

## **Part 2. Finance**

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>  <b>POLICY 2.1</b> <b>FINANCIAL STRUCTURE</b>		
	<b>Adoption Date:</b>	Unknown	<b>Adopted by:</b>
<b>Revised Date:</b>	11/13/2018	<b>Revised by:</b>	City Council Resolution No. 2018-32
<b>Authority:</b>	City Council		

### **2.1.1 ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

In developing and evaluating the City’s accounting systems, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: 1) the cost of a specific control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits require estimates and judgments by management. All evaluations of the City’s system of internal control will continue to occur within the above framework. The City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **2.1.2 FUND DESCRIPTIONS**

The City’s accounting records are organized and operate on a “fund” basis, which is the basic fiscal accounting entity in governmental accounting. Each fund is designated by fund type and classification:

- Governmental Funds - General, Special Revenue, and Capital Projects
- Proprietary Fund - Internal Service
- Fiduciary Funds - Trust and Agency
- Account Groups - General Fixed Assets and General Long-Term Debt

### **2.1.3 GOVERNMENTAL FUNDS**

Governmental Funds are used to account for the City’s expendable financial resources and related current liabilities, except for those accounted for in proprietary funds. The basic financial statements necessary to fairly present financial position and operating results for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. Governmental funds are maintained using the modified accrual basis of accounting.

- General Fund – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and capital improvement costs which are not paid through other funds.
- Special Revenue Fund – The Special Revenue Funds are used to account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Capital Improvement Fund – The Capital Improvement Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

#### **2.1.4 PROPRIETARY FUNDS**

Generally accepted accounting principles applicable to a private commercial business are applicable to proprietary funds of a governmental entity. The accrual basis of accounting is utilized. The measurement focus is based upon a determination of net income, financial position and cash flows. Accordingly, basic financial statements are required, such as balance sheet, statement of revenues, expenses and changes in retained earnings (deficit), and the statement of cash flows. The City does not have any proprietary funds.

#### **2.1.5 FIDUCIARY FUNDS**

Fiduciary Funds are used to account for money and property held by the City as trustee or custodian for individuals, organizations and other governmental units. Fiduciary funds are not incorporated in the City's budget.

#### **2.1.6 ACCOUNT GROUPS**

Account Groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt.

- a. General Fixed Assets Account Group – this account group is used to maintain control and cost information on capital assets owned by the City.
- b. General Long-Term Account Group – this account group is used to account for all long-term debt of the City.



CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL

**POLICY 2.2**  
**FUND BALANCE AND RESERVE POLICIES**

<b>Adoption Date:</b>	2007	<b>Adopted by:</b>	Budget document
<b>Revised Date:</b>	11/13/2018 6/8/2020 4/12/2021 6/14/2021 12/13/2021 9/12/2022	<b>Revised by:</b>	City Council Resolution No. 2018-32 FY 2020-21 Budget Document City Council Resolution No. 20210-10 FY 2021-22 Budget Document City Council Resolution No. 2021-46 City Council Resolution No. 2022-47
<b>Authority:</b>	City Council		

**2.2.1 FUND BALANCE – CLASSIFICATIONS**

The City has adopted the provisions of GASB Statement No. 54, Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

**Nonspendable:** Items that cannot be spent because they are not in spendable form, such as prepaid items, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

**Restricted:** Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

**Committed:** Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and can commit funds through resolutions.

**Assigned:** Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City

Council has the authority to assign funds in Belvedere and can assign funds through the budgetary process.

Unassigned: This category is for any balances that have no restrictions placed upon them. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

### **2.2.2 FUND RESERVES**

The City Council may elect to establish General Fund Reserve Policy/Guidelines. These Policy/Guidelines may be updated, modified and revised as determined by the Council. At the time of adoption of this Finance Policy, there are four such Policies/Guidelines: General Fund Reserve, 115 Pension Trust Reserve, Insurance Reserve, and Seawall Reserve.

#### **A. General Fund Reserve:**

- **Target:** The City shall endeavor to achieve at year end a General Fund Reserve that totals one half of the General Fund expenditures, plus one half of the General Fund transfer to the Fire Fund, plus one half of annual debt service payments. For the purposes of this calculation, the expenditures from the 2nd year of the 5-year budget projection shall be used. For example, when calculating the General Fund reserve of fiscal year 2021-2022, the expenditures forecast in the fiscal year 2022-2023 shall be used. In addition, the transfers to the City's 115 Pension Trust and/or any additional discretionary payments made to CalPERS will not be included in this calculation because they are discretionary in nature.
- **Purpose:** Funds reserved under this category shall be used in case of catastrophic events, for budget stabilization purposes, or for capital and special projects:
  - **Catastrophic events:** Funds reserved shall be used to mitigate costs associated with unforeseen emergencies, including natural disasters or catastrophic events. Should unforeseen and unavoidable events occur that require the expenditure of City resources beyond those provided for in the annual budget, the City Manager or designee shall have authority to approve Catastrophic General Fund Reserve appropriations. The City Manager or designee shall then present to the City Council a budget amendment confirming the nature of the emergency and authorizing the appropriation of reserve funds.
  - **Budget stabilization:** Funds reserved shall be used to mitigate, should they occur, annual budget revenue shortfalls (actual revenues less than projected revenues) due to changes in the economic environment and/or one-time

expenditures that will result in future efficiencies and/or budgetary savings. Examples of “economic triggers” and one-time uses include, but are not limited to:

- Significant decrease in property tax, or other economically sensitive revenues;
  - Reductions in revenue due to actions by the state/federal government;
  - Workflow/technical system improvements to reduce ongoing, personnel costs and enhance customer service;
  - One-time maintenance of service levels due to significant economic/budget constraints; and
  - One-time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.
- Capital and Special Projects: Funds reserved may be designated by the City Council for key infrastructure and capital/special projects as identified in the City 5-year Capital Improvement Plan, as there is no ongoing funding source to support the City’s capital needs.
- Classification: The General Fund Reserve is classified as “Assigned” in the City’s financial statements.

B. 115 Pension Trust Reserve:

- Target: An annual amount as determined by the funding calculation prescribed in Policy 2.3.1.5.
- Purpose: The purpose of the 115 Pension Trust is to set aside an appropriate level of funds to fully fund accrued pension obligations at a more prudential rate. City Council approval is required to transfer accumulated funds in the 115 Pension Trust to CalPERS as an additional discretionary payment or to offset a portion of the actuarially determined contribution.
- Classification: The 115 Pension Trust Reserve Fund is classified as “Restricted” in the City’s financial statements.

C. Insurance Reserve:

- Target: Reserves shall be maintained between \$250,000 and \$350,000 to cover 1) deductibles and claims related to property and casualty insurance claims and 2) litigation risk that would require additional resources outside of the City’s insured risk. Reserves shall be replenished through subsequent charges to the appropriate user departments and/or by utilizing revenue from Construction Time Limit (CTL) fines.
- Purpose: This Fund is designed to cover claims and deductibles related to property and casualty insurance claims in addition to legal defense, damages, and settlements.

- Classification: The Insurance and Legal Reserve Fund is classified as “Assigned” in the City’s financial statements.

D. Critical Infrastructure Reserve:

- Target: This reserve does not have a specific dollar target.
- Purpose: The Critical Infrastructure Reserve is available to provide resources for potential future critical infrastructure capital projects in the City; both planned and emergency repair projects. The reserve is designed to reduce the City's future needs for borrowing or bonding on these projects and could also be used as required grant matching funds.
- Classification: The Critical Infrastructure Reserve Fund is classified as "Assigned" in the City's financial statements.

**2.2.3 EXCESS FUND RESERVE**

At the end of the fiscal year, any unassigned funds that remain in the City's General Fund after all other funds have been classified as Nonspendable, restricted, committed or assigned in accordance with GAAP and City Policy are considered excess fund reserves. These excess fund reserves shall be transferred to the Critical Infrastructure Reserve and classified as assigned.

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>  <b>POLICY 2.3</b> <b>PENSION/OPEB FUNDING</b>		
	<b>Adoption Date:</b>	11/13/2018	<b>Adopted by:</b>
<b>Revised Date:</b>	4/12/2021	<b>Revised by:</b>	City Council Resolution No. 2021.10
<b>Authority:</b>	City Council		

### **2.3.1 PENSIONS**

#### **2.3.1.1 Purpose and Goals**

The City of Belvedere is committed to fiscal sustainability. In keeping with this principle, it maintains minimal debt and generous reserves to cope with exogenous shocks. The City is also committed to honoring its pension obligations. One of the biggest threats to the City’s ongoing fiscal sustainability is its rising pension costs. The overarching goal of this Policy is to avoid the risk of crowding out vital public services in future years, and to provide balance sheet space to finance essential infrastructure projects in the years ahead, by funding its accrued pension obligations at a more prudential rate. This Policy also formalizes a past practice of using excess reserves to make discretionary payments to CalPERS whenever affordable.

Development of the City’s Pension Funding Policy was guided by the following five tenets:

- The cost of employee benefits should be paid by the generation of taxpayers who receives services.
- Actuarial assumptions should be prudential to ensure that promised benefits can be paid.
- Funding shortfalls should be closed expeditiously. The goal is full funding.
- Large swings in employer contribution rates are undesirable. Smoothing is desirable.
- Funding policies and underlying assumptions should be clearly delineated and regularly reviewed.

#### **2.3.1.2 Policy**

The City shall seek to achieve full funding, over twenty years, of its pension obligations. This means that the City shall seek to have assets to cover 100% of accrued pension liabilities valued at a prudential discount rate (CalPERS discount rate adjusted to reflect real anticipated performance) by 2031 and beyond. This calibrates with CalPERS own amortization rules, which allow losses (or gains) to be amortized over 20 years.

#### **2.3.1.3 Establishing and Funding a Section 115 Trust**

The City shall establish a Section 115 Trust (“Trust”) into which it will invest funds reserved for future pension-related expenses. The City has elected to participate in the California Employers’ Pension Prefunding Trust (CEPPT) Fund 115 Trust program. The City will provide an initial

investment using a dollar average formula into this Trust during a fifteen-month period beginning in Fiscal Year 20/21 and will make annual contributions to the Trust in amounts determined by the Finance Committee and approved by the City Council beginning in Fiscal Year 21/22. Funds set aside by the City for this purpose will be transmitted to the Trust no less than annually. The assets will be managed conservatively; the City has selected CEPPT investment Strategy 1 which reflects the City's general risk aversion and pension plan maturity.

#### **2.3.1.4 Role of the Finance Committee**

The City's Finance Committee will conduct a standing pension funding review at least every five years to reset the discount rate (adjusting for CalPERS' discount rate based on latest available evidence), set annual funding costs, and fix payments until the next review. The Finance Committee will also review the investment strategy utilized in the 115 Pension Trust and recommend changes if deemed appropriate. It may also recommend transferring money from the Trust to CalPERS or making a discretionary payment to the Trust or CalPERS from excess reserves if any exist at that time. The Finance Committee will send its recommendations to the City Council for its consideration.

#### **2.3.1.5 Determination of Funding Amounts**

In developing its recommendations to the City Council, the Finance Committee will review CalPERS' current discount rate (i.e. expected rate of return on its investments), CalPERS' actual investment performance during the review period, and other relevant factors. The Committee will set an adjusted discount rate (or putative rate) that it believes to be more realistic than the discount rate set by CalPERS, and will determine the amounts that should be set aside in the Trust to ensure full funding over the requisite period. These amounts will be determined by using the CalPERS Pension Outlook Tool or substantially similar methodology. Should CalPERS require additional payments from the City due to a reduction in CalPERS' discount rate, the City may elect to reduce its transfers to the 115 Trust by an equal amount.

#### **2.3.1.6 Financial Reporting**

The City recognizes the importance of ensuring that pension obligations included in the City's financial statements, particularly its Comprehensive Annual Financial Report, are consistent with CalPERS, and will continue to use CalPERS' discount rate for these purposes. This facilitates easy comparison with other agencies and avoids possible negative impacts on perceived credit quality. The City equally recognizes the importance of communicating its pension stewardship. It will therefore include an annual pension update, describing its pension funding policy, Trust assets and adjusted funded status in its annual budget report. Appropriate disclosures of the 115 Trust investments will be reported in the City's financial statements, consistent with GASB required standards.

#### **2.3.1.7 Effect on Reserve Requirements**

The City maintains a robust minimum reserve policy, with reserves required to equal no less than six months of general fund operating expenses, debt financing costs and fire contract costs net of

fire tax revenues. Transfers to the Trust and additional discretionary payments made to CalPERS will be excluded from the reserve requirement calculation (denominator) because they are discretionary in nature. This is consistent with the City's existing treatment of discretionary payments to CalPERS and internal money transfers.

### **2.3.1.8 Employee Contributions**

In accordance with PEPRAs guidelines and compatible with other local agencies, the City will work over time to increase Classic employee contribution rates to 8.0% of salary for Miscellaneous employees and to 12.0% of salary for Safety workers.

### **2.3.2 OTHER POST EMPLOYMENT BENEFIT (OPEB)**

The City offers OPEB health benefits to employees who meet CalPERS vesting requirements. The benefit provided to City retirees is the minimum amount allowable under the CalPERS health plan, with the exception of certain City Manager retirees, who receive a more generous benefit. This benefit is funded on a pay-go method, with no funds set aside in a trust for this purpose.”

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>  <b>POLICY 2.4</b> <b>BUDGET AND LONG-TERM PLANNING</b>		
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<b>Revised Date:</b>	11/13/2018	<b>Revised by:</b>	City Council Resolution No. 2018-32
<b>Authority:</b>	City Council		

### **2.4.1 POLICY**

The budget shall serve as a principal management tool for the City administration and be used to allocate the City’s resources. The budget document should also serve as a helpful tool for citizens in understanding the operations and costs of City services. In general, ongoing appropriations should be supported by ongoing revenues, and the City should maintain healthy reserves.

Each year, the City Manager develops and presents an annual budget to the City Council for its consideration. The development of the budget is a cooperative effort involving the participation of each department head. Each department head is then accountable to the budget, as enacted by the City Council, meaning that he/she must ensure that departmental spending is in accordance with the budget. Department heads may seek approval from the City Manager to adjust departmental spending, and the City Manager is authorized to transfer appropriations within each fund.

### **2.4.2 BUDGET BASIS**

The budgets of general government-type funds (for example, the general fund, and gas tax funds) are prepared on a spending measurement focus. Briefly, this means that only current assets and current liabilities are included on the balance sheets. The modified accrual basis of accounting is followed. Under the modified accrual basis of accounting, revenues are susceptible to accrual when they become both measurable and available. Expenditures, other than interest on long-term debt, are recorded when a current liability is incurred.

The Comprehensive Annual Financial Report (CAFR) shows the status of the City’s finances on the basis of “generally accepted accounting principles” (GAAP). In most cases, this conforms to the way the City prepares the budget. One exception is the treatment of compensated absences. Compensated absences, including accrued but unused administrative leave, compensatory time and vacation leave, are treated slightly different in the budget than in the CAFR.

### **2.4.3 RESPONSIBILITY**

The City Manager is responsible for preparing an annual budget for consideration by the City Council.

#### **2.4.4 BUDGET PREPARATION AND TIMELINE**

The process of developing the operating budget begins in March of each year. The budget preparation process provides department heads an opportunity to examine programs; propose changes in current services; recommend revisions in organizations and methods; and outline requirements for capital outlay items. The City's executive team reviews departmental budget proposals and recommends adjustments to the City Manager.

During budget review, the City Manager assesses requests for new positions, and prioritizes operating and capital budget requirements. The Finance Committee, which consists of five members chosen by the City Council, the Mayor, the Vice-Mayor and the City Manager, then reviews the draft budget and makes a recommendation to the City Council.

In May of each year, the City Manager presents the draft budget and 5-year projection to the City Council for its consideration, along with the recommendation of the Finance Committee. Generally, a final budget is adopted, by resolution, in June. Each fiscal year begins on July 1.

#### **2.4.5 OPERATING BUDGET OBJECTIVES**

In general, ongoing operating costs should be supported by ongoing stable revenue sources. This protects the City from fluctuating services levels and avoids crises when one-time revenues are reduced or removed. Listed below are some additional considerations:

- End of year fund balances or contingency accounts should only be used for one-time expenditures, such as capital equipment and capital improvements.
- Ongoing maintenance costs, such as street resurfacing and parks maintenance, should be financed through recurring operating revenues rather than through bond issuance.
- One-time federal grants should not be used to fund ongoing programs.

#### **2.4.6 REVENUE OBJECTIVES**

The City will seek to maintain a diversified and stable revenue system to ensure ongoing fiscal health and the capacity for absorbing short-run fluctuations in any single revenue source.

The City Manager shall review the encumbrances and continuing appropriations to be submitted to the City Council for approval from one fiscal year to the next fiscal year. These encumbrances and continuing appropriations shall become a part of the City's budget.

#### **2.4.7 CAPITAL BUDGET**

The Budget shall include a Capital Improvement Plan (CIP) with a discussion of capital projects that are to be funded over a five-year period. Consistent with the CIP, the Budget shall also

include a one-year Capital Improvement Budget, which details capital expenditures for the upcoming fiscal year. Although the CIP may identify “unfunded” projects that carry out the City’s strategic and general plans, the Capital Improvement Budget must be fully funded with funds projected to be available during the fiscal year. Management should assess the ongoing impact that any given capital project may have on current and future operating budgets when considering whether to include the project in the budget.

#### **2.4.8 BUDGET IMPLEMENTATION**

A budgetary control system is maintained to ensure compliance with the budget. The Administrative Services Manager is responsible for setting up the budget for tracking purposes, and is charged with ensuring that funds remain available during the year to cover expenditures and appropriations. Reports comparing the budget with expenditures are generated on a monthly basis and are provided to department heads and the City Manager.

#### **2.4.9 BALANCED BUDGET**

A balanced budget is achieved when the General Fund Reserve Policy (Policy 2.2.2.A) is met.

#### **2.4.10 BUDGET REVISION**

The City Manager is authorized to transfer budget appropriations within the same fund. Additional appropriations, or inter-fund transfers not included in the original budget resolution, require approval by the City Council. Use of unappropriated reserves must be approved by the City Council.

#### **2.4.11 LONG-TERM PLANNING**

Each annual budget will be accompanied by a five-year financial forecast. This forecast will be integrated with the City’s General Plan and Strategic Plan. The forecast will also be reviewed with respect to the City’s long-term financial goals and policies.

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>		
	<b>POLICY 2.5 INVESTMENTS</b>		
<b>Adoption Date:</b>	9/7/2004	<b>Adopted by:</b>	City Council Resolution No. 2004-33
<b>Revised Date:</b>	11/13/2018 4/12/2021 5/09/2022	<b>Revised by:</b>	City Council Resolution No. 2018-32 City Council Resolution No. 2021-10 City Council Resolution No. 2022-23
<b>Authority:</b>	City Council		

### **2.5.1 PURPOSE**

The Investment Policy provides guidelines for the prudent investment of cash that is temporarily available for investment, and outlines policies for the City’s cash management system. Its purpose is to enhance the economic status of the City while protecting the value of its pooled cash. This policy is applicable to all funds and investment activities under the direct authority of the City excluding pension trust funds, other post-employment benefit trust funds, and the proceeds of debt issues.

### **2.5.2 OBJECTIVE**

- A. The investment objective is to ensure fund safety, preserve a significant amount of liquidity and achieve yields on City funds that are available for investment under the guidelines of this policy.
- B. The cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to identify those funds that could be invested without adversely affecting City operations.

### **2.5.4 POLICY**

In order to generate higher rates of return on its cash balances, the City pools the cash from all funds, except those funds held in trust for the City by various financial institutions in accordance with applicable trust agreements related to debt issues. Interest revenue derived from pooled cash is allocated monthly to the participating funds based on the relative cash balance of each fund.

### **2.5.5 INVESTMENT CRITERIA**

Criteria for selecting investments and the order of priority are:

- **Safety**: The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those

investments that are considered very safe and are allowable under Government Code Sections 53600 to 53610.

- **Liquidity:** This refers to the ability to “cash in” at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs.
- **Yield:** This is the dollar earnings an investment can provide, and sometimes is described as the rate of return.

### **2.5.6 INVESTMENT APPROACH**

It is the practice of the City to invest primarily in the Local Agency Investment Fund, the CalPERS Section 115 California Employers’ Pension Prefunding Trust Fund or hold cash on deposit at FDIC insured banks. -Investments of reserve funds or bond proceeds in other instruments may be considered if recommended by the Finance Committee to the City Manager for action by the City Council and provided that any such investments should only be undertaken if the likelihood of the City needing to deploy these funds in the near term is low.

### **2.5.7 OVERSIGHT**

The Finance Committee shall review investments and investment performance on an annual basis. The Committee’s findings shall be reported to the City Council through the Councilperson(s) who serve on the Committee. The Finance Committee shall also review this Investment Policy every three years and report any recommendations to the City Council through the Councilperson(s) who serve on the Committee.

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>  <b>POLICY 2.6</b> <b>DEBT</b>		
	<b>Adoption Date:</b>	11/13/2018	<b>Adopted by:</b>
<b>Revised Date:</b>	-	<b>Revised by:</b>	-
<b>Authority:</b>	City Council		

### **2.6.1 PURPOSE**

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and may be amended by the City Council as it deems appropriate from time to time in the prudent management of the debt of the City. This Debt Policy shall govern all debt undertaken by the City, the Authority (defined below), and any other subordinate entities of the City for which the City Council serves as the governing board.

### **2.6.2 BELVEDERE PUBLIC FINANCING AUTHORITY**

The Belvedere Public Financing Authority (the “Authority”) was formed in May 2016 and is a joint exercise of powers authority organized and existing under and by virtue of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code. The Authority is authorized to issue its revenue bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. As the legislative body of the City, the Belvedere Council acts as the Governing Board of the Authority.

### **2.6.3 IN GENERAL**

The City recognizes that a fiscally-prudent debt policy is required in order to:

- Maintain the City’s sound financial position;
- Ensure that the City has the flexibility to respond to changes in future service priorities, revenue levels and operation expenses;
- Protect the City’s creditworthiness;
- Ensure that debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the City;
- Ensure that the City’s debt profile is consistent with the City’s planning goals and capital improvement needs.

## **2.6.4 PURPOSES FOR WHICH DEBT MAY BE ISSUED**

### **Long-Term Debt**

Long-term debt may be issued to finance the construction, acquisition and rehabilitation of capital improvements and facilities, equipment and land to be owned and operation by the City.

Long-term debt financings are appropriate when the following conditions exist:

- The project to be financed is necessary for providing basic services;
- The project to be financed will provide benefit to constituents over multiple years;
- Total debt does not constitute an unreasonable burden on the City and its taxpayers;
- The new debt is used to refinance outstanding debt in order to produce debt service savings or realize the benefits of a debt restructuring – for example, in the case of using pension obligation bonds to restructure obligations associated with defined-benefit pensions.

Long-term debt will not generally be considered appropriate for current operation expenses or routine maintenance expenses.

The City may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the City Council;
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed 120% of the average reasonably expected economic life of the project to be financed.
- The City estimates that sufficient revenues will be available to service the debt through its maturity;
- The City determines that the issuance of the debt will comply with applicable state and federal law.

### **Short-Term Debt**

Short-term debt may be issued to provide financing for the City's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake a lease-purchase financing for equipment.

### **Financings on Behalf of Other Entities**

The City may also find it beneficial to issue debt on behalf of other governmental agencies in order to further the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

## **2.6.5 TYPES OF DEBT**

The following types of debt are allowable:

- General Obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)

- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- Other revenue bonds and COPs
- Tax and revenue anticipation notes (TRANs)
- Land-secured financings, such as special tax bonds issued under the Mello-Roos Community Facilities Act of 1982, and limited obligation bonds issued under applicable assessment statutes
- Tax-increment financing to the extent permitted by State law

Debt shall be issued as fixed rate debt unless the City makes a specific determination as to why a variable rate issue would be beneficial to the City in a specific circumstance.

### **2.6.6 RELATIONSHIP OF DEBT TO CAPITAL IMPROVEMENT PROGRAM AND BUDGET**

The City is committed to long-term capital planning. The City could issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City’s capital budget and capital improvement plan.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The City shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City’s public purposes.

The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The City shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

### **2.6.7 POLICY GOALS RELATED TO PLANNING GOALS AND OBJECTIVES**

The City is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The City would issue debt for the purposed stated in this Debt Policy and in order to implement policy decisions incorporated in the City’s annual operations budget.

It is a policy goal of the City to protect taxpayers, ratepayers (if applicable), and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will comply with applicable state and federal law as it pertains to the maximum term of

debt and the procedures for levying and imposing any related taxes, assessments, rates, or charges.

When refinancing debt, it shall be a policy goal of the City to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

### **2.6.8 INTERNAL CONTROL PROCEDURES**

When issuing debt, in addition to complying with the terms of this Debt Policy, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the City will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered into by the City in accordance with SEC Rule 15c2-12;
- Annual debt transparency report obligations under Government Code section 8855(k);
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance;
- The City's investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the City upon the submission of one or more written requisitions by the Administrative Services Manager, or (b) by the City, to be held and accounted for in a separate fund account, the expenditure of which will be carefully documented by the City.

### **2.6.9 BOND DISCLOSURE**

**Official Statements.** The City's chief financial officer, city manager and other appropriate City staff members shall review any Official Statement prepared in connection with any debt issuance by the City in order to ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the City.

In connection with its review of the Official Statement, the appropriate City staff members shall consult with third parties, including outside professionals assisting the City, and all members of City staff, to the extent needed to ensure that the Official Statement will include all "material" information (as defined for purposes of federal securities law).

All Official Statements shall be submitted to the City Council for approval as a new business matter and not as a consent item. The City Council shall undertake such review as deemed necessary by the City Council, following consultation with appropriate City staff members, to fulfill the City Council's responsibilities under applicable securities laws.

Continuing Disclosure Filings. Under the continuing disclosure undertakings that the City has entered into in connection with its debt offerings, the City is required each year to file annual reports with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and the City’s audited financial statements. The City is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The City’s Chief Financial Officer shall establish a system (which may involve the retention or one or more consultants) by which the City will:

- Make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
- File notices of enumerated events on a timely basis.

Public Statements. Whenever the City makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the City is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

Training. The members of the City staff involved in the initial or continuing disclosure process shall be properly trained to understand and perform their responsibilities.

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>		
	<b>POLICY 2.7</b> <b>PROCUREMENT</b>		
<b>Adoption Date:</b>	11/13/2018	<b>Adopted by:</b>	City Council Resolution No. 2018-32
<b>Revised Date:</b>	6/14/2021	<b>Revised by:</b>	City Council Resolution No. 2021-16
<b>Authority:</b>	City Council		

### **2.7.1 PURPOSE**

It is the policy of the City to obtain the quality and quantity of products and services required for the performance of City governmental functions at the lowest possible cost. There are three different types of procurements utilized by the City:

- 1) Public Works Projects, discussed in Section 2.7.4;
- 2) Supplies, Materials, Equipment, Non-Professional Services and Maintenance Work, discussed in Section 2.7.5;
- 3) Professional Services, discussed in Section 2.7.6.

### **2.7.2 PURCHASING AGENT**

The City Manager, or the City Manager’s designee, is the Purchasing Agent, with the authority and the responsibility to:

- 1) Carry out the Purchasing Policy of the City,
- 2) Prepare or revise, in cooperation with each department, written standard specifications for purchases of goods, supplies, equipment, and services,
- 3) Purchase or contract for goods, supplies, equipment, and services required by City departments according to these purchasing procedures and such administrative regulations as the City Manager shall prescribe,
- 4) Obtain as full and open a competition as possible when purchasing or contracting for goods, supplies, equipment, and services,
- 5) Keep informed of current developments in the field of purchasing, prices, contracting for goods, supplies, equipment, and services,
- 6) Ensure the inspection of all supplies and equipment purchases to guarantee quality and conformance with City specifications,
- 7) Recommend the transfer of unused supplies and equipment between departments as needed,
- 8) Sell supplies and equipment that cannot be used by any department or that have become unsuitable for City use, and
- 9) Maintain a contractor’s list and necessary records for the efficient operation of the purchasing function

### **2.7.3 DEFINITIONS**

For the purposes of the Purchasing Policy the following words and phrases shall have the following meanings:

- 1) “Commission” means the California Uniform Construction Cost Accounting Commission
- 2) “Act” means the Uniform Public Construction Cost Accounting Act (California Public Contracts Code Section 22000 et seq.)
- 3) “Force Account” means professional services, construction, rehabilitation, repair or demolition that is performed by City employees.
- 4) “Public project” means any of the following:
  - i. Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work involving any city owned, leased or operated facility; or
  - ii. Painting or repainting of any city owned, leased, or operated facility.
- 5) “Public project” does not include maintenance work. “Maintenance work” includes all of the following:
  - i. Routine, recurring and usual work for the preservation or protection of any city owned or city operated facility for its intended purposes;
  - ii. Minor repainting;
  - iii. Resurfacing of streets and highways at less than one inch;
  - iv. Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; or
  - v. Work performed to keep, operate, and maintain city owned systems.
- 6) “Facility” means any plant, building, structure, ground facility, utility system, subject to the limitation of subsection (B)(4), real property, streets and highways, or other public work of improvement.

### **2.7.4 BID PROCEDURE FOR PUBLIC PROJECTS**

- A. The procedures in this section shall be observed when conducting procurements for “public projects,” as defined in section 2.7.5(4).
- B. Force Account, Negotiated Contract, Purchase Order  
Public projects that do not exceed the applicable dollar amount limitations under Section 22032 of the Act (currently \$45,000 or less) may be performed by force account or let by negotiated contract, or purchase order.
- C. Informal Bid Procedures:

Public projects that do not exceed the applicable dollar amount limitations under Section 22032 of the Act (currently \$175,000 or less) may be performed by the informal bidding provisions of this Policy, as applicable.

(1) Notice Inviting Informal Bids

Where a public project is to be performed which is subject to the informal bidding provisions of this Regulation, a notice inviting informal bids shall be mailed or e-mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with subsection (D) above, and to all construction trade journals as specified by the Commission in accordance with Section 22036 of the Act. Additional contractors and/or construction trade journals may be notified at the discretion of the department/agency soliciting bids, provided however:

- i. If there is no list of qualified contractors maintained by the City for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.
- ii. If the product of service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

(2) Award of Informal Contracts

The Purchasing Agent is authorized to award informal contracts pursuant to this Regulation.

D. Formal Bid Procedures

Public projects that are required to be let by formal bidding procedures under the Act (currently \$175,000 or greater) must be let to the lowest responsive and responsible bidder after posting of notice inviting formal bids as specified in subsection (F) below.

- 1) The formal competitive bidding procedure shall comply with all aspects of state and local law governing formal competitive bidding, including, but not limited to, the California Public Contract Code, California Government Code, California Labor Code, resolutions of the City Council as may be adopted from time to time, and policies and procedures as the purchasing agent may approve from time to time.
- 2) The City may, in its sole and absolute discretion, reject any or all bids presented, and may waive any minor irregularities in each bid received.
- 3) Notice Inviting Formal Bids  
The notice inviting formal bids shall comply with Section 22037 of the Act. Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the city; or, if there is no newspaper printed and published within the jurisdiction of the public agency, in a newspaper of general circulation which is circulated within the city. The

notice inviting formal bids shall also be mailed to all construction trade journals specified in Section 22036 of the Act. The notice shall be mailed at least 15 calendar days before the date of opening the bids. In addition to notice required by this Section, the city may give such other notice as it deems proper.

4) Award of Formal Contracts

Formal contracts made under this Regulation shall be awarded by the City Council.

E. Contractors List

A list of contractors shall be developed and maintained by the Public Works Manager or his or her designee in accordance with the provisions of Section 22034 of the Act and criteria promulgated from time to time by the Commission.

J. Approval of Plans and Designs

The City Engineer, or the City Engineer's designee, is authorized to approve plans and designs, and all amendments and addenda thereto, for performance of a public project of the City.

**2.7.5 BIDDING AND CONTRACTING FOR SUPPLIES, MATERIALS, NON-PROFESSIONAL SERVICES AND MAINTENANCE WORK**

A. Materials, Supplies, Equipment, and Non-Professional Services

Materials, supplies, and equipment required by any city department for its daily operation and use may be purchased through the following alternative procedures at each dollar threshold. This section does not apply to any materials, supplies, and equipment required for the construction of a public project.

- Buyer's best judgement: Up to \$2,000
- Two written or oral quotes: Over \$2,000 and up to \$10,000
- Three written quotes: Over \$10,000 and up to \$50,000
- Sealed competitive bidding: Greater than \$50,000

Evidence of the selection process used at the \$2,000 or greater threshold must be submitted to the finance department.

B. Maintenance Work

Contracts for maintenance work, and all working details, drawings, plans and specifications prepared for maintenance work contracts shall be reviewed and approved by the City's Public Works Manager, or his or her designee. Contracts for maintenance work shall be awarded to the contractor that will best serve the interests of the city, taking into account any or all of the following:

- 1) The ability, capacity, and skill of the contractor to perform the contract;
- 2) Whether the contractor has the facilities to perform the contract promptly, or within the time specified, without delay or interference;
- 3) The character, integrity, reputation, judgment, experience, and efficiency of the

- contractor;
- 4) The contractor's record of performance on previous contracts with the city;
  - 5) The previous and existing compliance by the contractor with laws and ordinances relating to the contract;
  - 6) The sufficiency of the financial resources and ability of the contractor to perform the contract;
  - 7) The quality, availability, and adaptability of the supplies and equipment needed to fulfill the contract;
  - 8) The ability of the contractor to provide future maintenance and service for the subject of the contract;
  - 9) The number and scope of conditions attached to the bid; and
  - 10) The contractor's price proposal

C. Award of Maintenance Contracts; Contracts for the Purchase of Materials, Supplies and Equipment

The Purchasing Agent is authorized to award maintenance contracts and contracts for the purchase of materials, supplies and equipment of \$175,000 or less. The City Council shall award maintenance contracts and contracts for the purchase of materials, supplies and equipment of more than \$175,000.

**2.7.6 EXCEPTIONS TO THE BIDDING REQUIREMENTS**

The bidding requirements for a Municipal Improvement Project or for the purchase of goods, supplies, equipment, and services need not be observed if any of the following conditions is met:

- Emergency - Where the City has declared an emergency justifying the expenditure.
- Public Cooperative Purchasing Agreement - Except for public projects subject to informal or formal bidding under Section 2.7.4., where another governmental entity has an agreement with a vendor which allows the City to purchase particular items on a cooperative basis at a reduced rate.
- Negotiations - Except for public projects subject to informal or formal bidding under Section 2.7.4 where the City Council finds that negotiation would best serve the City due to the nature of the project, good, supply, equipment, or service.
- Sole Source – A sole source justification exists in any of the following circumstances:
  - *Specialized Item* - Where the project, good, supply, equipment, or service is of such a specialized nature that it can only be obtained from one manufacturer or vendor or where the service sought is to maintain an article for which the bidder was also the manufacturer or vendor of the article.
  - *Existing Contract* - Except for public projects subject to informal or formal bidding under Section 2.7.4, where the project, good, supply, equipment, or service is similar to one being provided under an existing contract, and in the judgment of the Department Head the project, article or service can be obtained by negotiations with the existing contractor for the same price that formal bidding would yield.

- *Bidding Not Beneficial* – In instances when the responsible purchasing authority determines competitive bidding is ineffective or will not produce an advantage and, therefore, is not in the best interests of the City.
- Sole Source Contracts must be approved by the Purchasing Agent.

### **2.7.7 PROCUREMENT OF SPECIALIZED SERVICES**

- A. Professional services are advisory, consulting, architectural, engineering, computer, data processing, telecommunications, legal, financial, surveying or any service which involves the exercise of professional discretion or independent judgment based on an advanced or specialized knowledge, expertise or training gained by formal studies or experience.
- B. Whenever practicable as determined by the Purchasing Agent in his or her sole discretion, a minimum of three (3) proposals shall be obtained from separate firms for professional services.
- C. The Purchasing Agent is authorized to award professional services contracts of \$175,000 or less, with the exception of contracts for independent financial audits. Contracts for services for independent financial audits shall be awarded by the City Council. The City Council shall award professional services contracts of more than \$175,000.
  - 1. Award of contracts for architectural, landscape architectural, engineering, environmental, land surveying, or construction project management services the emphasis in the selection process shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.
- D. The City Manager shall issue a request for proposals for ongoing professional services contracts not less frequently than every five years, and shall conduct mid-service reviews of professional services contractors at thirty months into their contracts.

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>  <b>POLICY 2.8</b> <b>EXPENDITURES</b>		
	<b>Adoption Date:</b>	11/13/2018	<b>Adopted by:</b>
<b>Revised Date:</b>	-	<b>Revised by:</b>	-
<b>Authority:</b>	City Council		

**2.8.1 INVOICE PROCESSING**

Invoices are processed by Administrative Services Department staff, and approved either electronically or by signature by the staff member at the City who can best verify the validity of the invoiced amount. Typically, approving an invoice indicates verification that the goods or services invoiced have been received or provided. Procurement authority is discussed in Policy 2.7.

**2.8.2 CHECK SIGNING & ACCESS TO CHECKS**

One signature is required on City checks or electronic payment vouchers in amounts up to \$5,000 and two signatures for checks or electronic payment vouchers in excess of \$5,000. Payments for payroll and related payroll-related liabilities require only one signature.

The City Manager, the Director of Planning & Building, and the City Clerk are authorized to sign checks or electronic payment vouchers. Each member of the City Council is also an authorized signer, and is required to be the second signer on checks or electronic payment vouchers in excess of \$5,000.

The City Manager is the primary signatory. The Director of Planning & Building, and the City Clerk are authorized as primary signatories in the absence of the City Manager.

All blank City checks shall be securely stored in a locked cabinet all times. The Administrative Services Manager shall have access to blank checks.

**2.8.3 EMPLOYEE TRAVEL**

**I. GENERAL**

This travel policy applies to all employee travel for City-related business and mileage reimbursements. Employee travel must be approved in advance by the City Manager or his or her designee.

## II. PROHIBITED EXPENDITURES

State law prohibits personal use of public resources. Examples of personal travel expenses that the City will not reimburse include, but are not limited to:

- a. The personal portion of any trip;
- b. Political or charitable contributions or events;
- c. Family expenses, including partner's expenses when accompanying official on agency-related business, as well as children- or pet-related expenses;
- d. Entertainment expenses, including alcoholic beverages, theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
- e. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and
- f. Personal losses incurred while on City business.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Manager before the expense is incurred.

## III. RECEIPTS

Employees requesting reimbursement for travel expenditures must do so by submitting a Travel Expense Report form. Documentation, generally in the form of a receipt, is required for all expenditures itemized on the expense report other than mileage.

## IV. PURCHASING CARD USAGE

- a. City Purchasing Cards should be used whenever possible and practical for all travel-related expenses.
- b. Upon completion of travel, actual receipts for registration fees, lodging, travel and transportation, and other allowable expenses should be turned into the Administrative Services Department with the monthly Purchasing Card statement.
- c. For situations where use of the Purchasing Card is not practical or possible, allowable expenses paid by the traveler will be reimbursed.

## V. TRANSPORTATION

The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements must be used, using the most direct and time-efficient route. Government and group rates must be used when available.

- a. Airfare - Direct flights shall be considered the standard, even though flights with connections and/or layovers are often less expensive. Airfares shall be purchased as far in advance as possible to take advantage of reduced fares. Receipts are required for payment or reimbursement of airfare. First Class or Business Class airfare is not an allowable expense.
- b. Automobile - Automobile mileage is reimbursed at the applicable IRS rate in effect at the time of travel. The reimbursement rate is designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable. Employees receiving an auto allowance are never reimbursed for mileage unless their travel exceeds 100 miles each direction.

- c. Car Rental – Economy vehicle rental types shall be considered the most economical and reasonable for purposes of reimbursement under this policy. Larger vehicles may be rented as appropriate, depending upon the number of passengers. Receipts are required for payment or reimbursement of car rental expenses.
- d. Taxis/Shuttles/Ridesharing – Taxi, shuttle, or ridesharing (i.e. – Uber or Lyft) fares may be reimbursed, including a 15 percent gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency.

## VI. LODGING

Lodging expenses will be reimbursed or paid for when travel on official City business reasonably requires an overnight stay. Receipts are required for payment or reimbursement of lodging expenses.

- a. Conferences/Meetings: If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking. If the group rate is not available than comparable lodging shall be obtained, see next section.
- b. Other Lodging: Travelers must request government rates, when available. Lodging rates that are equal or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy.
- c. If lodging rates exceed the government rate for the area, actual lodging costs may be reimbursed conditioned upon performance of a good faith effort evidenced by documentation (e.g., internet search or phone calls) that demonstrate an attempt to find median-priced lodging.

## VII. PER DIEM

Meal Per Diem: A meal per diem is allowed for travel requiring an overnight stay. Contact the Administrative Services Department or check online (<https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-lookup>) to determine the rate allowable for the city where you are traveling. The per diem amount should be pro-rated for partial travel days and meals provided by the seminar/conference (if applicable) as follows:

- a. 50% of the daily per diem rate is allowable for dinner, 25% each for breakfast and lunch.
- b. If actual costs are more than the per diem amount, the employee is responsible for the additional amount. If actual costs are less than the per diem amount, the employee may keep the balance.
- c. No receipts are required when using per diem.

Incidental Per Diem: A personal incidental per diem of \$10 per day is allowed for travel requiring an overnight stay for tips and other miscellaneous incidentals.

VIII. COMPENSATION FOR HOURS WORKED

Contact the Administrative Services Department with any questions regarding compensation for hours worked during travel for non-exempt employees.

IX. INTERNET CONNECTION CHARGES

If internet connectivity is needed for work related purposes while traveling and the hotel and/or conference charges for internet service, the City will cover the cost of any Internet connection charges incurred.

X. CASH ADVANCES

- a. If an employee is unable to finance travel from personal funds until a reimbursement voucher is paid, he or she may request an advance of public funds. Requests for advances shall be reviewed by the City Manager to determine reasonableness of amount. All advances must be properly accounted for upon return from travel.
- b. Any unused advance must be returned to the City treasury within five (5) days of the employee's return, along with a Travel Expense Report and receipt documenting how the advance was used in compliance with this expense policy.
- c. Failure to comply with this policy will result in disciplinary action.

**2.8.4 PURCHASING CARD POLICY**

I. GENERAL

It is the City's policy to issue a Purchasing Card to the City Manager and to his or her designees for expenditures made in the course of performing City business.

The City Purchasing Card is to be used for approved, official business only. Appropriate City Purchasing Card uses shall include, but is not limited to:

- a. Travel on City business.
- b. Purchase of goods or services from vendors where use of a check is not practical, such as the case with many Internet purchases.
- c. Securing reservations and locations for various City activities, attending local meetings, community events, and honoree events.
- d. Costs associated with meetings with City Council, applicants, developers, or consultants.

Use of the City Purchasing Card is not intended to replace the City's normal purchasing procedures or to replace effective procurement planning which enables volume discounts. The City Purchasing Card may not be used for the purchase of goods or services that would otherwise require competitive bidding. The City Purchasing Card shall not be used for personal expenses, even if City employee reimburses the City.

II. AUTHORITY LIMITS

City issued Purchasing Cards have the following expenditure authority limits:

<b>Position</b>	<b>Credit Limit</b>	<b>Single Purchase Limit</b>
City Manager or Department Head	\$10,000	\$10,000
Maintenance Supervisor	\$8,000	\$8,000
All others	\$5,000	\$5,000

III. UNACCEPTABLE USE

- a. Purchases over the appropriate signature authority limit. Dividing an order is not an acceptable means of satisfying this limit and is not allowed.
- b. Cash advances, traveler's checks, or the use of ATM machines.
- c. Fuel for personal vehicles.
- d. Using another employee's Purchasing Card. An employee may not use another employee's Purchasing Card to make a purchase, regardless of whether or not they have been authorized to make Purchasing Card purchases.

IV. RECONCILIATION AND APPROVAL

- a. The Cardholder will submit receipts and/or documentation describing each transaction made on the card.
- b. When the Purchasing Card is used for a business meal, an itemized receipt must be submitted, with the names of those in attendance and the business purpose for the meal noted.
- c. Receipts/documentation are to be attached to the monthly statement, and the statement shall be signed by the employee.
- d. Secondary review of the statement shall be performed by the Supervisor or appropriate Management employee. The Supervisor or Management employee shall sign the Purchasing Card statement to indicate approval of the charges.
- e. Once approved by the Supervisor, the statement and accompanying documentation are to be submitted to the Administrative Services Manager for processing.
- f. In the event of a lost or missing receipt, the Cardholder must complete a statement explaining the absence of the documentation and confirming that the expenses were legitimately incurred in the conduct of City business.

V. DISPUTED CHARGES

Cardholders are responsible for notifying the Administrative Services Manager immediately of any disputed charges. The Cardholder will be responsible for resolving the disputed charge directly with the Purchasing Card company.

VI. LOST OR STOLEN CARD

Cardholders are responsible for notifying the Administrative Services Manger immediately if the card is lost or stolen.

VII. TIMELY PAYMENT

The Administrative Services Manager will ensure timely payments on all Purchasing Card charges.

### **2.8.5 PETTY CASH**

The purpose of the petty cash system is to eliminate the overhead cost of processing small items, and to provide change to customers at the counter who pay for services with cash.

Items costing more than \$50.00 must go through the regular request for payment procedure. Petty cash may be maintained by the following departments in the indicated amounts and responsible parties:

- a. Administrative Services - \$450 (Administrative Services Manager)
- b. Police - \$400 (Police Secretary)
- c. Building Department - \$50 (Department Secretary) – This is a change fund only. See Cash Handling policy at Policy 2.9

Petty cash shall be kept in a locked location with limited access. The person requesting petty cash must sign a voucher for the amount received and indicate the correct expenditure account to which the purchase is to be charged.

Upon purchase of the item(s), a receipt must be presented and attached to the original petty cash voucher. Any change due from the transaction should be deposited back into the petty cash drawer.

Petty cash will be randomly audited by the Administrative Services Manager.

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>  <b>POLICY 2.9</b> <b>CASH HANDLING</b>		
	<b>Adoption Date:</b>	12/13/2010	<b>Adopted by:</b>
<b>Revised Date:</b>	03/2013 12/14/2015 11/13/2018	<b>Revised by:</b>	Unknown City Council Resolution No. 2015-35 City Council Resolution No. 2018-32
<b>Authority:</b>	City Council		

### **2.9.1 PURPOSE**

The purpose of this policy is to safeguard public funds. The establishment of strong internal controls for cash collection is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate changes of mishandling funds by defining his/her responsibilities in the cash handling process. Included in the definition of cash are the following: coin, currency, checks, money orders, and credit cards.

### **2.9.2 CASH COLLECTIONS**

All persons who handle cash on behalf of the City will be trained by the Administrative Services Department at the time the duty is assigned to them.

A change fund of no more than \$50 will be counted by the front desk staff person daily and the amount of the fund and date will be recorded and initialed on a daily log. The Administrative Services Department will periodically conduct a cash count of the change fund and shall record the findings.

All employees who collect cash on behalf of the City shall provide a sequential, pre-numbered receipt to the customer or citizen. A receipt shall be written and given to the customer upon receiving cash or check over the counter or through the mail at the time funds are received. No checks or cash shall be held over for later processing.

Once a receipt has been issued, a copy of the receipt along with the cash shall be placed in a secure location designated by the Administrative Services Department. There will be no cash or checks received held or stored in any other locations. The Administrative Services Department or other designated staff will collect and lock up all cash and receipts at the end of each work day.

There will be no money collected at City Hall either over the counter or through the mail for anything other than official City business. Cash collected on department premises will be held to an absolute minimum to ensure safety. No checks shall be cashed from cash receipts or change funds. Shortages or overages shall be reported to the Administrative Services Manager immediately.

	<b>CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL</b>  <b>POLICY 2.10</b> <b>FIXED ASSETS POLICY</b>		
	<b>Adoption Date:</b>	11/13/2018	<b>Adopted by:</b>
<b>Revised Date:</b>	-	<b>Revised by:</b>	-
<b>Authority:</b>	City Council		

### **2.10.1 PURPOSE**

The purpose of the Fixed Assets Policy is to present a uniform method of maintaining and updating the City’s fixed asset records. Principles and processes incorporated into this policy are in accordance with generally accepted accounting principles (GAAP).

This policy encompasses all fixed assets at the City: land, land improvements, buildings, building improvements, infrastructure, machinery and equipment, and vehicles. Fixed assets are further distinguished as capital assets and non-capital assets.

Capital assets are those fixed assets that meet the capitalization threshold as identified in Section 2.10.2. GAAP requires proper accounting for the acquisition and disposal of capital assets. Proper record keeping of the City’s capital assets also provides a management tool for budget and rate setting decisions.

Non-capital assets fall below the capitalization threshold and may include furniture, small tools and equipment (hand mowers, trimmers, etc.), and various telecommunications and computer equipment. Although not required, it may be important for departments to maintain inventories of non-capital fixed assets for many reasons, including theft prevention and conducting condition assessments.

### **2.10.2 CAPITALIZATION THRESHOLD**

The current criteria requiring the capitalization of a fixed asset is a cost or fair market value of \$5,000 or more and a useful life of one year or more.

### **2.10.3 BUILDING/FACILITY IMPROVEMENTS**

The determination of whether an expenditure to replace part of a building/facility or major equipment associated with a building/facility is considered to be an improvement or a maintenance item shall be addressed on a case-by-case basis. Examples of potential improvements are HVAC, boilers, roofs, etc. In general, any such expenditures exceeding \$5,000 should be considered capitalized improvements, under \$5,000 would be an operating maintenance item.

#### **2.10.4 DUTIES AND RESPONSIBILITIES**

The Administration Department and various other City departments have a role in the successful maintenance of the City's fixed asset records.

The Administration Department shall be responsible for the oversight of all duties and functions related to the fixed asset management system, including:

- A. Update and maintain detailed records of all capital assets of the City.
- B. Oversee annual physical inventories.
- C. Provide education and act as a resource for departments in the compliance of this policy.
- D. Generate fixed asset reports as required or requested.

Other City Departments have the following responsibilities:

- A. Custodianship of assets for the department.
- B. Complete bi-annual physical inventory of capital assets within the department.
- C. On a timely basis, report to the Administration Department all changes, transfers, surpluses, relevant alterations, acquisitions, and dispositions of capital assets (including lost or stolen items).

#### **2.10.5 ACQUISITION OF CAPITAL ASSETS**

The purchase of capital assets is subject to the provisions of the City's Procurement Policy. All costs associated with the purchase of the asset shall be charged to a capital account within the City's accounting system (expense accounts with the last four digits in the 9000's). Ancillary costs (shipping, installation, design, etc.) shall be included in the capitalized cost of the asset.

Donated assets shall be capitalized at the estimated fair value of the asset at the time of the donation. Administration staff shall determine the fair value of the asset based on the best information available, which may include original cost, age of the item, assessment of current condition, etc. Departments shall notify Administration staff within two business days of the acquisition of any donated assets.

#### **2.10.6 BI-ANNUAL PHYSICAL INVENTORY**

Administration staff shall provide the various departments with the most recent list of capitalized assets assigned to their respective departments/divisions. Each department shall conduct an inventory to confirm the accuracy of the report and note all changes and discrepancies to the list. Departments shall return the completed inventories, complete with all notations, to the Administration Department in a timely manner (typically within two weeks).

### **2.10.7 DISPOSITION OF SURPLUS SUPPLIES AND EQUIPMENT**

- A. Each Department Head shall submit to the Purchasing Agent, at such a time and in such a form as prescribed by the Purchasing Agent, reports showing supplies and equipment which are no longer used or which have become obsolete or worn out.
- B. The City Council may declare such property as “surplus”. The Purchasing Agent may sell surplus property, or exchange or trade it for new supplies and equipment. The sale of surplus property shall be made by the most effective method, such as formal sealed bid, informal bid, negotiation, or public auction. The City Council may alternatively direct the donation of surplus property provided that such donation is supported by appropriate findings.
- C. If surplus property is offered at public auction, any person, including a City employee, may make an offer of purchase. However, no City employee may purchase surplus City property by means other than a public auction. Neither the Purchasing Agent nor a Department Head conducting such a sale of surplus property may be a purchaser.
- D. Proceeds from the sale of surplus property shall be deposited in the Equipment Replacement Fund.