City of Cody

Financial Management Policy

Effective: February 16, 2016

Summary of Financial Management Policy Changes 2016

Topic	Section #	Change	Page #
Contents		Added chapter numbers to make differentiating from the subjects easier.	1
Chapter 2 – Budget	2.4	Changed the wording from "will" to "may" in regards to the Technology Improvement Fund. Due to funding constraints the City did not implement a Tech Replacement Fund	5
Chapter 2 – Budget	3.1	Changed the wording to reference purchases that meet the criteria for capitalization. This removes the redundancy of the previous language.	5
Chapter 2 – Budget	3.2	Removed this section as all purchases are addressed in Section 3.1	5
Chapter 4 – Capital Assets and Depreciation	2.1	Changed the word Trade to Transfer to include assets that are transferred from one department to another.	10
Chapter 4 – Capital Assets and Depreciation	3.5	Removed the language requiring a signature from the receiving department when assets are transferred. By the time the form is received by Admin the transfer has already taken place.	13
Chapter 5 – Capital Improvements Program	3.1	Removed the attachment reference. The form changes from year to year depending on need.	16
Chapter 7 – Investments	1.5	Added language to clarify that the City has a "buy and hold" policy and intends to hold investments to maturity. Language was also added that states the Council can authorize the early liquidation of investments in the event of an emergency. These changes were recommended by the auditor.	19
Chapter 8 – Purchasing	4.3	Removed language requiring a credit memo form be completed when a vendor issues credit for a return and removed the attachment reference. Vendors issue a credit memo therefore the form is redundant.	29
Chapter 8 – Purchasing	4.6	Changed the language from "timely manner" to "5 business days from the date Administrative Services distributed the invoice to the department. This is to clarify what a timely manner is and to help ensure invoices are processed for payment quickly.	30
Chapter 8 – Purchasing	4.7	Added language requiring that requests to re-issue a previously approved check that has not been cashed are approved by the Finance Officer or Administrative Services Officer. This is to ensure an appropriate audit trail on voided checks.	30
Chapter 8 – Purchasing	5.4	Added the language to clarify that items to be included in the City's inventory are material to the financial statements and/or are considered high risk for internal control purposes.	31
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Chapter 8 – Purchasing	11.10	Changed the language to say “Responsibilities” rather than “Cardholder Responsibilities” since this section refers to both cardholders and supervisors.	44
Chapter 9 – Disposal of Non-Capital Property and Surplus Materials	1.3	Added language that defines how estimated value is calculated.	45
Chapter 10 – Accounting, Auditing and Reporting	2.4	Changed the language to eliminate the dollar value of federal awards required and references instead the amount current designated under A1-133.	47
Chapter 10 – Accounting, Auditing and Reporting	3.3	Added language stating that all payments shall be processed and recorded by the City the day they are received unless extenuating circumstances exist then the Finance Officer or Administrative Services Officer may authorize the payment be held for up to 2 business days.	47
Chapter 11 – Risk Management	2.1	Changed the language to specific a time frame in which accidents that could result in a claim against the City must be reported and documentation provided to the Finance Officer.	49
Chapter 11 – Risk Management	3.1	Changed the language to specific a time frame in which accidents that resulted in damage to City property must be reported and documentation provided to the Finance Officer.	50

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Chapter 1 - Introduction and Purpose

The purpose of establishing this policy is to ensure that financial resources are available to meet the present and future needs of the citizens of Cody, to document a framework for fiscal decision-making and protect the integrity of the City and its use of public funds. This policy shall be reviewed annually to ensure the effectiveness and appropriateness of current policies and to comply with changing accounting and legal requirements.

It is the responsibility of each City employee to adhere to the policies as set forth**.** It shall be a function of the Administrative Services Department to make routine and periodic checks to ensure City departments are complying with all financial policies. An annual training will be conducted by Administrative Services and shall be mandatory for all department heads, supervisors and appropriate administrative staff.

Non-compliance with this policy will be reported to the Finance Officer who will contact the responsible Department Head and/or the City Administrator for review. Policy statements are adopted by the Council and occasionally exceptions may be appropriate and required. However, exceptions to stated policies will be specifically identified, and the need for the exception will be documented and fully explained.

Specifically this policy framework mandates the following fiscal objectives:

1. *Budget:* Design, maintain and administer a revenue system that will assure a reliable, equitable, diversified and sufficient revenue stream to support desired City services. Identify priority services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services. Ensure compliance with State Statutes pertaining to budget requirements.

2. *Fund Balance/Reserves:* Maintain the fund balance and reserves of the various operating funds at levels sufficient to protect the City's creditworthiness, maintain a stable financial position, and plan for emergencies.

3. *Capital Assets & Depreciation:* Establish guidelines and set rules for capital asset acquisitions, depreciation, and disposals to comply with Wyoming State Statutes, GAAP and GASB requirements.

4. *Capital Improvements Program:* Establish a planning process that identifies the capital investments the City of Cody intends to make over a period of time. The CIP is used to (1) facilitate inter-departmental participation in the identification of potential capital projects and purchases; (2) identify and prioritize the current and future capital needs in each area of service within the City; and (3) match available financial resources to the capital needs of the community.

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

6. *Investments:* Invest the City's operating cash and reserves to ensure its safety, provide for necessary liquidity and optimize yield.

7. *Purchasing:* Establish guidelines for ensuring compliance with State Statutes, obtaining the best quality products and services for the least tax dollars spent, and creating a City-wide system that emphasizes accountability and fiscal responsibility.

8. *Disposal of Non-Capital Property & Materials:* Ensure that the City's property is safeguarded from improper disposal and theft.

9. *Accounting, Auditing and Financial Reporting:* Comply with prevailing federal, state and local statutes and regulations, as well as current professional principles and practices.

10. *Risk Management:* Maintain a risk management system to reduce the risk of loss to the City, to apply responsive claims management techniques to losses that do occur, and to protect the City from catastrophic losses or an annual accumulation of losses that would cause financial hardship.

Chapter 2 - Budget

SECTION 1 - GENERAL INFORMATION

1.1 The Administrative Services department is designated as the budget office and is responsible for maintaining compliance with State Statutes, internal controls, and financial reporting requirements.

1.2 Operating budgets are controlled at the departmental level and Department Heads are responsible for monitoring line item expenditures. The Administrative Services department shall notify department heads and supervisors if an invoice presented for payment puts a line item over budget.

1.3 The City of Cody will prepare annual budgets in compliance with the Uniform Municipal Fiscal Procedures Act.

1.4 The City of Cody shall operate under an annual balanced budget ordinance in which operating expenditures shall not exceed operating revenues plus available cash reserves.

1.5 The City's budget ordinance will cover a fiscal year beginning July 1st and ending June 30th each year.

1.6 Administrative Services shall prepare annually a budget calendar outlining budget deadlines, meetings, and public hearings in compliance with legal deadlines established by State Statues.

1.7 The City will annually prepare a three (3) year operating budget projection.

1.8 The City will annually prepare a five (5) year CIP program in conjunction with the operating budget. Operating expenses for all capital projects will be estimated and accounted for in the operating budget.

SECTION 2 – INTERDEPARTMENTAL & INTERFUND ACTIVITY

2.1 The City shall assess an administrative cost recovery charge to each enterprise fund through an inter-fund transfer to the General Fund. This charge is to recover costs associated with administrative support and supplies provided by the General Fund to the enterprise funds. The transfer amounts shall be determined annually during the budget process.

2.2 Interdepartmental services performed by one department for another shall be credited to the performing department and charged to the receiving department to reflect the

accurate costs of programs. The cost allocation shall be calculated annually during the budget process based on each department's percentage of use.

2.3 The City will maintain a Vehicle Replacement Fund to replace vehicles and equipment based on a specified schedule developed by the Vehicle Maintenance Department. Allocations from each City division into the replacement fund will be based on the current vehicle replacement schedule and allocations will be calculated annually during the budget process.

2.4 The City may maintain a Technology Replacement Fund to replace computers and related equipment on a specified schedule developed by the Administrative Services Department. Allocations from each City division into the replacement fund will be based on the current replacement scheduled and allocations will be calculated annually during the budget process.

2.5 The City may maintain various capital project, internal service, or special revenue funds as necessary to comply with internal accounting needs, State Statutes, or other outside agency regulations.

SECTION 3 – EXPENDITURES

3.1 Purchases that meet the criteria for capitalization as defined in Chapter 4 of this policy shall be budgeted in specific general ledger accounts for capital purchases as part of the CIP program.

3.2Expenditures for supplies and services not associated with specific capital projects shall be budgeted in operating general ledger accounts.

3.3 Department heads are responsible for ensuring that expenditures do not exceed the approved budget for their department (s) within each fund.

SECTION 4 – REVENUES

4.1 Recurring revenue sources will be budgeted based on historical trends and growth patterns as well as WAM (Wyoming Association of Municipalities) projections in a conservative manner.

4.2 The City shall set fees that will optimize user charges for identifiable services in the following manner:

4.2.1 To the extent possible, the rate and fee structure established for enterprise accounts will be sufficient to finance all operating, capital, and debt service costs for providing those services.

4.2.2 To the extent practical, any City service which is of a higher level to or benefits specific recipients shall be supported by user fees designed to recover costs from those recipients. Examples are certain recreation

programs, programs to be funded through user fees and registration charges, building and code enforcement activities funded through permit fees, municipal court activities funded through fines and other activities as designated by Council.

4.2.3 When user fees are based on cost recovery said costs shall be reviewed every three years or more often if deemed necessary, and fees shall be adjusted as necessary.

4.3 Lodging tax revenues will be estimated based on historical trends and growth pattern in a conservative manner. The City will designate in the Lodging Tax Fund the annual collection of lodging tax to be used for future tourism or promotional projects, inter-fund transfers or other expenses as designated by the City Council.

4.4 The City will project revenues for three (3) years and will update the projections annually.

4.5 Monetary contributions made to the City by outside organizations or individuals shall be recorded as contribution revenue in the fund/department for which the contributions are intended. Contributions made for a specific purpose may only be used for that purpose. General contributions with no restrictions may be used to fund operating and capital expenditures with the approval of the City Council.

4.6 Revenue derived from a one percent (1%) excise tax shall only be used for capital infrastructure projects and the specific maintenance of capital infrastructure.

4.6.1 Infrastructure is determined to include, but is not limited to projects involving public works related capital improvement projects such as roads, streets, alleys, curbs, gutters, sidewalks, storm sewers, bridges, and water, sewer and electrical projects. It does not include the construction of new buildings.

4.6.2 Maintenance is determined to include, but is not limited to the purchase of maintenance materials and contractual services that extend the useful life of the infrastructure mentioned such as oil, chips, grading H, asphalt, crack sealing, striping, concrete, slurry seal, sewer line relining, culverts, pipes, poles, cable, street lights, and transformers.

SECTION 5 – BUDGET TRANSFERS & AMENDMENTS

5.1 The City Administrator has the authority to transfer funds within a departmental budget or between departments within the same fund as set in the budget ordinance. All budget transfer requests must be approved by the City Administrator and shall be made in writing using a Budget Amendment/Transfer Request Form (Attachment A). Budget transfer requests shall be processed and tracked by the Finance Officer.

5.2 All expenditures in excess of budgeted appropriations requiring a budget amendment must be approved through a Resolution by the City Council per State Statutes. A budget amendment is required whenever a change is necessary to the original budget ordinance (i.e. moving expenditures between funds or expenditures in excess of fund's budget). A budget amendment is also required for the purchase of un-budgeted capital equipment, capital projects, or repairs meeting the capitalization requirements. All budget amendment requests must be approved by the City Administrator and shall be made in writing using a Budget Amendment/Transfer Request Form (Attachment A). Budget amendment requests shall be processed and tracked by the Finance Officer.

SECTION 6 –GRANTS

6.1 All grants received for operating and capital purposes shall be budgeted in specific general ledger accounts for revenues and expenditures pertaining to the grants.

6.2 It is the responsibility of the Department Heads or the designated supervisors to ensure grants assigned to their divisions are properly reported and disbursement requests are submitted in a timely manner. Department Heads or the designated supervisors are responsible for ensuring copies of disbursement requests are provided to Administrative Services as they occur.

6.3 All grants and other federal and state funds shall be managed to comply with the laws, regulations and guidance of the grantor.

6.4 In the event of reduced grant funding, City resources will be used only after all program priorities and alternatives are considered.

6.5 If grant revenues and expenditures have not been previously identified in the annual budget, a Budget Amendment/Transfer Request Form (Attachment A) shall be submitted to the Finance Officer by the requesting department. All budget amendments shall be submitted in a timely manner in order to keep the budget current and in compliance with budgetary statutes as outlined in Section 5.2

Chapter 3 - Fund Balance & Reserves

SECTION 1 – PURPOSE

Minimum fund reserve balances will be maintained to ensure:

1.1 Adequate financial resources are available to conduct the normal business of the City and ensure the continued delivery of services in the event of any short-term interruptions in cash flow

1.2 Adequate accumulation of financial resources for use in capital acquisitions or to comply with legal requirements.

1.3 Adequate financial resources to respond, in a planned and decisive manner, to long-term or permanent decreases in revenues.

1.4 Adequate financial resources to provide continued delivery of public safety, utilities, and essential infrastructure maintenance services in response to natural disasters or emergency situations.

SECTION 2 – RESERVE LEVELS

2.1 General Fund – Restricted: Ninety (90) days of total operating and maintenance expenditures for the ensuing fiscal year. Unrestricted: 23% of total operating and maintenance expenditures for the ensuing fiscal year.

2.2 Sanitation Fund – Restricted: Ninety (90) days of total operating and maintenance expenditures for the ensuing fiscal year.

2.3 Water Fund – Restricted: Ninety (90) days of total operating and maintenance expenditures for the ensuing fiscal year. An additional $50,000 will be maintained in reserves for Raw Water system requirements. Any additional reserves that may be required based on grant or loan requirements shall be set by the Council as needed.

2.4 Wastewater Fund – Restricted: Ninety (90) days of total operating and maintenance expenditures for the ensuing fiscal year. An additional $50,000 will be maintained in reserves for capital acquisition requirements. Any additional reserves that may be required based on grant or loan requirements shall be set by the Council as needed.

2.5 Electric Fund – Restricted: Ninety (90) days of total operating and maintenance expenditures for the ensuing fiscal year.

2.6 Debt Service - A minimum of the total budgeted debt service requirement for one (1) year or the legally required amount in relation to a debt issue shall be maintained in any fund which has outstanding debt. This amount shall be included as part of either the restricted or unrestricted cash balances.

2.7 Specific Reserves - Any amount specifically identified as being necessary for financial reporting or legally required for a unique operating aspect of a particular fund, or as determined by the City Council shall be included as part of either the restricted or unrestricted cash balances

2.8 GASB Statement No. 54 - The City shall report fund balances in accordance with GASB Statement Number 54 in the governmental fund financial statements in the following categories:

2.8.1 Nonspendable – resources which cannot be spent because they are either (a) not in spendable form or; (b) legally or contractually required to be maintained intact.

2.8.2 Restricted – resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2.8.3 Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

2.8.4 Assigned – resources neither restricted nor committed for which a government has as stated intended use as established by the City Council or official to which the City Council has delegated the authority to assign amounts for specific purposes.

2.8.5 Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

SECTION 3 – USE OF RESERVES

3.1 Any amounts that exceed the total calculated or designated reserved fund equity balances are considered undesignated fund equity and shall be available for appropriation unless otherwise encumbered by the City Council. Use of restricted reserve funds requires Council approval.

SECTION 4 – ANNUAL REVIEW OF RESERVED FUND EQUITY

4.1 As part of the annual budget process, the Finance Officer will present for Council consideration the estimated fund equity reserves.

Chapter 4 - Capital Assets and Depreciation

SECTION 1 – CAPITAL ASSETS DEFINITION

1.1 Capital assets are real, intangible, or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated useful life of greater than one year (see Attachment D). A capital asset shall be reported and, with certain exceptions, depreciated based on the depreciation schedule set for the particular classification of asset.

SECTION 2 – RECORDING CAPITAL ASSETS

2.1 Capitalized Cost - Capital assets shall be recorded at their acquisition, construction or historical cost and include all costs associated with placing the asset in service including but not limited to insurance during transit, freight, and installation costs. In the absence of historical cost information an estimated historical cost may be used. Capital assets shall be recorded and depreciated in the fund in which the purchase, transfer, construction or donation occurred. In the case of assets purchased, constructed or donated in a capital project fund for use by another fund the asset will be recorded in the fund in which the asset is used. All capital assets shall be assigned a tag number and entered into the asset management system by the Finance Officer for tracking, reporting, and depreciation purposes. An Asset Acquisition form (ATTACHMENT B) shall be completed by the Finance Officer for each asset capitalized.

2.2 Capitalized Interest - Interest on general long-term debt generally should not be allocated to functions or programs as a direct expense. Therefore, unless the debt is expected to be retired by an enterprise fund it is considered general long-term debt and construction-period interest is not included in the cost of the capital asset. Interest is capitalized on enterprise fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until the asset is substantially complete and ready for its intended use.

2.3 Maintenance and Repairs - Maintenance and repairs allow an asset to continue to be used during its originally established useful life and costs shall be expensed in the period incurred. However, some maintenance and repair costs may significantly extend the life of the asset. In such cases, maintenance and repair costs shall be capitalized subject to the following guidelines:

1. The estimated useful life of the asset is extended by more than 25%

   AND

2. The maintenance or repair cost is equal to or exceeds the capitalization threshold for the asset's classification

2.4 Capital Asset Donations/Contributed Capital - Property donated to the City shall be recorded and depreciated as capital assets if the property meets the capitalization threshold for the asset's classification. Donated property is recorded at fair market value or assessed value if available on the date of acquisition. Donated property includes both tangible and intangible items.

2.4.1 Open space property received by the City as part of a subdivision development plan and any infrastructure installed at the expense of the customer (such as water, sewer or electric lines, curb, gutter and sidewalk, etc.) shall be considered contributed capital and must be reported as such to the Finance Officer in the year the contribution occurred.

2.4.2 The receiving department shall complete a Contributed Capital Asset Form (ATTACHMENT C) and submit it along with documentation supporting the donation and value to the Finance Officer within 30 days of the contribution.

2.5 Leased Property and Equipment - Leased property and equipment shall be capitalized if the value of the leased property meets or exceeds the capitalization threshold for the asset classification and the lease agreement meets any of the following criteria:

- The lease transfers ownership of the property to the City at the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term equals 75% or more of the estimated useful life of the property.

2.5.1 Leases that do not meet any of the preceding criteria shall be recorded as an operating lease and costs expensed.

2.6 Construction In Progress - Construction in progress is the economic construction activity status of buildings, infrastructure, and improvements that are substantially incomplete. Construction in progress assets shall be capitalized but not depreciated until the earliest occurrence of substantial completion or the asset is placed in service. Payroll costs are not capitalized for projects completed by City staff.

SECTION 3 – DEPRECIATION

3.1 Depreciation is the process of allocating the cost of tangible property over a period of time. Capital assets shall be depreciated over their estimated useful lives using the straight line method of depreciation unless the asset is considered inexhaustible. An inexhaustible asset is one whose economic benefit or service potential is used up so slowly that the estimated useful life is extraordinarily long. Inexhaustible assets include land, some land improvements, intangibles, and some works of art and historical collections. Under straight line depreciation the basis of the asset is written off evenly over the useful life of the asset until the salvage value is reached.

3.2 Classifications/Categories - Capital assets purchased, constructed or donated/contributed that meets the established capitalization thresholds shall be classified using the following standardized classification/category schedule:

- Land – the surface or crust of the earth that can be used to support structures, used to grow crops, grass, shrubs, and trees. Land is characterized as an inexhaustible asset.

- Land Improvements – land improvements consist of site preparation and site improvements that ready land for its intended use. Includes improvements such as retaining walls, fences, landscaping, parking lots, irrigation systems, and pathways and trails. Land improvements can be characterized as either exhaustible or inexhaustible.

- Intangibles – an intangible asset is one that does not have physical substance but (1) can be sold, transferred, licensed, rented or exchanged for value; or (2) it arises from contractual or other legal rights. Internally generated intangible assets are those created or produced by the government itself or by a contracting party acting on the government's behalf. GASB Statement #51 establishes the presumption that intangible assets have an indefinite useful life unless there are legal, contractual, regulatory, or technical factors that overcome that presumption. Intangible assets include certain studies and plans, easements, water rights, land and mineral use rights, patents, and trademarks.

- Buildings – a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls and is not intended to be transportable or moveable.

- Improvements Other Than Buildings – improvements that materially extend the useful life or value of a building. Includes improvements such as electrical and plumbing, elevators, heating and cooling systems, roofing, interior renovations, fire suppression systems, and security systems.

- Furniture & Fixtures – personal property such as appliances, desks, chairs, window treatments, works of art and historical treasures, etc.

- Machinery & Equipment – personal property such as automobiles, trucks, buses, heavy equipment, tools, fitness equipment, computers, mowers, meters, transformers, pumps & valves etc.

- Infrastructure – assets that are normally stationary in nature and can be preserved for significantly more years than most capital assets. Includes curb & gutter, utility lines, substations, streets, roads, storm sewers, lagoons etc.

3.3 Estimated Useful Life, Salvage Value, and Capitalization Threshold - An estimated useful life is the number of years an asset will be useful for its intended purpose. Inexhaustible assets have an infinite useful life.

3.3.1 The salvage value of an asset is the value it is expected to have when it is no longer useful for its intended purpose or the amount for which the asset could be sold at the end of its useful life. Some assets that are subject to rapid obsolescence or those that have no resale market may have no salvage value such as computers and infrastructure. Inexhaustible assets may have a 100% salvage value.

3.3.2 The capitalization threshold is the minimum unit value at which an item is defined as a capital asset and added to the asset records. The capitalization threshold is based on an asset's classification and is set on a per-unit basis.

3.3.3 Estimated useful lives, salvage values and capitalization thresholds shall be based on the Asset Capitalization Schedule (ATTACHMENT D).

3.4 Inventory of Capital Assets

To ensure the safeguarding of capital assets a physical inventory of capital assets shall be performed annually. Administrative Services shall provide an asset list to each department supervisor. The supervisor or his/her designee shall locate and confirm every asset listed. Assets that have been transferred to another department, cannot be located, or are confirmed as being disposed shall be indicated as such on the list. Completed inventory lists shall be returned to Finance Officer and changes updated to the asset management system. The appropriate Department Head(s) shall be notified of missing or improperly disposed of assets.

3.5 Transfer of Capital Assets

To transfer an asset from one department to another the department requesting the transfer shall submit to the Finance Officer an Asset Disposal Form (ATTACHMENT E) within 30 days of the transfer.

3.6 Disposal of Capital Assets

Upon approval of the City Council capital assets may be sold, traded or junked. The disposal of capital assets shall be done in compliance with Wyoming Statute §15-1-112.

3.6.1 To dispose of an asset the department requesting the disposal shall submit an Asset Disposal Form (ATTACHMENT E) which includes a description of the asset(s) to be sold, the reason for disposal, and the method of disposal. This form shall be submitted to the Finance Officer within 30 days of the disposal.

3.6.2 Capital assets with an estimated value of $500 or more must be advertised for sale through a public auction or sealed bid sale. A notice stating the terms of sale and a description of the property to be sold shall be published

once a week for 3 weeks preceding the date of the auction or sale in a newspaper of general circulation in Cody. At the time, place and method fixed, such property may be sold to the highest bidder except where otherwise stated in Wyoming Statue 15-1-112. The City shall reserve the right to reject any and all bids. The proceeds from such sale shall be paid to the Administrative Services Department and deposited in the proper fund of the City. Upon completion of the sale, the auctioneer or responsible party must provide the Finance Officer with a complete list of all items sold and the sale price of each item. Automobiles or trucks being traded in on new automobiles or trucks are exempt from the advertising requirements however an Asset Disposal Form (Attachment E) must be submitted to the Finance Officer.

3.6.3 The City may sell any property to the State of Wyoming, any agency of the State or Federal Government authorized to hold property in its own name, or any political subdivision of the State. The City may also trade any real property, without advertising the sale or calling for bids, provided a public hearing was held and notice of the public hearing included the appraised value of all real properties involved and was published at least once each week for 3 consecutive weeks. An Asset Disposal Form (Attachment E) must be submitted to the Finance Officer.

3.6.4 From time to time, during the normal conduct of business, it becomes necessary to take or give title to certain property as "trade-in" on other property to be used by the City of Cody. The City Council shall reserve the right to accept or reject any and all offers if they do not equal or exceed the pre-determined appraisal value set by an independent authority or published prices.

3.6.5 For capital items sold through a sealed bid process a 5% bid bond is required for all items with a value of $5,000 (either individually or aggregate) is required.

3.7 Capitalized Inventory

Inventory items that meet the capitalization requirements (see Attachment D) shall be removed from inventory and capitalized and depreciated during the year it is placed in service.

Chapter 5 - Capital Improvements Program

SECTION 1 – PURPOSE

1.1 The City of Cody's Capital Improvement Program (CIP) is a planning process that identifies the capital investments the City of Cody intends to make over a period of time. The CIP is used to:

- Facilitate inter-departmental participation in the identification of potential capital improvement projects and purchases;
- Identify the current and future capital needs in each area of service within the City;
- Prioritize capital projects and purchases within each service area;
- Match available financial resources to the capital needs of the community.

SECTION 2 - CAPITAL PROJECTS DEFINED

2.1 The CIP identifies major improvements and capital purchases needed to improve services to the community. A capital infrastructure or improvement project is defined as:

- Infrastructure or improvement projects as defined by the City's Capital Assets Policy with a minimum total cost of $25,000
- Purchase of equipment as defined by the City's Capital Assets Policy with a minimum individual cost of $5,000
- Purchase of land or intangibles with a minimum total cost of $5,000
- The resulting project will have a useful life of more than one year and the project will result in the creation of a new asset or the extension of an existing asset's useful life, value and/or operational capacity.

2.2 Examples of buildings, infrastructure or improvement projects include the purchase/construction or expansion of public buildings, building improvements, new storm and sanitary sewers, utility line upgrades and extensions, street construction, substations, curb, gutter & sidewalk, storage tanks, and sewer lagoons. A complete list is included in the City's Capital Assets Policy.

2.3 Examples of equipment purchases include vehicles, heavy machinery, trailers tools, office equipment, computers & software, fitness equipment, valves & pumps, meters,

transformers and hydrants. A complete list is included in the City's Capital Assets Policy.

2.4 Vehicle and equipment purchases or replacements costing less than $5,000, infrastructure or improvement projects costing less than $25,000 or projects considered as operational, recurring, or maintenance are not considered part of the CIP and shall be funded through the City's Operating Budget.

SECTION 3 – CAPITAL IMPROVEMENT PLAN DEVELOPMENT PROCESSES

3.1 Prior to the annual budget process, CIP Request forms shall be submitted electronically by the Department Heads to the Finance Officer for all capital equipment purchases and needed improvements that should be constructed or started during the next five fiscal years that meet the definition of a capital project.

3.2 The CIP request forms shall include the following:

- Project title
- Estimated total cost
- Priority ranking based on priorities and needs
- A description of the scope and justification for the project
- A needs assessment designation and explanation
- The 5-year projected budget for anticipated costs and funding sources.
- Impact on annual operating costs
- Consequences and alternatives if the project is not approved

3.3 The proposed CIP shall be reviewed by the City Administrator, Finance Officer, and Department Heads. The finalized proposed CIP along with a will be included with the City's proposed operating budget for Council consideration.

3.4 The CIP Budget shall be adopted by the Council along with the annual Operating Budget.

3.5 Each project or equipment purchase included in the CIP shall be assigned a CIP number by the Finance Officer. This number shall be referenced on all invoices associated with the project/purchase.

SECTION 4 – REVISIONS TO AN EXISTING CIP

4.1 The adopted CIP may be revised upon authorization by the City Administrator and approval by the City Council. Examples of revisions include:

- Cost increases for approved projects
- Changes in funding sources for approved projects (i.e. grant funded to non-grant funded)
- Moving projects from a future year to an earlier year or a current year project to a future year
- Transferring funds from one CIP project to another CIP project

SECTION 5 – ADDITIONS TO AN EXISTING CIP

5.1 Projects which come up during the year which were not included in the adopted CIP may be added to the CIP upon authorization of the City Administrator and approval by the City Council.

Chapter 6 - Debt

SECTION 1 – GENERAL INFORMATION

1.1 Debt financing, including general obligation bonds, revenue bonds, certificates of obligation, certificates of participation, commercial paper, lease/purchase agreements, and other obligations permitted to be issued or incurred under Wyoming law, shall only be used to purchase capital assets that cannot be acquired from either current revenues or fund balance/retained earnings and to fund infrastructure improvements and additions.

1.2 Capital projects financed through the issuance of bonds or through an installment purchase contract shall be financed for a period not to exceed the anticipated useful life of the project.

1.3 The City of Cody will set aside any and all debt payments as part of the annual budgeting process to fulfill contract responsibilities. Whenever possible the Finance Officer will evaluate whether it is fiscally sound to pay additional principal or retire the debt early.

1.4 Interest earnings received on the investment of bond proceeds shall be used to assist in paying the interest due on bond issues, to the extent permitted by law.

1.5 Pursuant to State law, the amount of debt that can be created is limited to four percent (4%) of the assessed valuation of the taxable property plus an additional four percent (4%) for the building and constructing of sewerage systems. This limitation does not apply to debt incurred for the construction, establishing, extending, and maintaining of water works and supplying water for the municipality and its inhabitants.

SECTION 2 – INTERFUND LOANS

2.1 The City Council may authorize interfund loans as needed to keep the funds of the City solvent or to provide funding for capital projects. In conjunction with interfund loans, the Finance Officer shall prepare a planned schedule of repayment of the loan principal plus applicable interest. A reasonable rate of interest based on the external rate available to the City may be charged by the lending fund. In addition, the borrowing fund must anticipate sufficient revenues to be in a position over the period of the loan to make the specified principal and interest payments. For financial reporting purposes interfund loan balances with a repayment period greater than 3 years shall be reduced, and the lender fund shall report a transfer to the borrower fund for the amount that is not expected to be repaid within the 3 year period, regardless of the basis of accounting used in the fund financial statements.

Chapter 7 - Investments

SECTION 1 – GENERAL INFORMATION

1.1 This investment policy is adopted pursuant to the requirements of W.S. 9-4-831(h).

1.2 All investment activity of the City of Cody's public funds shall be initiated and managed under the direction of the City Administrator and Finance Officer.

1.3 This policy applies to the investment of all public funds maintained by the City of Cody.

1.4 Except for cash in certain restricted and special funds, or as required by law or other agreement, the City of Cody will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with Generally Accepted Accounting Principles.

1.5 It is the City's policy to hold investments to maturity. In the event of an emergency investments may be liquidated earlier upon approval by the City Council

SECTION 2 – AUTHORIZATION

2.1 No investment or deposit account in the City's name shall be opened or closed without Council approval.

SECTION 3 – INVESTMENT OBJECTIVES

3.1 It is the policy of the City of Cody to invest public funds in a manner which will provide a reasonable rate of investment return while assuring the maximum holding of principal, meeting the daily cash flow demand of the City of Cody, and conforming to all federal, state, and local laws and regulations governing the investment of public funds. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk by:

3.1.1 Limiting investments to the safest types of holding. Diversifying the investment portfolio so that potential losses on individual holdings will be minimized.

3.1.2 Structuring the investment portfolio so that holdings mature to meet cash requirements for ongoing operations.

3.1.3 Investing operating funds primarily in shorter-term holdings, money market accounts, or similar investment pools.

3.2 The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that holdings mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of holdings with active secondary or resale markets. A portion of the portfolio may also be placed in money market accounts or local government investment pools which offer same-day liquidity for short-term funds.

3.3 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 liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk holdings in anticipation of earning a fair return relative to the risk being assumed. Holdings shall not be sold prior to maturity with the following exceptions:

- A holding with declining credit may be sold early to minimize the loss of principal.
- A holding swap that would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the holding be sold.

SECTION 4 – STANDARDS OF CARE

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

4.2 Ethics and Conflicts of Interest - Elected officials, officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial and investment positions that could be related to the performance of the investment portfolio.

4.2.1 Personal financial and investment business, as used in this section, does not refer to checking accounts, saving accounts, money market accounts, time deposits of five (5) years or less, insurance products, deferred compensation and retirement programs, car and home loans, lines of credit, or personal loans.

4.3 Delegation of Authority - Authority to manage the investment program is granted to the City Administrator, the Finance Officer, or their designees, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established.

SECTION 5 – SAFEKEEPING & CUSTODY

5.1 Authorized Financial Dealers and Institutions - A list will be maintained of all financial institutions authorized to provide investment services. No public deposit shall be made except in a qualified public depository as established by W.S. 9-4-817 through 9-4-822.

5.1.1 Before any person effects any investment transaction on behalf of the City of Cody or offers any investment advice to the City Council, that person shall sign a statement indicating that he has read the policy and agrees to abide by applicable state law with respect to advice he gives and the transactions he undertakes on behalf of the City of Cody. As used in this section, "person" does not include any officer, employee or member of the governing board of the City of Cody for which the investment is made or to which advice is given. As used in this section, "investment" for the purpose of "investment transactions" and "investment advice" does not include deposits in financial institutions as authorized by law.

5.1.2 All financial institutions and broker/dealers desiring to become qualified bidders for investment transactions must submit an application and be approved by the City Council as an authorized depository. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers may be conducted by the City of Cody. Authorized depositories shall be designated by the City Council annually each January.

5.1.3 If considered practical, every three years the City shall solicit banking services proposals from authorized depositories. Such services may include checking and savings accounts, credit/purchase cards, electronic banking services, merchant card services, and other necessary or desirable banking services.

5.2 Suitable and Authorized Investments - The City of Cody will only invest in those types of holdings as allowed in W.S. 9-4-817 and 9-4-831, and any other state law authorizing a type of investment.

5.3 Collateralization - In addition to the collateralization requirements found in W.S. 9-4-821, collateralization will also be required on time deposits and repurchase agreements.

5.3.1 In order to anticipate market changes, amounts of funds on deposit, and to provide an adequate level of holding for all deposited funds, the collateralization level will be 100%, or higher as required by law, of the higher of par or market value of the deposits. The market value will include accrued interest.

5.3.2 The adequacy of the pledged collateral will be measured by the market or par value of the collateral, whichever is the lesser. Authorized instruments for collateralization are those found in W.S. 9-4-821.

5.4 Repurchase Agreements – The City may invest in repurchase agreements involving securities which are authorized investments under State Statues. The securities may be held in a custodial arrangement with a member bank of the Federal Reserve System or in a segregated account at a Federal Reserve System bank. The repurchase agreement must provide for daily valuation and have a minimum excess market price reserve of one hundred two percent (102%) of the investment.

SECTION 6 – INVESTMENT PARAMETERS

6.1 The investments shall be diversified by:

- Limiting investments to avoid over-concentration in holdings from a specific issuer or business sector (excluding U.S. Treasury Holdings).
- Limiting investment in holdings that have higher credit risk.
- Investing in holdings with varying maturities.
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing operations.

6.2 To the extent possible, the City of Cody shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City of Cody will not directly invest in holdings maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances.

6.3 Reserve funds and other funds with longer-term investment horizons may be invested in holdings exceeding ten (10) years upon the approval of the City Council and if the

maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

6.4 Any investment currently held by the City of Cody that does not meet the guidelines of this policy at the time the policy is adopted or amended shall be exempted from the requirements of this policy. At maturity or liquidation, such funds shall be reinvested only as provided by this policy.

SECTION 7 – DEFINITIONS

7.1 The following definitions apply to this section:

- Accrued Interest – the accumulated interest due on a bond or investment as of the last interest payment made by the issuer.

- Agency Security – a debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee.

- Collateralization – process by which a borrower pledges holdings, property, or other deposits for the purpose of securing the repayment of a loan and/or holding.

- Credit Risk – the risk to an investor that an issuer will default in the payment of interest and/or principal on a holding.

- Diversification – a process of investing assets among a range of holding types by sector, maturity, and quality rating.

- Interest Rate Risk – the risk associated with declines or rises in interest rates which cause an investment in a fixed-income holding to increase or decrease in value.

- Liquidity – the level at which an asset can be easily and quickly converted to cash.

- Local Government Investment Pool – an investment by local governments in which their money is pooled as a method of managing local funds.

- Market Risk – the risk that the value of a holding will rise or decline as a result of changes in market condition.

- Market Value – current market price of a holding.

- Maturity – the date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bond or investment holder.

- Par Value – face value or principal value of a bond or holding.

- Principal – the face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given holding.

- Repurchase Agreement – an agreement of one party to sell holdings at a specified purchase price to a second party and a simultaneous agreement of the first party to repurchase the holdings at a specified price or at a specified later date.

- Safekeeping – holding of assets (e.g. holdings) by a financial institution.

- Yield – the current rate of return on an investment holding generally expressed as a percentage of the holding's current price.

Chapter 8 - Purchasing

SECTION 1 – GENERAL INFORMATION

1.1 Tax Exempt Status - The City of Cody, a municipality, is exempt from most city, and state, sales taxes and some excise taxes in Wyoming. The City of Cody may also be exempt from other State's sales taxes if that state participates in the Streamlined Sales & Use Tax Agreement with the State of Wyoming. The City of Cody's Federal Tax Identification number is 83-6000052 and the State Tax Exempt number is 11-0-00168. These numbers must only be used for City of Cody business purposes. It is the expectation that all employees who make purchases on behalf of the City must make sure the vendor is informed of the City's tax exempt status. Proof of exemption may be required and proper documentation may be obtained from the Administrative Services Department.

1.2 Necessity of Purchase - Purchases shall be made only as required and inventories shall only be maintained at a level so that the day-to-day operation of the City is not adversely affected. It is the responsibility of each employee of the City of Cody to promote cost reduction and improve supplier service by prudent investigation of vendor and product selection.

1.3 Vendor Relations - It is the policy of the City of Cody to maintain and practice the highest possible standards of business ethics, professional courtesy and competence in all of its dealings. At all times, applicable laws must be observed. In this regard, the following should be observed when dealing with suppliers and their representatives:

- Provide prompt and courteous reception, as well as fair and equal treatment, to all suppliers and their representatives.

- Guarantee the confidentiality of all specifications and price quotations made by vendors prior to bid opening.

- Decline to take advantage of suppliers' errors, and show consideration for suppliers' difficulties by cooperating whenever possible.

- Avoid putting suppliers to unnecessary expense or inconvenience on obtaining product information or when returning goods.

- Explain as clearly and fully as possible to suppliers the reason for the rejection of their bids/proposals.

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- Keep informed about sources of supplies, methods, services, and materials, and encourage their testing.

- If for any reason one supplier is permitted to re-quote, all suppliers shall be given the same opportunity. Re-quoting should be restricted to an absolute minimum.

1.4 Use of Municipality Name - The City of Cody's name shall not be used to receive or request personal discounts or for any other personal gain.

1.5 Gifts and Gratuities

1.5.1 No officer or employee shall solicit or receive any pay, commission, money or thing of value, or derive any benefit, profit or advantage, directly or indirectly, from or by reason of any improvement, alteration or repair required by authority of the city or town, or any contract to which it is a party, except his lawful compensation as an officer or employee. Additionally, no officer or employee shall solicit, accept or receive, directly or indirectly, from any public service corporation, or the owner of any public utility or franchise of the City, any pass, free ticket, free service or any other favor upon terms more favorable than those granted the public.

1.5.2 No gift or gratuity shall be accepted by any City employee from a vendor unless it is made available to use by all City employees and may not be used in such a manner that vendors/suppliers are advertised by the City of Cody. The City may terminate at no charge or further obligation to the City any contract and/or agreement if it is found that gifts or gratuities were offered to or received by a City employee.

1.6 Purchases from Employees or Agents of the City - Authorization to purchase goods or services in excess of $1,000 from a City of Cody employee or a business owned, wholly or in part, by a City employee shall be authorized by the City Administrator, Mayor or Council President prior to purchase.

1.7 Loan of Equipment and Materials

1.7.1 The loan or use of any materials, equipment, tools, fixtures or other items which are the property of the City for other than City business is restricted to other governmental agencies, utility companies, and those under contract with the City with the written consent of the Department Head. It is the Department Head’s responsibility to ensure any loaned material is replaced within a reasonable time frame and the replacement is of comparable quality to the material loaned. It is also the Department Head’s responsibility that the loaned equipment is adequately insured by the borrowing agency as necessary. A copy of the proof of insurance shall be delivered to the Administrative Services Officer.

1.7.2 City employees or elected officials are not authorized to use City property for personal use that is not also readily available for use by the general public unless such use is a benefit to the City and facilitates the performance of the employee’s or official’s normal work duties .

1.7.3 If an item loaned is included in the department's inventory, the department shall indicate on the periodic inventory count report which item(s) are on loan, and to whom it was loaned. These items shall be marked as reserved in the Materials Management program until such time as they are returned. Departments are responsible for notifying the Finance Officer on the periodic inventory count report when loaned items are returned and on what date.

1.8 Price Escalation/De-Escalation - At its discretion, the City of Cody will accept for consideration any bids proposing price escalation/de-escalation on commodities where costs are so unstable that the supplier cannot predict with certainty a firm price for the immediate future.

1.9 Original Contract Documents and Maintenance Agreements - All original contracts will be kept on file in the central files of the Administrative Services Department and copies may be held with the appropriate departments. Original maintenance agreements will be kept on file in the office of the appropriate department. No contracts will be entered into or renewed without the approval of the Department Head, City Administrator and City Council.

1.10 Contracts and Bids - It is the policy of the City of Cody to solicit fair and impartial bids on all new vehicles regardless of cost and all public works improvements which exceed $35,000 in value. Specifications for vehicles will be prepared by the Vehicle Maintenance Division, and approved by the Department Head seeking the vehicle being purchased. Specifications for public improvements will be prepared by the appropriate Department Head. Quality and economy will dictate guidelines for specifications in an endeavor to purchase efficient vehicles and construct excellent public improvements of long-term value to the City. Contracts should be organized to complement and supplement inasmuch as they affect other contracts.

1.11 Employee Expense Reimbursements - To avoid incurring costs that may not be reimbursable or committing the City to costs that cannot be paid using City funds, it is the employee's responsibility to check the purchasing policy of the City before incurring any expense. Certain expenses may be subject to specific procurement rules and requirements.

1.11.1 It is preferable that any purchases made for City purposes be paid by the City directly to the vendor through an invoice or purchasing card transaction.

1.11.2 Any purchases made by City employees on behalf of the City where reimbursement will be requested are subject to the requirements outlined in this Purchasing Policy. Any purchases made by City employees on behalf of the City which do not follow the requirements of these sections may not be reimbursed.

1.11.3 Any purchases made by City employees on behalf of the City where reimbursement will be requested that do not support the mission of the City and do not reflect proper stewardship of City funds may be considered by the City as non-permissible expenses and may not be reimbursed.

1.11.4 Reimbursements requested shall be made in the following manner for the reimbursement to be processed:

1.11.4.1 The purchase shall be described on a City Voucher with a perjury statement signed by the employee requesting the reimbursement.

1.11.4.2 The requesting employee's supervisor shall sign the voucher authorizing the reimbursement.

1.11.4.3 The original vendor receipt must be attached to the voucher.

SECTION 2 – LOCAL, SOLE SOURCE & EMERGENCY PURCHASES

2.1 Local Purchase Guidelines - The City of Cody will strive to purchase materials, supplies and services from local vendors when possible, reasonable, and feasible to do so.

2.2 Sole Source Purchases - Sole source purchases may be made if it has been determined that there is only one good or service that can reasonably meet the need and there is only one vendor who can provide the good or service.

2.2.1 If a sole source purchase is made from a new vendor the purchase shall be approved in advance by the City Administrator.

SECTION 3 – PURCHASING AUTHORITY AND PARAMETERS

3.1 Authority
Only full time and regular part time employees are authorized to make purchases on behalf of the City. Provisional employees may be granted permission to make purchases with written authorization from the appropriate Department Head. The City Administrator is authorized to sign contracts related to the purchase of budgeted goods and services under $10,000.

3.2 Purchases of $7,500 or more
The initiating department must solicit a minimum of 3 quotes from appropriate qualified vendors. The quotes shall be documented and attached to the voucher for payment to be processed.

3.3 Purchases of $35,000 or more
Purchases that meet the definition of a Public Improvements Contract shall follow the bid process as outlined in Section 8 of this policy.

3.4 Professional Services Contracts

Purchases of services that meet the definition of a Professional Services Contract shall follow the process as outlined in Section 9 of this policy.

3.5 Construction Contracts & Vehicle Purchases

Purchases that meet the definition of Construction Contracts and Vehicle Purchase Contracts shall follow the bid process as outlined in Section 10 of this policy.

3.6 Emergency Purchasing

In the event of a local disaster as declared by the City Council the City shall comply with this purchasing policy to the extent practicable. Purchases for acquiring goods or services necessary for the immediate preservation of health and safety may be authorized after acquisition when a delay in acquiring the goods or services will cause immediate risk to health and safety.

SECTION 4 – RECEIVING PROCEDURES & CHECK REQUESTS

4.1 Upon receipt of materials or services, and acceptance by the department making the purchase, the supplier's packing list or job ticket shall be verified to the shipment. Payment will be made after City staff has accepted delivery of the goods purchased and the invoice is received and processed. Payment will be made from a supplier's invoice and not from a supplier's statement.

4.2 The receiving department shall inspect materials and/or services before approving payment. Upon discovery of any defects, the magnitude of the defects shall be considered, and the supplier shall be contacted. Arrangements shall be made for the return and replacement of the material, or an adjusted price shall be negotiated.

4.3 In the event materials purchased must be returned to the vendor for credit and the purchase invoice has already been submitted to Accounts Payable the returning department shall code and submit the vendor's credit memo to Administrative Services to ensure proper credit is received by the City. If materials being returned are exchanged for a similar item of the same cost and will not result in a credit from the vendor a credit memo is not required. Inventory items being returned for credit must have an Inventory Voucher (Attachment H) attached to the vendor credit memo so the inventory records can be properly updated.

4.4 All vouchers and invoices shall be submitted to Administrative Services for processing in accordance with the voucher schedule. Invoices and vouchers submitted for payment shall include the following information:

- Budget Line Item Number(s)
- Amount
- Description of Items Purchases
- Activity Number (if applicable)

- Date Approved
- Required signature(s) acknowledging the perjury statement and purchaser's employee number
- Completed inventory voucher (Attachment H) (if applicable)
- Quote documentation (if applicable)

4.5 All vendor invoices and credit memos shall be submitted from the vendor directly to Administrative Services for processing. Invoices and credit memos shall not be emailed or faxed to individual departments. Invoices must be in written format and contain the following information:

- Complete Name, Address and Phone Number of Vendor
- Invoice Number
- Date
- Itemized and Detailed Description of Items Purchased
- Amount (including shipping and handling)

4.6 Departments shall submit coded invoices to Administrative Services for processing no later than 5 business days from the date Administrative Services distributed the invoice to the department. If there are extenuating circumstances that prevent the submission of an invoice within this time frame the department shall notify Administrative Services.

4.7 Checks are issued for completed and properly coded invoices within two working days after a regular City Council meeting. Complete invoices must be submitted in accordance with the deadlines provided in the voucher schedule. Requests for check issuance outside these guidelines must be approved by the Finance Officer and/or the City Administrator then approved by City Council before the check will be issued. Requests to re-issue a previously approved check that has not been cashed must be approved by the Finance Officer or Administrative Services Officer.

4.8 The use of PayPal or any other similar form of electronic payment method other than City issued credit cards for making purchases on behalf of the City is prohibited.

SECTION 5 – MATERIALS INVENTORY

5.1 It is a requirement of GAAP that inventory is properly accounted for according to a particular set of standards, so as to limit the potential of understating inventory value, and to limit the potential to overstate the value of inventory which has, in fact, materially depreciated in value.

5.2 Inventory shall be recorded at cost when purchased and charged at average cost when used under a perpetual inventory system using the purchases method unless the cost exceeds market value due to obsolescence.

5.3 The City will maintain sufficient levels of materials and supplies in inventory to reasonably facilitate the day-to-day operations of the City. Most departments or divisions maintain immaterial levels of supplies; however, certain departments

require higher levels of inventory on hand. Excessive amounts of inventory is discouraged and it is the expectation that all departments maintaining inventory will practice just-in-time purchasing when practical to limit the amount of unneeded inventory in stock.

5.4 All materials which are purchased and intended to be placed in service as part of the City's infrastructure or other assets, systems operations and all goods purchased for resale shall be considered inventory if the aggregate value is material to the financial statements and/or considered high risk for internal control purposes. These items include but are not limited to:

- Transformers, meters, hydrants and associated parts
- Pipe, conduit, pumps, poles, electric cable and wire
- Arrestors, capacitors, CTs, PTs, pad mount switches, pedestals, vaults, & sectionalizing cabinets
- Street chipping and grading materials
- Street signs and dumpsters/rollouts
- Auto repair and replacement parts, tires, oil, antifreeze, fluids and lubricants that are charged out to other departments
- Any items purchased for the purpose of resale

5.5 Consumable items such as office supplies, break room supplies, cleaning supplies, chemicals, maintenance supplies, etc. will not be inventoried. Low value bulk supplies such as nuts, bolts, screws, washers, nails, sprinkler parts, small fuses, etc. whose usage cannot be attributed directly to an item placed in service are considered consumable supplies and not included in inventory counts or valuation.

5.6 Items which are removed from inventory and placed in service then returned to inventory for later use or disposal shall be considered salvage and therefore not included in inventory counts or valuation.

5.7 Inventory items that meet the capitalization requirements shall be removed from inventory and capitalized and depreciated during the year it is placed in service.

5.8 Obsolete inventory items shall be removed from the inventory list and their costs written down. The City will consider materials in inventory obsolete when any of the following criteria are met:

- There has been no usage of the item(s) during the previous 12 months and the item(s) are not being held for a specific future purpose.
- The item(s) cannot be used due to damage, expired shelf life, breakage, or are being held only for parts for repairing other inventoried items.

- The item(s) have been declared surplus or scrap material and are set to be disposed.

5.9 On a periodic schedule, each department that maintains inventory (as described above) will undertake a physical count of the inventory in stock using inventory reports generated from the City's Materials Management program In addition to updating the in-stock counts the departments shall mark items that are obsolete for removal. Completed inventory reports shall be returned to the Finance Officer by the 10th of the following month of the count Discrepancies shall be reviewed by the Finance Officer and inventory computer counts may be adjusted as necessary to correct count errors. Discrepancy rates of 5% or greater shall be reported to the appropriate Supervisor and Department Head.

5.10 Inventory materials purchased for grant funded projects shall be coded to a specific inventory purchases expense line item for that project when purchased. Inventory materials utilized in a grant funded project shall be recorded as issued when the materials are installed and shall be specifically recorded on the issuance paperwork as installed in the grant project.

SECTION 6 – USE OF PETTY CASH

6.1 Petty cash funds have been designated at the following locations: City Hall, Recreation Center, and Police Department. The maximum amount allowable for distribution at any one time is $25. Any distributions from petty cash higher than $25 must be approved in advance by the appropriate Department Head or the Finance Officer. Individual departments may maintain a petty cash account if authorized by the Finance Officer or his/her designee. Any department maintaining a petty cash account will be subject to periodic audits performed by the Administrative Services staff. Each department maintaining a petty cash account shall designate a custodian and a reconciler.

6.2 Use of petty cash should be limited to expenditures that cannot be paid through the accounts payable system or by purchase card and will only be disbursed using forms supplied by the Administrative Services Department. Purchases may also be made through petty cash when the purchase amount is nominal and processing through accounts payable would be prohibitively costly compared to the original purchase price. A Petty Cash Voucher (Attachment G) must be signed by the receiving individual and a receipt must accompany all payments out of petty cash.

6.3 Departments maintaining petty cash funds shall reconcile the cash on hand and receipts and submit a voucher for replenishment of the fund on at least a quarterly basis or more frequently as deemed necessary.

SECTION 7 – CONFIDENTIAL FUNDS

7.1 Confidential funds are issued in order to purchase information and services from confidential informants, to purchase evidence and cover related undercover expenses that are not reimbursed through normal City or department procedures.

7.2 The City of Cody shall establish a Confidential Petty Cash Fund at the Cody Police Department in the amount of $2,500 which shall be restricted to authorized personnel only as designated by the Chief of Police or his/her designee. Funds to establish the account shall come from any forfeiture money allotted to the City by the Department of Justice, or through the General Fund reserves on approval by the City Council. The Cody Police Department is responsible for maintaining all records associated with the use and receipt of confidential funds. Confidential funds will only be assigned to those department members authorized by the Chief of Police or his/her designee.

7.3 A confidential informant is defined as an individual who provides useful police information concerning criminal activity, including narcotic, vice, organized crimes or intelligence information in return for money, assistance in dealing with prosecutors or courts in terms of charges, pleadings or sentencing. They have a permanent confidential informant file on record with the Police Department. They have been proven reliable and credible in the past and the new information can be proven reliable through other means or sources. The person has direct knowledge of the illegal activity.

7.4 The Cody Police Department shall maintain a Confidential Funds Ledger (CPD Form #213) for the Confidential Petty Cash Fund to document all funds received and disbursed including returned unused funds.

7.5 Confidential Petty Cash Funds shall be secured in a locked safe, vault or cabinet along with the Confidential Funds Ledger and access shall be restricted to authorized Cody Police Department Administrative Services Personnel.

7.6 The Confidential Funds Ledger will include the following information:

- The date the confidential funds were received, paid-out or transferred.
- The amount of confidential funds received, paid-out or transferred.
- The balance or amount of confidential funds remaining after the issuance, transfer or expenditure of confidential funds.
- The reason for the issuance, transfer or expenditure of confidential funds.

7.7 The Funds Control Log (CPD Form #207) shall be used to document confidential fund expenditures. It shall be signed by the department member who received and expended the funds. It will include the reason for the expenditure, the amount and date the money was expended, and the case number. Informant/Witnesses to the expenditure shall also sign the Funds Control Log. Completed Funds Control Logs shall be submitted to the Chief of Police or his/her designee for approval.

7.8 The Police Department is responsible for requesting reimbursement in a timely manner to ensure funds are readily available when needed.

7.9 To request reimbursement, the Chief of Police or his/her designee shall submit to City Administrative Services a signed Confidential Funds Ledger Form, which shows detailed accounting of expenses and attached copies of Funds Control Logs supporting each account transaction.

7.10 Reimbursement requests shall be processed through normal Council approval process and reimbursement checks will be forwarded to the Police Department for cashing and replenishment of the fund.

7.11 The City Administrative Services Department is responsible for the City's internal control system and performing random internal audits. The Administrative Services Department, in conjunction with the Chief of Police or his/her designee, shall perform an audit of all confidential funds records periodically without advance notice.

7.12 To obtain confidential funds the requesting department member shall complete a Funds Control Log. The department member then forwards the form to the Chief of Police or his/her designee for approval. The request shall be recorded at the time of disbursement on the Confidential Funds Ledger Form for tracking and reconciliation purposes. All unused funds shall be returned to the confidential funds petty cash fund and recorded on the Confidential Funds Ledger Form.

7.13 The Officer CI Ledger shall be used to document confidential funds received and expended. The CI Ledger will include the date the money was expended, the reason for the expenditure, the case number, the amount of CI funds received, the CI funds paid-out and the member's confidential funds balance. It is the responsibility of the department member assigned the funds to keep their assigned Officer CI Ledger current and up to date and it is subject to audit and inspection at any time.

7.14 Confidential funds are authorized for the payment of investigative expenses, services, information, undercover expenses or the purchase of contraband and evidence as follows:

- Drugs
- Weapons
- Records
- Any other items involved in criminal activity, by a confidential informant, witness or department member in an undercover capacity.
- Payment to confidential informants for information or services such as authorized purchase of contraband or evidence by the confidential informant or purchases of information from the informant.
- On a limited and pre-approved basis, authorized expenses to a confidential informant may include lodging, meals and transportation in order to purchase the information or services.

7.15 Confidential funds cannot be used by the department member for personal use. Confidential funds are not authorized to purchase supplies or equipment that can be obtained through normal City or Departmental procedures.

7.16 Confidential funds issued to a department member are the responsibility of that department member. Confidential funds misused, lost or stolen through neglect will be replaced by the department member who was responsible for the funds. Incidents in which confidential funds are misused, lost or stolen shall be reported to the Chief of Police or Assistant Chief of Police immediately. Department members are subject to criminal investigation, internal investigation and administrative discipline when used in violation of policy or procedure.

7.17 Each department member issued confidential funds will be issued a security bank bag which can be locked. Each security bag will have two (2) keys: One (1) key will be issued to the department member responsible for the confidential funds, and one (1) key will be maintained in the Department's master key box.

7.18 The Chief of Police or his/her designee will review and approve the confidential fund expenditures of those department members issued confidential funds. The approval of expenditures by the department member will be documented in the form of a signature by the Chief of Police or his/her designee on the supervisor line of the Funds Control Log.

7.19 The confidential fund expenditures of each department member assigned confidential funds will be submitted to the Chief or his/her designee for review within two (2) weeks after the end of each month. The department member will submit a copy of their Officer CI Ledger along with copies of their Funds Control Log sheets for each ledger entry.

7.20 The confidential funds assigned to individual department members are subject to unannounced audits by the Chief, Assistant Chief or City of Cody Administrative Services Department. An audit of individual funds shall be conducted bi-annually by the City of Cody Administrative Services Division in conjunction with the Chief of Police or his/her designee.

7.21 The balance of confidential funds issued to individual department members is limited to $500.00 or less in United States currency. This level may be exceeded on a temporary basis with the approval of the Chief of Police or his/her designee.

7.22 Expenditures of confidential funds for alcoholic beverages, tips, games and related expenses are only authorized when prior approval has been granted by the Chief of Police or his/her designee.

7.23 One time payments exceeding $250 or payments totaling $250 or more, to a confidential informant, must be approved by the Chief of Police or his/her designee. Confidential informants are not employees of this agency. The confidential informant is responsible for reporting any payments received from this agency to the Internal Revenue Service or other governmental agencies. This agency is not responsible for

and will not make payments on behalf of confidential informants for social security taxes, income or sales taxes, or workers compensation premiums/taxes or attorney fees. Confidential funds will not be used to duplicate court witness fee payments to confidential informants.

7.24 Payments to confidential informants shall be witnessed by another law enforcement officer. Documentation of the payment shall include the confidential informant number, confidential informant signature and printed name of the confidential informant on the last page of the Funds Control Log. The last page of the Funds Control Log form shall be filed with the confidential informant file.

7.25 A money front occurs when money is provided to the criminal target without having the evidence in hand. Normally, money fronts are to be avoided. Money fronts may be allowed on a case by case basis when the following factors are taken into account:

- Positive identity of the suspect.
- Prior history of the suspect.
- Adequate surveillance.
- The identity of the source of supply is known or at least suspected.
- The amount of money is not prohibitive.
- Prior authorization has been granted by the Chief of Police or his/her designee.

SECTION 8 – PUBLIC IMPROVEMENT CONTRACTS LET BY BID

8.1 The purpose of the contracts purchasing system is to provide a comprehensive system by which the City of Cody will bid its projects and purchase all new vehicles. The City of Cody will put out for bid all projects required by law, and will determine whether or not other projects are best suited for bid or determined by internal selection.

8.2 Wyoming State Statutes apply to contracts for public improvements. In particular, W.S. 15-1-113 applies to Contracts to be advertised and W.S. 16-6-101 through 16-6-118 applies to Public Works and Contracts. In general, these statutes require that any public improvement contracts over $35,000 (excluding contracts for professional services or where the primary purpose is emergency work or maintenance). The advertisement shall be published on two (2) different occasions, at least seven (7) days apart, in a newspaper having general circulation in the city and shall state the place, date and time when bids will be received and publicly opened, and the place where interested persons may obtain specifications of work to be performed.

8.3 Bids will be advertised under the signature of the Administrative Services Officer as required by State Statute. Bids will be kept confidential until the advertised time of opening. The City shall award the bid to the lowest bidder who shall be determined qualified and responsible in the sole discretion of the City. The City may reject any irregular bids and may reject all bids submitted if it finds that none of them would serve the public interest.

8.4 Bid security in the amount of 5% is required for all projects or purchases that are bid and must be enclosed in the sealed bid. The Bid Security may be a bid bond,

cashier's check, or money order. The bidder and the surety must sign a bid bond or it will not be accepted unless the bidder can show that any defects in the execution of the bid bond are waived by the surety and will not affect its enforceability.

8.5 A performance and payment bond is required on all Public Improvements Contracts. The contract shall not be executed until the appropriate bond is received. No final payment will be made until the Contractor submits an Affidavit of Materials and Payment Form, the warranty has expired and until the intent to make final payment has been advertised and the 41-day response time frame has passed.

8.6 Every bid awarded over $35,000 must be a written contract signed by the Mayor or in his/her absence, by the City Council President, and in his/her absence the Council Vice President and by the clerk or designee of the City Council. Standard City contract forms should be used whenever possible. At a minimum, the contract should contain the following:

- A description of the materials and/or services to be rendered
- The time of completion
- The price
- A statement requesting that a retainage escrow account be established by the contractor with the City listed as the owner of the account
- A list of referenced documents to be included as part of the contract
- Damages to be paid for non-performance
- Methodology for changes
- Termination conditions
- Warranty, signature
- Seal of the contractor, and signature of the City

8.7 Specifications for bidding of all authorized purchases shall be prepared using the current standard forms for material and supply purchases. The standard forms are as follows:

8.7.1 Table of Contents: shall be modified to include all documents to be included in the specifications.

8.7.2 Standard Advertisement for Bids: Notice of advertisement for bids shall include all pertinent information noted, shall be used as a "fill in the blank" form, shall have the bid opening date, and shall be advertised under the signature of the Administrative Services Officer on two occasions, at least seven (7) days apart, in the official newspaper.

8.7.3 Instructions to Bidders: It shall include language to retain the bid guarantee as part of the performance guarantee in certain cases and to require a performance guarantee in the amount of 100% of the bid. In the event that a pre-bid conference is needed on any item it should be added to the instructions.

8.7.4 Bid Form/Contract: Delineates that the bidder is agreeing to enter into a contract, if awarded the bid, that the form is the contract, and that it has been signed by the Mayor or in his/her absence, the Council President, and in his/her absence, the Council Vice President , creating the contract after award by City Council. This form shall be used as is with regard to the preliminary language and language following the listing of items and shall list of all bid items, trade-ins, etc. A copy of the executed Bid Form/Contract shall be returned to bidder with Notice of Award or placement of order. This form includes language requiring the bidder to comply with the specifications part and parcel of which is the Instructions to Bidders including specific language regarding bid and performance guarantee.

8.7.5 Detailed Specifications: Shall be completed by each department for the item(s) to be bid using only the general format provided.

8.7.6 Notice of Award: Sent to all bidders after the successful bidder has entered into contract. Bid securities will be returned to the unsuccessful bidders.

8.8 A pre-construction conference may be held for Public Improvements Contracts. Specifications and Design Standards establish and describe the duties of the Consultant and Contractor during construction. The Consultant and the Department Head will both review and approve progress payments to the Contractor during the course of construction.

8.9 A 10% retainage shall be withheld from each progress payment throughout the project. Retainage may be partially released before the end of the contract upon the recommendation of the Department Head or City Administrator with notice given to the Finance Officer to execute the release documents.

8.10 Upon acceptance by the Department Head, the Administrative Services Officer will submit the proper advertisement for final payment to the official newspaper according to Wyoming Statute §16-6-116. On the 41st day after published advertisement, the Administrative Services Officer shall check with the Project Administrator to determine if all claims have been resolved and all contractual and punch list items completed. If so, the Administrative Services Officer may instruct the Finance Officer to release any retainage to the Contractor. The advertising period is not necessary in the case of vehicle purchases or professional services. The one-year warranty period will begin on the date the City of Cody receives or prepares the notice of substantial completion.

8.11 A preference of up to 5% is given to certified Wyoming resident bidders. A certified resident means a person, partnership, limited partnership, registered limited partnership, registered limited liability company or corporation certified as a resident by the department of employment prior to bidding upon the contract and subject to W.S. 16-6-102. Wyoming preference laws apply to all governmental purchases, whether or not they are bid. Wyoming law provides that supplies, materials,

equipment and machinery, produced, manufactured, grown or supplied by vendors residing in Wyoming shall have a preference over items of equal quality from other states. "A differential not to exceed five percent (5%) may be allowed in cost on the Wyoming materials, supplies, equipment, machinery and provisions".

8.12 Appropriate language must be inserted in all solicitations to notify suppliers of the preference. W.S. 16-6-106 provides that "all requests for bids and proposals for materials, supplies, equipment, and machinery shall contain the words "preference is hereby given to materials & supplies, equipment, machinery and provisions produced, manufactured, supplied or grown in Wyoming, quality being equal to articles offered by the competitors outside of the state".

8.12.1 Exceptions to the resident preference shall be made as follows:

- Where federally funded projects are concerned

- Where any pertinent sections within this purchasing plan makes an <u>express</u> exception.

- Where the non-resident supplier can provide satisfactory proof that the state of his residency has no differential for out-of-state purchases for supplies, materials, equipment and machinery.

- Wyoming law also grants a specific preference to Wyoming construction materials where a differential not to exceed five percent (5%) may be allowed in cost of Wyoming materials of equal quality against materials from states having or enforcing a preference rule against "out-of-state" products. The construction materials preference only applies against materials from states with a similar preference.

8.13 In compliance with W.S. 16-6-1001 any entity which has received an appropriation of state funds on or after July 1, 2008, for any capital construction project shall conduct a review of each project funded with state funds to assess whether contractors that were awarded contracts using a resident preference complied in all respects to applicable resident preference laws. Based on such review, if the City determines that there is reasonable suspicion that a contractor failed to comply with the resident preference laws, the City shall report the matter to the department of workforce services and the attorney general. The department of workforce services and the attorney general shall take such enforcement action on behalf of the state of Wyoming and the entity against the contractor as they deem appropriate.

<u>SECTION 9 – PROFESSIONAL SERVICE CONTRACTS</u>

9.1 The purpose of this section is to establish a policy for the selection of professionals that may be necessary to complete a project. Competitive bidding of professional services is not required. The intent is to select the most qualified consultant to serve the City.

9.2 The selection of the Consultant ultimately determines the characteristics of the project, potential construction costs, and possibly the operating and maintenance costs for many years.

9.3 After Council approval, the Mayor, or in his/her absence, the Council President, must sign the contract and copies must be given to the Administrative Services Officer, the Consultant, and the Project Administrator. The Consultant must be notified to proceed and informed of the name of the contact at the City, (normally the project administrator). The Project Administrator must provide all pertinent information to the Consultant, monitor the work, render decisions on behalf of the City and authorize payments to the Consultant.

SECTION 10 – CONSTRUCTION & VEHICLE PURCHASE CONTRACTS

10.1 The purpose of this section is to establish the procedures by which the City will purchase its new vehicles and contracts for construction of public improvements.

10.2 Wyoming State Statutes apply to vehicle purchases. In particular, W.S. 15-1-113 applies to Contracts to be advertised and W.S. 16-6-101 through 16-6-118 applies to Public Works and Contracts. In general, these statutes require that any new vehicles regardless of cost must be advertised. The advertisement shall be published on two (2) different occasions, at least seven (7) days apart, in a newspaper having general circulation in the city and shall state the place, date and time when bids will be received and publicly opened, and the place where interested persons may obtain bid specifications. An automobile or truck offered as trade-in for the purchase of a new vehicle shall also be included in the advertisement. An Asset Disposal form (Attachment E) for the traded vehicle must be completed and submitted to the Finance Officer

10.3 Bidding and Awarding the Contract: The Project Administrators shall prepare the bid package, including a signed copy of the Advertisement, Information for Bidders, Bid Form, Conditions and Specifications, and One Year Warranty requirement. For Public Improvement Contracts the bid package must also include Bid Bond form, Notice of Award form, Agreement form, Performance and Payment Bond form, Notice to Proceed form, Affidavit on Behalf of Contractor form, and Drawings. Bid Security in the amount of 5% of the total bid shall accompany bids for new cars or trucks.

10.4 Advertising: The Advertisement must be approved by the Administrative Services Officer or his/her designated representative and appear in the local newspaper as required by State Statute. A pre-bid conference may be held to further explain the requirements to prospective bidders. All bids must be received by the City of Cody prior to the scheduled bid opening time.

10.5 Administering the Contract: The appropriate Department Head or his/her designee will review the bids and prepare an agenda summary for the City Council recommending an award, according to the provisions of the contract documents.

10.6 The Council will reject all bids or award the bid at a Council meeting. The Department Head or his/her designee will issue the Notice of Award. The contractor must submit a signed and sealed copy of the Agreement, which must be signed by the Mayor or in his/her absence, the Council President, or in his/her absence, the Council Vice President. The Contractor must also submit the necessary bonds, insurance, workers compensation certificate of good standing and other required documents. The Department Head or his/her designee may issue the Notice to Proceed only after the necessary bonds, documents and certificates have been submitted.

10.7 A manufacturer's standard warranty will be required with every new vehicle purchase. A Performance Bond may be required in vehicle purchases when substantial modification is necessary to cover unique specifications required in the bid. A notice to proceed and certificate of insurance are not required on vehicle bids. A Notice of Award will be issued and an Agreement executed by both parties.

SECTION 11 – PURCHASING CARD PROGRAM

11.1 The purpose of the Purchasing Card Program is to streamline and simplify the purchasing and payment process.

11.2 Card Holder Eligibility - In order to receive a City Purchasing Card a card holder must:

- Be a current full time or regular part time City of Cody employee
- Receive the approval of their Department Head and the Finance Officer and/or the City Administrator
- Attend a training session before receiving their Purchasing Card
- Sign a card holder agreement

11.3 Card Issuance - Employees who are authorized to have a purchasing card will complete a cardholder agreement, which will be signed by the employee's supervisor, Department Head and the Finance Officer.

11.4 Limitations and Restrictions - The following restrictions (including but not limited to) may be placed on each individual card, as determined necessary by the employee's Department Head and Finance Officer and/or City Administrator:

- Monthly, daily and per transaction credit limits
- Limits on number of transactions
- Merchant category blocking

11.5 Authorized Purchases - The Purchasing Card Program is intended for the purchase of low-dollar operational supplies, materials and goods needed during the normal course of business and may include (but are not limited to):

- Books and subscriptions
- Computer and office supplies
- Professional membership dues
- Seminars, classes & registration fees
- Hardware and tools
- Spare parts
- Misc. supplies
- Equipment rentals
- Travel costs
- Services rendered

11.6 Unauthorized Purchases - The following is a list of unauthorized Purchasing Card purchases:

- Alcohol or tobacco products
- Prescription and non-prescription drugs
- Weapons and ammunition (except for Police personnel)
- Cash advances
- Items for personal use
- Any transaction which exceeds the limits set on the cards
- Fuel for personal vehicles
- Items requiring a bid under Section 8 of this policy
- Purchases or travel outside of the United States unless authorized by the City Administrator
- Purchases exceeding the appropriated budget amount for the GL code being charged without prior authorization from the appropriate supervisor or Department Head

11.7 Lost or Stolen Cards - If the Purchasing Card is lost or stolen, the Card Holder shall notify their supervisor and the Finance Officer immediately. The Finance Officer will follow up with the Card Issuer to take the appropriate action to have the card canceled and a new card issued.

11.8 Disputed or Fraudulent Charges - If the Card Holder is disputing a charge or believes there is a fraudulent charge on the card, they shall complete and submit to the Finance Officer an Affidavit of Unauthorized Purchase Card Use (Attachment I).

11.8.1 If the Card Holder believes the merchant has charged the account incorrectly or there is an outstanding quality or service issue, the first contact shall be between the Card Holder and the merchant to try to resolve the error or problem. If the matter is resolved directly with the merchant, and the error involved an over charge the Card Holder shall request a credit adjustment to appear on the next statement. If the merchant disagrees that an adjustment is necessary, the Card Holder should immediately contact the Finance Officer who will work to resolve the dispute.

11.8.2 Any fraudulent charge or a charge that was not authorized by the Card Holder must be reported immediately to the Finance Officer. The Card Holder shall provide all documentation, information and statements necessary to resolve the disputed transaction.

11.8.3 If the statement lists a transaction where the goods have not been received the Card Holder shall contact the merchant and attempt to resolve these items. If the dispute cannot be resolved at this level the Card Holder shall report the dispute to the Finance Officer.

11.8.4 If purchased items or credits are not listed as expected on a statement the Card Holder shall contact the merchant and attempt to resolve the issue. If the purchase or credit does not appear on the next statement after contact with the merchant the Card Holder shall notify the Finance Officer for assistance in resolving the issue.

11.9 Merchandise Returns – If an item is not satisfactory, received in error, damaged and/or defective, a duplicate order, etc. the following steps should be followed:

11.9.1 The Cardholder makes contact with the vendor to obtain authorization to return the item(s). (Every vendor is different for return policies – make sure your return meets their criteria without incurring a restocking fee). Follow the vendor's return instructions.

11.9.2 When an item has been returned and a credit voucher received, the Cardholder shall retain the credit receipt for the next months' statement.

11.9.3 If the vendor has not replaced or corrected the item by the statement cutoff date, then the purchase of that item will be considered in dispute. Attach an Affidavit of Unauthorized purchase card use (Attachment I) to the statement and forward it to the Finance Officer for resolution.

11.10 Responsibilities:

11.10.1 It is the Card Holder's responsibility to safeguard the Purchase Card and account number.

11.10.2 It is the Card Holder's responsibility to advise the vendor that the purchase is tax exempt and to verify if there are any discounts available to the City that can apply to the purchase.

11.10.3 It is the Card Holder's responsibility to obtain all itemized invoices and itemized receipts for purchases on the Purchasing Card.

11.10.4 It is the Supervisor's responsibility to review their employees' Purchase Card account statements for accuracy, to code each purchase to the appropriate General Ledger account and to verify that any expected charges, credits or adjustments appear on the statement.

11.10.5 It is the Supervisor's responsibility to ensure that itemized receipts are submitted by employees, reconciled and attached to the monthly purchase card statements.

11.11 Compliance with Purchase Card Policy – The City expects that all Card Holders shall follow this policy and use the Purchase Card within the guidelines.

11.11.1 By signing the application form the employee (Card Holder) agrees to adhere to this policy and to the cardholder agreement.

11.11.2 The Card Holder is the only person entitled to use the card and the card is not to be transferred to or allowed to be used by anyone other than the Card Holder. The Card Holder may make procurement transactions on behalf of others in their department however the Card Holder is responsible for the validity of purchases made with their card and for obtaining the required receipts.

11.11.3 Violations of this policy including but not limited to personal or other unauthorized use of the card may result in loss of purchase card privileges and discipline up to and including termination. Any discipline arising from the misuse of a Purchasing Card shall follow the requirements outlined in the Personnel Manual.

Chapter 9 - Disposal of Non-Capital Property and Surplus Materials

SECTION 1 – GENERAL INFORMATION

1.1 Upon approval of the appropriate Department Head non-capital property and surplus materials that have a value of less than $500 which are unusable, unsellable or un-repairable may be junked.

1.2 Upon the approval of the City Council, non-capital property and surplus materials may be sold or traded. Disposals of such items that have a value of $500 or more shall be done in compliance with Wyoming Statute §15-1-112.

1.3 In the absence of an appraisal or other documented valuation, estimated value is calculated as the original purchase price divided by the number of years the item has been in service.

1.4 For purposes of this section all used electrical property construed to be governed by EPA hazardous material regulations shall be considered scrap and must be disposed of properly.

SECTION 2 – REQUIREMENTS

2.1 Non-capital items with an estimated value of $500 or more must be advertised for sale through a public auction or sealed bid sale. A notice stating the terms of sale and a description of the property to be sold shall be published once a week for 3 consecutive weeks preceding the date of the auction or sale in a newspaper of general circulation in Cody. At the time, place and method fixed, such property may be sold to the highest bidder except where otherwise stated in Wyoming Statue 15-1-12. The City may reserve the right to reject any and all bids in a sealed bid process.

2.2 For non-capital or surplus items sold through a sealed bid process a 5% bid bond is required for all items with a value of $5,000 (either individually or aggregate) or greater.

2.3 The proceeds from such sale shall be paid to the Administrative Services Department and deposited in the proper fund of the City. Upon completion of the sale, the auctioneer or responsible party must provide the Finance Officer with a complete list of all items sold and the sale price of each item.

2.4 The disposal of inventory items shall be reported to the Finance Officer on the periodic inventory count report including the number of items disposed of, the date disposed, and the amount received (if applicable).

Chapter 10 - Accounting, Auditing, and Reporting

SECTION 1 – ACCOUNTING

1.1 Conformance to Accounting Principles – The City's accounting practices and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

1.2 Basis of Accounting –

1.2.1 In the governmental funds the modified accrual basis of accounting is applied. Under this basis, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred.

1.2.2 In the proprietary funds the accrual basis of accounting is applied. Under this basis revenues are recognize when earned and expenses are recorded when the liability is incurred or economic asset is used.

SECTION 2 – ANNUAL AUDIT

2.1 An annual audit will be performed by an independent certified public accounting firm, which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvements, if required.

2.2 If considered practical, every three years the City shall request proposals from all qualified firms, including the current auditors if their past performance has been satisfactory, and the City Council shall select an independent firm of certified public accountants to perform an annual audit of the books of account, records and transactions, certifying the financial statements of the City.

2.3 The Finance Officer will remedy any/all management recommendations within a reasonable timeframe and notify the City Administrator and the City Council of the actions taken.

2.4 If the City expends in Federal awards the amount currently designated under OMB Circular A-133in a fiscal year the City shall comply with the provisions set forth in Circular A-133.

SECTION 3 – CASH COLLECTION SITES

3.1 All revenue collections will be consolidated under the Administrative Services Department whenever practicable. All off-site cash collections will be subject to random audits by the Finance Officer.

3.2 All cash collected at off-site locations shall be reconciled and submitted to Administrative Services on a daily basis (excluding weekends and holidays).

3.3 It is the City's policy that all payments shall be processed and recorded in the City's financial system the day they are received by City staff, If extenuating circumstances exist that prevent a payment from being processed, the Finance Officer or Administrative Services officer may authorize said payment to be held in the City's vault for no more than 2 business days. If the processing issue cannot be resolved within that time frame the payment shall be returned to the payer.

SECTION 4 – FINANCIAL REPORTING

4.1 Monthly reports comparing expenditures and revenues to current budget shall be prepared for review by the City Council, City Administrator and Department Heads in compliance with W.S. 15-2-203.

4.2 An audited Basic Financial Statements report shall be prepared for approval by the City Council and submitted to the Wyoming Department of Audit no later than December 31st of each year in compliance with W.S. 16-4-121.

4.3 An annual City and Town Financial Report Form F-66 (WY-2) shall be filed with the Wyoming Department of Audit by September 30th of each year in compliance with W.S. 9-1-507.

SECTION 5 – INTERNAL CONTROLS

5.1 Proper Authorization - Procedures shall be designed, implemented and maintained to ensure that financial transactions and activities are properly reviewed and authorized.

5.2 Segregation of Duties - Job duties will be adequately separated to reduce to an acceptable level the opportunities for any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of assigned duties. If proper segregation of duties is not possible or practical, appropriate compensating controls shall be put in place.

5.3 Proper Recording of Transactions - Procedures shall be developed and maintained by Administrative Services that will ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete and up-to-date.

5.4 Access to Assets and Records - Procedures shall be designed and maintained to ensure that adequate safeguards exist over the access to and use of financial assets and records.

5.5 Independent Checks – When deemed prudent or necessary by the Finance Officer, independent checks and audits will be made on staff performance and processes to ensure compliance with established procedures and proper valuation of recorded amounts.

5.6 Costs and Benefits - Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system shall be evaluated periodically as deemed necessary by the Finance Officer against the expected benefits to be derived from that system and changes made as needed.

SECTION 6 – UNCOLLECTIBLE ACCOUNTS

6.1 Customer accounts may be deemed uncollectible under any of the following circumstances:

- The City has received a notice that the account has been discharged in a bankruptcy proceeding.
- A deceased customer's estate that has no liquid assets to cover the outstanding amount or there is no estate on which to file a claim.
- The account has been in collections status for a minimum of 10 years with no payments within the most recent 12 month period.
- The account has reached the legal statute of limitations for filing legal action.
- All reasonable notifications and cost-effective legal avenues have been exhausted.
- The cost to recover the debt does not warrant further action.
- The debtor is untraceable or cannot be identified.
- A court has ruled that the debt is not recoverable.

6.2 Customer accounts which are deemed to be uncollectible shall be written off annually with Council approval. The Finance Officer shall provide an estimate of the annual write off amounts during the budget process.

6.3 Delinquent accounts with balances that are deemed too small for collection action may be written off with the approval of the Finance Officer without prior Council approval.

Chapter 11 - Risk Management

SECTION 1 – GENERAL INFORMATION

1.1 Administrative Services is designated as the risk management office for all claims for liability and property damage.

1.2 The City shall carry liability insurance through LGLP (Local Government Liability Pool).

1.3 If considered practical, every three years the City shall request proposals from all qualified insurance companies and the City Council shall select an independent firm to provide property insurance to the City of Cody.

SECTION 2 – CLAIMS AGAINST THE CITY

2.1 When an incident occurs in which private property is damaged or a non-employee injury occurs on City property the department involved shall notify the Finance Officer and by providing a written statement regarding the incident along with any photos and other related documentation within 3 business days. This information shall be retained by the Finance Officer in the event a claim against the City is filed.

2.2 All claims made against the City for damages or liability shall be submitted by the claimant to the Finance Officer for filing with LGLP.

2.3 LGLP will investigate the claim and determine whether or not the City of Cody was negligent in any act. If the City is deemed negligent, LGLP will process the claim and any charges for claims or deductibles shall be charged to the department in which the claim or liability was incurred. If LGLP finds no negligence on the part of the City, the claim will be denied and a letter will be sent to the claimant from LGLP. All claims will be investigated and determined under the guidelines outlined in the Governmental Claims Act.

SECTION 3 – DAMAGE TO CITY PROPERTY

3.1 All damage to City property shall be reported to the Police Department immediately when possible or at least within 24 hours of discovery or occurrence. The department involved in the damage shall notify the Finance Officer by submitting a written statement regarding the incident along with a repair estimate, photos and other documentation within 3 business days. The Police Department shall forward a copy of the police report to the Finance Officer as soon as the report is complete.

3.2 If the damage results in a citation for either Municipal or Circuit court the City shall request restitution in the amount of the claim including materials and labor.

3.3 When the identity of the person who damaged the property is known, the City shall file a claim against the person's insurance company, if possible. If there is no insurance coverage the City shall bill the person directly for the damages.

Attachments

Attachment A	Budget Amendment/Transfer Form
Attachment B	Asset Acquisition Form
Attachment C	Contributed Capital Form
Attachment D	Asset Capitalization Schedule
Attachment E	Asset Disposal Form
Attachment F	Employee Expense Report
Attachment G	Petty Cash Voucher
Attachment H	Inventory Voucher
Attachment I	Affidavit of Unauthorized Purchase Card Use

Fiscal Year: _____

City of Cody
Budget Amendment/Transfer Form

BUDGET AMENDMENT - A budget amendment is used to increase the appropriation amount from the original approved budget for a line item or add a budget amount to a line item. Budget amendments must be approved in advance by the City Administrator and authorized by the City Council via Resolution.

GL Account Number	Current Budget Amount	Increase (Decrease) Amount	Amended Budget Amount

BUDGET TRANSFER – A budget transfer is used to transfer appropriated funds from one line item to another within a department or fund. Budget transfers must be approved in advance by the City Administrator.

Amount to be Transferred	From GL Account Number	To GL Account Number

Reason for Request: Provide a detailed justification of why the amendment or transfer is being requested. Include information regarding use of reserve funds or offsetting revenue as well as alternatives if the request is not approved. (to be completed by Department Head or Supervisor)

Funding Source: Provide a detailed explanation of how this request will be funded such as from cash reserves, an expected revenue source, etc. (to be completed by Department Head or Supervisor)

Impact on Fund Cash Flow: Recommended: ___x__Yes _____No Provide an explanation of how this amendment will impact the unrestricted or restricted cash balances of the fund. (to be completed by Finance Officer)

Review of Request: Approved: _____Yes _____No Provide a detailed justification of why the amendment or transfer is being approved or denied. (to be completed by City Administrator)

Requested By: _____
(Department Head Signature)
Date: _____

Approved By: _____
(City Administrator Signature)
Date: _____

Revised 2/2016

City of Cody
Asset Acquisition Form

Asset Information

Asset No _____ Date Acquired _____

Description _____

Serial No _____ Model _____

Manufacturer _____ Vendor _____

Invoice # _____ CK #_____ Cash Cost $_____

Useful Life _____ Salvage Value $_____ Replacement Cost $_____

Class _____ Group _____

State Grant ____ Federal Grant _____ Related Asset #_____

Insurance Information

	Property Insurance	Travelers Companies	630-2C208339
	Vehicle Insurance	Travelers Companies	H-810-2C410369-IND-12

Acquisition Method

Purchased	Contributed Capital	Vehicle Replacement	Public Improvements	Inventory

Trade In Information

Asset #	Trade Value	Carryover Value	Gain(Loss)
	$	$	$

Capitalization Information

Allocation %	Dept	Acquisition GL	Asset GL	A/D GL

Revised 2/2016

Contributed Capital Form

Contributed capital is property donated or contributed to the City and shall be recorded and depreciated as capital assets if the property meets the capitalization threshold for the asset's classification. Donated or contributed property is recorded at fair market value or assessed value at the time of acquisition. Donated or contributed property includes both tangible and intangible items. Open space property, easements, or water/mineral rights received by the City as part of a subdivision development plan is considered contributed capital. Complete the following sections and return this form to Administrative Services along with the required attachments. **Regardless of the value of the property, all contributed capital must be reported annually to Administrative Services.** List below ALL contributed capital received that is not associated with a City project listed above (for example, open space, land, water/mineral rights, easements, equipment, furniture etc). ***Required* - Attach documentation copies supporting the contribution/donation (letter/agreement from contributing agency, title, bill of sale, deed, invoices, etc)**

Description of Item – year, make, model, project description, etc.	Classification (land, equipment, furniture ,improvements, intangibles, etc)	Fair Market or Assessed Value	Contributing Agency	Date Contributed	Use/Disposal Restrictions	Dept # Allocated To

_____ _____ _____ _____

Department Head Date Administrative Services Date

Revised 2/2016

Asset Capitalization Schedule

Classification	Category	Useful Life	Salvage Value	Capitalization Threshold
Land	Land	N/A	100%	$ 5,000
Intangibles	Easements/Rights of Way	N/A	100%	$ 5,000
	Water Rights	N/A	100%	$ 5,000
	Land/Mineral Use Rights	N/A	100%	$ 5,000
	Patents/Trademarks	N/A	100%	$ 5,000
	Other Intangibles	N/A	100%	$ 5,000
Buildings	Buildings	30-50	10%	$ 25,000
Improvements Other Than Buildings	Land Improvements	10	0%	$ 25,000
	Building Improvements	10	0%	$ 25,000
	Studies	5	0%	$ 5,000
Machinery & Equipment	Vehicles/Light Trucks	5	10%	$ 5,000
	Heavy Equipment, Large Trucks & Buses	10	10%	$ 5,000
	Tools	5	10%	$ 5,000
	Office Equipment	5	10%	$ 5,000
	Fitness Equipment	5	10%	$ 5,000
	Computers & Software	3	0%	$ 5,000
	Valves and Pumps	5	0%	$ 5,000
	Transformers	10	0%	$ 5,000
	Other Equipment	5-10	10%	$ 5,000
Furniture & Fixtures	Office Furniture	5	10%	$ 5,000
	Parks Furniture	5	10%	$ 5,000
Infrastructure	Sewer Relining	10	0%	$ 25,000
	Storage Tanks	10	0%	$ 25,000
	Lagoons	25-50	0%	$ 25,000
	Substations	25-50	0%	$ 25,000
	Roads, Streets & Parking Lots	25-50	0%	$ 25,000
	Storm Sewers	25-50	0%	$ 25,000
	Curb, Gutter & Sidewalk	25-50	0%	$ 25,000
	Raw Water Lines	25-50	0%	$ 25,000
	Water Lines	25-50	0%	$ 25,000
	Wastewater Lines	25-50	0%	$ 25,000
	Electrical Lines	25-50	0%	$ 25,000

	Land	Buildings	IOTB	Furniture & Fixtures	Machinery & Equipment	Infrastructure	CIP
Asset	XX-001-1600	XX-001-1610	XX-001-1620	XX-001-1630	XX-001-1640	XX-001-1670	XX-001-1800
A/D	N/A	XX-001-1619	XX-001-1629	XX-001-1639	XX-001-1649	XX-001-1679	N/A

City of Cody

ASSET DISPOSAL FORM

ASSET INFORMATION

Asset Tag #		Serial/VIN #			
Description					
Model		Manufacturer		Year	

DISPOSAL INFORMATION

_____ *Interdepartmental Transfer*

From Department	To Department	Date Transferred	Transfer Reason

_____ *Trade In (requires Council approval)*

Value Received	Bid #	Date Traded	Traded To

_____ *Sold (requires Council approval)*

Value Received	Date Sold	Method of Sale		Sold To
		Auction #	Sealed Bid #	

_____ *Junked/Scrapped (requires Council approval for a capital asset or non-capital asset with an estimated value of $500 or more)*

Estimated Value*	Date Disposed	Disposal Reason	Disposal Method

_____ *Donated to Other Governmental Agency (requires Council approval)*

Estimated Value*	Date Donated	Donated To

*the estimated value is the original cost divided by the # of years in service

_____ Department Head Signature

_____ Finance Officer Signature

Revised 2/2016

City of Cody Employee Expense Report

PURPOSE OF TRAVEL _____ **DATES OF TRAVEL** _____

EMPLOYEE INFORMATION:

Name _____

Department _____

	Number	Amount
GL Accounts		

Itemized receipts required

Date	Purchase Card Charge	Vendor Name	Hotel	Transportation	Fuel	Meals	Phone	Other	Total
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
									$ -
			$ -	$ -	$ -	$ -	$ -	$ -	$ -

I hereby certify under penalty of perjury that the within and foregoing account is just and correct that the whole or no part thereof has been paid.

_____
Employee Signature & Date

_____
Department Approval & Date

PETTY CASH VOUCHER

Date _____

Issued To _____

Amount Distributed $_____

amounts greater than $25 require approval from the department head or finance officer

Description of Purchase	Amount	G/L Account
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____

_____

Requestor's Signature

Distributed By _____

PETTY CASH VOUCHER

Date _____

Issued To _____

Amount Distributed $_____

amounts greater than $25 require approval from the department head or finance officer

Description of Purchase	Amount	G/L Account
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____
_____	$_____	_____

_____

Requestor's Signature

Distributed By _____

City of Cody
1338 Rumsey Ave
Cody, WY 82414-2200
PH 307-527-7511

COMBINATION INVENTORY PURCHASE ORDER AND VOUCHER

Vendor Number _____

Invoice Number _____

Vendor Name _____

Quantity Purchased	Inventory No.	Department	Category	Location	Item Description	Unit Price	Total Amount	GL Account No.

City of Cody Purchase Card Affidavit of Unauthorized Use

Employee Name		Card Number	

Unauthorized Charge(s)

Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	
Transaction Date		Merchant Name		Dollar Amount	

1. My card was _____ was not _____ lost or stolen. If you indicate the card was lost or stolen please explain below when and to whom it was reported:

2. The purchase card is____ is not____ in my possession. If the card is not in your possession please explain below:

3. Where do you normally keep your purchase card and is that location secure from unauthorized persons accessing the card?

4. I have _____ have not _____ allowed another person to use my card and/or I have _____ have not _____ given my card number to another person who is not authorized to use the card. If you indicated you have to either question please explain below:

5. Please explain below when and how you became aware of the unauthorized charge(s) on your purchase card and what action you took and when once you realized the charge(s) was unauthorized:

6. When was the last time you checked your transactions online? How often do you check your transactions online?

I understand that the City of Cody and U.S. Bank investigate alleged fraudulent or unauthorized credit card usage and may refer the same to the appropriate law enforcement agency. I may be contacted by City of Cody, US Bank or Law Enforcement personnel and I agree to fully cooperate in the investigation. I understand that a false declaration to a federally insured financial institution may be a violation of Federal and/or State law.

_____ _____

Cardholder Signature Date

_____ _____

Finance Officer Signature Date

Finance Officer Use Only

Reported to US Bank _____ Confirmation/Case Number _____