6. Identify required reports (quarterly, semi-annual, annual) to be completed after grant award and what department/staff would be assigned reporting requirements.
7. Describe the cost/benefit aspects of the grant.
8. Complete Attachment B – Grant Cost/Benefit Worksheet

**EXHIBIT B**  
**GRANT COST/BENEFIT WORKSHEET**

Expenditure Category	Grant Budget	Grant Budget	Percent of Grant	Local Match Budget	Local Match	Percent of Local Match	Revenue Source Local Match (Description & Account Code)	Total Cost	Total Cost by Fiscal Year
		by Fiscal Year			by Fiscal Year			(Grant plus Local Match)	
Personnel/Title									
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
Subtotal									
Equipment/Technology									
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
Subtotal									
Design/Engineering									
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
Subtotal									
Construction									
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
Subtotal									
Other									
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
Subtotal									
Grand Total									
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
		FY			FY				FY
Total									



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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.05</b>
<b>Subject: Donations</b>	<b>Effective Date: 5/13/14</b>
	<b>Page 1 of 4</b>

**PURPOSE:** To establish policy and procedures for the solicitation and/or acceptance of donations made to or for the City. A uniform set of procedures shall be followed in the acceptance of all donations. Proper approval shall be obtained prior to acceptance. All cash and capital goods donated to the City shall be accounted for in accordance with the procedures set forth within this policy.

**DEFINITIONS:**

**Donor:** An individual, organization or business entity that is offering a monetary contribution, personal property or real property to the City as a gift.

**Gifts:** For purposes of this policy, the terms gift and donation shall be synonymous. Gifts may be a monetary contribution or a personal and real property item which the City has accepted, and for which the donor has not received anything of value in return from the City other than a tax benefit. Included within the scope of this policy are donations whereby a private business sponsors or co-sponsors an event on behalf of or in partnership with the City.

**POLICY:**

**I. Legal Basis**

- A. (Ref. Government Code, Section 37354, Gifts and Bequests.) The City Council, or its designated representative, may accept or reject any gift made to or by the City for any public purpose. The City may utilize the gift as prescribed by the donor or, providing use of the gift or the income from it is not restricted, the gift may be used for any purpose that furthers City goals and objectives as stated at the time of acceptance.
- B. (Ref. California Code of Regulations, Section 18944.2) A gift will be deemed a gift to a public agency, and not a gift to a public official, if all of the following requirements are met: (a) the agency receives and controls the payment; (b) the payment is used for official agency business; (c) the agency determines the specific official or officials who shall use the payment; and (d) the agency memorializes the payment in a written public record and the filing is done within 30 days of receipt of the payment by the agency.

**II. Donations to the City**

- A. **Responsibility:** Donations with an estimated value of \$5,000 or less may be authorized by the City Manager. Donations with an estimated value exceeding \$5,000 must be approved by City Council. The Finance Director shall be responsible for managing all donations of cash and for the accounting and inventory of all donated items.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.05</b>
<b>Subject: Donations</b>	<b>Effective Date: 5/13/14</b>
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- B. Solicitation of Gifts: The City Manager may authorize City staff to approach companies or organizations to request donation of goods, services, or funds to facilitate the achievement of identified City goals. Such solicitation shall be made only with the approval of the City Manager.
- C. Unsolicited Gifts: Unsolicited donations shall be accepted only if they have a valid use to the City.
1. Donors who wish to make a gift to the City shall be referred to the appropriate department head. Those gifts not specific to a given department shall be referred to the Finance Director.
  2. In the event that the offered item does not have any practical use for the department to which it has been presented, the donor shall be referred to the Finance Director. If the gift may be of potential value, notice will be circulated to each Department Head to determine if it can be utilized elsewhere. The Donor will be notified within two weeks whether the City will accept the offered gift. If the item clearly has no use to the City or would be more effectively used elsewhere, the donor will be informed immediately and referred to an appropriate agency by the Finance Director.
  4. Proof of Ownership: If there is a material question as to the legal ownership of the offered item, proof of ownership shall be requested. Such proof of ownership may include but not be limited to copy of title certificate, receipt for purchase, or signed affidavit verifying ownership.
  5. Donors shall be encouraged to place minimal restrictions on the use of a donated item, allowing the City as much flexibility as possible in determining its use and liquidation.
- D. Conditions for accepting/rejecting donations: Staff shall work with the donor to assure that restrictions are reasonable and do not leave the donor with unrealistic expectations regarding use or life of the donation (e.g., if a tree is donated it could die or be moved). The following are criteria which may be applied in determining if a donation is appropriate for acceptance:
1. Would use of the item be consistent with existing City policy?
  2. Would the maintenance or operating costs associated with the gift be excessive?
  3. Do proposed or imposed conditions or restrictions upon use of the item make it impractical to accept?
  4. Do proposed or imposed conditions or restrictions on disposition of the item make it impractical to accept?

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.05</b>
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5. Is required accounting of acceptance or use of the item excessively burdensome?
6. Would the item require extensive repair or maintenance, and if so, are City means readily available to do so?
7. Does use of the item require the purchase of additional material or equipment to serve the purpose of the gift?
8. Would acceptance of the item present a conflict of interest for the City or any of its employees? Regardless of the value of the donation, if the donor is a contractor, potential contractor or there is reason to believe there may be a conflict of interest, then the offer shall be referred to the City Manager who will determine if the gift will be accepted, rejected or submitted to the City Council for approval.

### **III. Procedures**

A. Non-monetary gifts valued at \$5,000 or less: Any single donation whose total value, as determined by the donor, is \$5,000 or less.

1. A Donation Receipt Form (Exhibit A) will be completed when donations are received, with the form completed by City staff.
2. The City will not place any value on the gift for the donor. The donor shall provide proof of current market value. If real property is donated, a current appraisal report will be required.
3. The City Manager will promptly acknowledge each gift by letter, thanking the donor for the gift.
4. The Finance Director shall be notified of the acceptance of any capital asset. Finance shall make the necessary entries on the respective accounts and property records to ensure that the property is recorded to the account of the proper City program. This reporting must take place no later than 30 days after the receipt of the donated item.

B. Non-monetary gifts valued at more than \$5,000:

1. Any gift valued at more than \$5,000, as determined by the donor, cannot be accepted without City Council approval. Subsequent to Council's acceptance, procedures for acceptance of gifts in excess of \$5,000 shall be the same as those in Section A above.

C. Cash Gifts:

1. Depositing Cash Gifts: All cash gifts shall be deposited immediately with the Finance Department in accordance with the City's Cash Handling & Control Policy (Fiscal Policy No. 1.01) and shall be accompanied by a

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.05</b>
<b>Subject: Donations</b>	<b>Effective Date: 5/13/14</b>
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copy of the Donation Receipt. Cash donations shall be deposited in the appropriate restricted or unrestricted revenue account within the appropriate fund.

2. Restricted Cash Donations:

- a. Donation Receipt: Restricted cash donations must be supported in Finance Department files by the Donation Receipt signed by the donor, which identifies the name of the donor, the amount and date of the donation, and the nature of the restriction.
- b. Deposit of Restricted Cash Donations: Donations shall be deposited in a revenue account, which will be managed by the Finance Director. This fund shall be utilized by all depositing departments. Upon receipt of donated cash, the department shall submit a copy of the donation receipt form to the Finance Director at which time an account number will be assigned to the donation.
- c. Council Authorization: A request for authorization must be sent to the City Council via a staff report and approved by the City Council before a restricted cash donation is spent for its intended use. The staff report must state the name of the donor, the amount of the donation, the date the donation was received and the nature of the restriction.
- d. Procedures for Expending Donated Cash: The donation may be liquidated by the expending department when an approved purchase is made. Any over-expenditures will be charged to the department's operating budget. Funds shall remain in this account until they are entirely expended in accordance with the terms of the gift. If the funds are not expended as intended, they must be returned to the donor, or the donor must provide written authorization to expend the gift differently than the original purpose.
- d. Monitoring of Cash Donations: The City Council will receive periodic reports, not less than annually, from the Finance Director accounting for receipts and expenditures of donated funds.

3. Unrestricted Cash Donations: Unrestricted cash donations shall be deposited in an unrestricted revenue account in the General Fund.

- D. Reporting of Donations: Within 30 days of the end of each quarter, the Finance Director shall submit a report to City Council that summarizes all donations received by each department during the prior fiscal year, with an estimate of the monetary value of the donations.

**EXHIBIT A**  
**DONATION RECEIPT FORM**

Date \_\_\_\_\_

Donor \_\_\_\_\_

Telephone (\_\_\_\_) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**DONATION DESCRIPTION:**

CASH \_\_\_\_\_ (amount)      CHECK \_\_\_\_\_ (amount)      COMMODITY \_\_\_\_\_

Description (be specific) \_\_\_\_\_

\_\_\_\_\_ UNRESTRICTED

\_\_\_\_\_ RESTRICTED (identify restrictions) \_\_\_\_\_

Total estimated value (estimated by Donor) \_\_\_\_\_

Received by: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature of City Employee/Department

Donor: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature

***The donation was classified and handled in the following manner:***

\_\_\_\_\_ Item was issued a City I.D. number and is located at \_\_\_\_\_  
\_\_\_\_\_ Item has short life span. Not classed as a fixed asset.  
\_\_\_\_\_ Unrestricted cash or check deposited in General Fund, account number \_\_\_\_\_  
\_\_\_\_\_ Restricted cash or check placed in General Fund, account number \_\_\_\_\_  
\_\_\_\_\_ for use in \_\_\_\_\_  
\_\_\_\_\_ Other (explain) \_\_\_\_\_

Finance Director \_\_\_\_\_ Date \_\_\_\_\_

City Manager \_\_\_\_\_ Date \_\_\_\_\_



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<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.06</b>
<b>Subject: Reserves</b>	<b>Approval Date: 2/25/14</b>
	<b>Page 1 of 2</b>

## **I. PURPOSE AND SCOPE**

To define the policy for establishing and maintaining cash reserves needed for prudent financial management of the City.

## **II. POLICY**

### **A. Introduction**

The City will maintain cash balances to preserve the City's credit worthiness and to adequately provide for:

1. Economic uncertainties, local disasters or catastrophic events, and other financial hardships or downturns in the local or national economy.
2. Contingencies for unforeseen operating needs.
3. Future debt service requirements.
4. Fixed asset replacements.
5. Cash flow requirements.
6. Legal requirements.

### **B. Budgetary Reserves**

1. A contingency account will be budgeted each fiscal year in the Non-Departmental cost center to provide for unanticipated expenditures of a nonrecurring nature. Authorization to expend funds from this account will require approval of the City Manager.
2. A General Fund Contingency Reserve account will be established and maintained at the level recommended by the Government Finance Officers Association of the United States & Canada (GFOA), which is a minimum of two months of regular General Fund operating revenues or expenditures (whichever is considered most predictable), to serve as a buffer against unexpected local disasters or catastrophic events, and other financial hardships or downturns in the local or national economy. The City will use General Fund operating revenues as the basis for establishing the two-month reserve target.

### **C. Fund Balance Reserves**

1. An Equipment Replacement Reserve will be maintained in an Equipment Replacement Fund to fund replacement costs of existing equipment, vehicles, computers and office furnishings as they reach the end of their useful lives.

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<b>Subject: Reserves</b>	<b>Approval Date: 2/25/14</b>
	<b>Page 2 of 2</b>

- a. The City will strive to maintain a minimum fund balance in the Equipment Replacement Fund of at least the average annual replacement cost of the current items accounted for in this fund.
  - b. Contributions to the Equipment Replacement Reserve will be made through annual depreciation charges in accordance with the City's Fixed Asset Policy.
2. Reserves for Encumbrance and Continuing Appropriations will be established at the end of each fiscal year to reserve fund balance in the amount equal to the City's unpaid obligations at fiscal year-end.
3. Reserve levels for Debt Service Funds shall be established as prescribed by the applicable bond covenants adopted at the time of the issuance of debt.
4. Other reserves, such as for cash flow or capital needs, will be reviewed and established each fiscal year as needed.

**D. Use of and Replenishment of General Fund Contingency Reserve**

1. The General Fund Contingency Reserve is intended to act as a buffer to protect service levels during difficult economic times or as a result of catastrophic events that require significant unanticipated expenditures.
2. During such times, or as a result of such events, the General Fund Contingency Reserve may decline below the target level (two months of operating revenues) with City Council authorization. Once the difficult fiscal times pass, the General Fund Contingency Reserve will be replenished to its target level as soon as funding permits, as determined by the City Council through the annual budget process.
3. Appropriate sources for replenishment of the General Fund Contingency Reserve include one-time revenues and other sources not necessary to support ongoing services.

**E. Policy Versus Appropriation of Reserves**

This policy establishes target reserve levels for the prudent financial management of the City. However, specific appropriation of funds into the various reserve accounts will be subject to the annual budget adoption process or other City Council budgetary action.



<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.07</b>
<b>Subject: Unclaimed Money</b>	<b>Approval Date: 1/14/14</b>
	<b>Page 1 of 3</b>

## **I. PURPOSE AND SCOPE**

To establish a policy and related procedures for escheatment and accounting of unclaimed money in accordance with California Government Code Sections 50050 through 50056.

## **II. DEFINITIONS**

- A. Escheatment - The reversion of property to a government entity in the absence of legal claimants or heirs.
- B. Unclaimed Money - Money which is not the property of the City but that remains in the City's treasury, including funds related to uncashed checks.

## **III. POLICY**

- A. Unclaimed Money that remains unclaimed for at least three (3) years will become the property of the City if after proper notification the money remains unclaimed. Unclaimed Money becoming the property of the City, which is in a special fund, will be transferred to the City's General Fund, unless otherwise restricted.
- B. Unclaimed Money items less than fifteen dollars (\$15), or any amount if the owner is unknown, which remain unclaimed for one (1) year will become the property of the City without notification and will be transferred to the City's General Fund, unless otherwise restricted.
- C. All escheated money originating from the Successor Agency to the Community Redevelopment Agency of the City of Grand Terrace (Agency) will revert to the appropriate fund.

## **IV. AUTHORITY**

This policy is established in California Government Code Sections 50050 through 50056.

## **V. PROCEDURES**

- A. Individual checks/deposits equal to or greater than fifteen dollars (\$15):
  - 1. On July 1st, the Finance Department will compile a list of outstanding checks and/or deposits which are equal to or greater than fifteen dollars (\$15) and at least three years old; such checks will be deemed stale dated. The Finance Department will proceed as follows:
    - a. A stop payment shall be placed with the bank on all stale-dated checks.
    - b. Accounts Payable will void stale-dated checks.
    - c. Accounting will post a Journal Entry to record the stale-dated check liability.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.07</b>
<b>Subject: Unclaimed Money</b>	<b>Approval Date: 1/14/14</b>
	<b>Page 2 of 3</b>

2. The Finance Department will then publish a notice (Exhibit A) identifying all such money in a local newspaper of general circulation once a week for two successive weeks. The notice shall state the payee name, fund in which it is held, the amount of money, and that the money will become City property forty-five (45) days after the first publication of the notice. Proof of publication will be retained in the Finance Department.

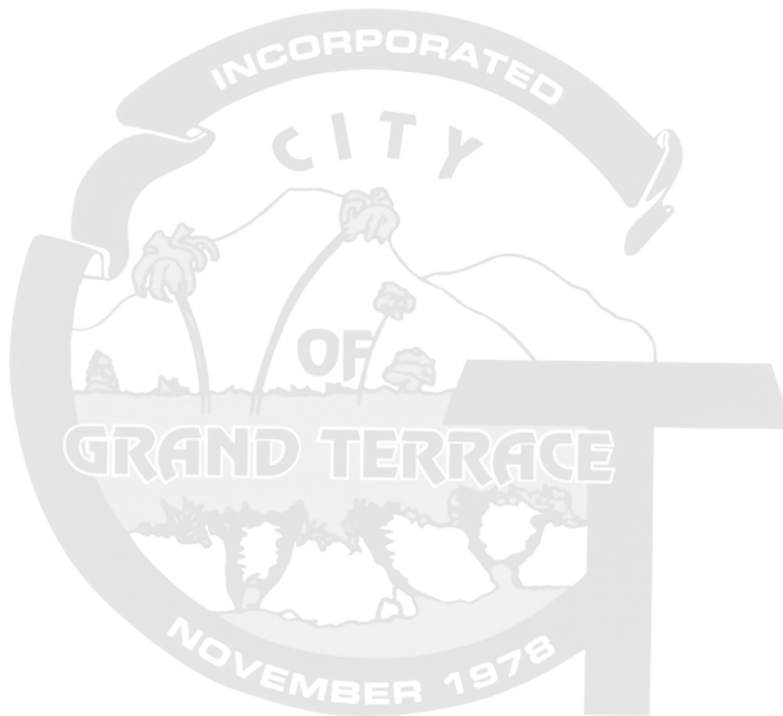
**B. Claims filed by Party of Interest:**

1. Upon or prior to publication and before the date the Unclaimed Money becomes City property, a party of interest may submit an Unclaimed Money Claim Form (Exhibit B) with the Finance Department to collect money. The Finance Department will require proof of identification from the claimant. Once a decision is rendered by the Finance Department, notification will be made to the claimant by letter.
2. Upon acceptance, the Finance Department will proceed as follows:
  - a. Accounts Payable will reissue check to the owner, their heir, beneficiary, or duly appointed representative, following accounts payable policies and procedures:
  - b. The Finance Department will remove the check from the list of Unclaimed Money to be escheated.
3. If denied, the claimant may file a verified complaint seeking to recover all, or a designated part, of the money in a court of competent jurisdiction within San Bernardino County, and must serve a copy of the complaint and the summons issues thereon upon the Finance Department. The copy of the complaint and summons shall be served within 30 days of receiving notice that the claim was denied. The Finance Department shall withhold the release of the portion of Unclaimed Money for which a court action has been filed until a decision is rendered by the court.
4. If the court renders a decision in favor of the claimant, the Finance Department will follow the acceptance procedures identified in this policy to issue the check.
5. If the court renders a decision in favor of the City, the Finance Department will proceed as follows:
  - a. Accounting will reverse the Unclaimed Money liability and record the revenue.
  - b. Accounting will record the transfer of escheated special fund cash to the General Fund, unless otherwise restricted.
  - c. Any escheated money related to Agency/Trust funds will revert to the appropriate originating fund and not the General Fund.

<b>City of Grand Terrace Fiscal Policy</b>	<b>Policy No. 3.07</b>
<b>Subject: Unclaimed Money</b>	<b>Approval Date: 1/14/14</b>
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i. Property Escheats to City:

1. On the forty-fifth day after the first publication of the notice, those checks and/or deposits on which no claims were filed escheat to the City. The Finance Department will follow procedures identified in the preceding section.
2. On July 1st, the Finance Department will compile a list of outstanding checks and/or deposits which are less than fifteen dollars (\$15), or any amount if the owner is unknown, and have remained unclaimed in the City treasury for a period of one (1) year; such checks will be deemed stale dated. Money identified on the list will escheat to the City and will be transferred to the General Fund, unless otherwise restricted. The Finance Department will proceed as follows:
  - a. A stop payment shall be placed with the bank on all stale-dated checks.
  - b. Accounts Payable will void stale-dated checks.
  - c. Accounting will reclassify the voided check as a credit to Revenue.
  - d. Accounting will record the transfer of escheated special fund cash to the General Fund.
  - e. Any escheated money related Agency/Trust funds will revert to the appropriate originating fund and not the General Fund.



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**EXHIBIT A**  
**CITY OF GRAND TERRACE**  
**UNCLAIMED MONEY SAMPLE PUBLIC NOTICE**

NOTICE IS HEREBY GIVEN pursuant to Government Code Sections 50050 through 50056 that the following money, which is not the property of the City of Grand Terrace, has remained in the City treasury for more than three (3) years and will become City property if not claimed by August 14, 20XX.

FUND	PAYEE NAME	AMOUNT

The owner/depositor, their heir, beneficiary or duly appointed representative may file a claim requesting release of money with the City of Grand Terrace's Finance Department, which must include the claimant's name, address, telephone number, Employer Identification Number or Social Security Number, amount of claim, and the grounds on which the claim is founded before August 14, 20XX. If the claim is denied by the City, the claimant may file a verified complaint seeking to recover all, or a designated part, of the money in a court of competent jurisdiction within San Bernardino County, and must serve a copy of the complaint and the summons issues thereon upon the Finance Department within thirty (30) days of receiving notice that the claim was denied.

The Unclaimed Money - Claim Form is available at the City of Grand Terrace, Finance Department, 22795 Barton Road, Grand Terrace, CA.

**EXHIBIT B**  
**CITY OF GRAND TERRACE**  
**UNCLAIMED MONEY CLAIM FORM**

Claimant's Name \_\_\_\_\_ Taxpayer Identification No. or Social Security No. \_\_\_\_\_

Address \_\_\_\_\_ City/State/Zip Code \_\_\_\_\_

(     )  
Telephone Number \_\_\_\_\_

Pursuant to California Government Code Section 50052, I am filing a claim for previously unclaimed money in the amount of \$ \_\_\_\_\_, which was published in the \_\_\_\_\_ on \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (MM/DD/YY).

The grounds on which I am filing this claim are: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Please attach copies of all support documentation to this claim. Do not attach originals, as the City will retain all documents.
--

I hereby certify under penalty and perjury that the information contained and attached to this claim is true and correct and is being submitted to the City of Grand Terrace to substantiate my claim to money held by the City. I further certify that I have the authority and right to claim and receive payment of money and hereby release the City of Grand Terrace, its directors, employees, representatives, attorneys and agents from all liability and further obligation with respect to this claim.

Printed Name of Claimant \_\_\_\_\_ Signature of Claimant \_\_\_\_\_ Date \_\_\_\_\_

Mail Completed Forms to:  
City of Grand Terrace  
Finance Department  
22795 Barton Road  
Grand Terrace, CA 92313

**CITY USE ONLY**

Payee Name: \_\_\_\_\_ Account Code: \_\_\_\_\_

Check No. \_\_\_\_\_ Check Date: \_\_\_\_\_ Check Amount: \$ \_\_\_\_\_

Accepted: \_\_\_\_\_ Denied: \_\_\_\_\_

Finance Department Signature: \_\_\_\_\_ Date: \_\_\_\_\_