



Financial Policies

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I. Financial Planning Policies

INTRODUCTION

A long-range plan that estimates revenue and expenditure activity in the City as impacted by regional and national economies is necessary to support the Council and community in decisions they make regarding City services. This planning must recognize the effects of economic cycles on the demand for services and the City's revenues. Financial planning should be designed to ensure the delivery of needed services as defined by policy and the Comprehensive Plan.

POLICIES

The financial planning and subsequent budgeting for all funds shall be based on the following policies:

1. Five-year plans - The City will prepare annually a five (5) year financial long-range plan (LRP) for each fund. Each plan will include revenues, expenditures and other sources and uses with sufficient detail to identify trends and items with major impact.
2. Conservative revenue estimates - Revenue estimates should be prepared on a realistic, but conservative basis to minimize the possibility that economic fluctuations could imperil ongoing service programs during the budget year.
3. Include contingencies - Expenditure estimates should anticipate contingencies that are foreseeable.
4. Include asset management plan (AMP) on LRPs - The five-year AMP plans will include equipment, major maintenance projects and associated expenses less than \$100,000. Major renovation or maintenance projects will be identified on long-range plans.
5. Use proven methods - The City will constantly test both its planning methodology and use of planning tools in order to provide information that is timely, accurate and widely disseminated to residents and staff.
6. Economy - The City recognizes it is in a complex regional economic system. The City should have the capacity to evaluate and anticipate changes in both regional and national economic systems in order to engage in strategic financial and management planning. The purpose of these plans will be to allow the Council and residents to evaluate the impact of the financial needs of these programs on the regional economy and to coordinate funding needs with all funds.
7. Department responsibilities - Department Directors and the Finance Department will share responsibility for the preparation of financial plans for operations and asset management needs based on the city's Strategic Plan, and other adopted plans such as comprehensive plan, parks plan, transportation plan, utilities plans, and facilities master plan. The Finance Department will assist in developing appropriate systems to monitor and update the long-range plans.
8. Regular status reports - The Finance Staff will continually update the long-range plans when any significant change is anticipated. The Finance Staff may distribute the long-range plans to the Council

at any time to inform the Council. The long-range plans will be submitted to the Council for approval at least twice a year. The first update will follow the closing of the year and will include a final comparison of actual to budget for the completed year. The second report will be presented before the presentation of the annual budget and will include an update on the current budget and estimates.

9. Rate structure - The plans must disclose revenue assumptions including rate structures and consumption. The long-range plans will include annual rate increases based on inflation unless the Council overrides this direction.

10. Staffing - The plans will identify staffing levels including justification for any changes.

11. Expenditures - The plans will include expenditures based on the service levels / policies and work load indicators (population, strategy, etc.) approved by the Council.

12. Reserves - The plans will include reserves for operations, capital and debt service coverage as established in the Financial Policies and / or as required to issue bonds.

II. Budget Policies

INTRODUCTION

The Finance Staff is responsible for preparing, managing and reporting on the City's annual budget. This function is in compliance with the Home Rule Charter and direction of the Council.

A. GENERAL BUDGET POLICIES

The annual budget will be administered based on the following policies:

1. The Fiscal Year - The fiscal year of the City is the calendar year, January 1st through December 31st. The City may adopt budgets for a term of one or more fiscal years. The City Manager shall prepare and submit to the City Council on or before the 15th of October of each year a recommended budget covering, at a minimum, the next fiscal year. The purpose of the long-range plans is to provide the City Council with a continuous budget update.

2. Present a balanced budget to the Council - The City will pay for all current expenditures with current revenues. The City Council may authorize the use of fund balance in specific contingency purposes, to address unforeseen circumstances or one-time opportunities. The City will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing maintenance and other expenditures, or accruing future years' revenues. The exceptions to this policy would be planned equipment purchases, operating maintenance and capital projects based on accumulated funding over the years.

3. Increase efficiency in all City operations - City staff will identify programs to increase efficiency in order to provide for long-term cost savings to the City. This may include the use of technology, revised organizational structures or other tools which may be identified. Eliminating outdated practices is encouraged.

4. Promote investment in our future - City staff, wherever possible, will take a long-term view of investments (people and resources) and emphasize quality, efficient operations which encourage productivity for today and the future.
5. Share resources / services throughout the City - City staff will explore ways to share staff, training resources and equipment / supplies in order to more effectively utilize resources.
6. Identify funding for new services or service levels - Proposals to add new services or increase existing services will be presented with revenue alternatives to fund or subsidize the new service levels. This includes initial costs and ongoing operations.
7. Asset Management Plan - The budget will provide adequate maintenance of capital plan and equipment and for their orderly replacement.
8. Employee programs - The City recognizes that employees are the most valuable asset of the organization and commits to fund this resource appropriately including adequate funding for all retirement systems, benefit packages and employee incentive programs including professional development and training.
9. Overhead allocations - The budget will include transfers or overhead allocations for expenditures/services in the General Fund that benefit other City funds. The formula for calculating this transfer or overhead allocation may include revenues, staff and or supplies and services. The formula shall be reviewed annually.
10. Fund Reserves - Cash reserve policies directly relate to fund accounting. Fund accounting is used as a control device to segregate financial resources and ensure that the segregated resources are used for their intended purposes. Cash reserves provide stability for operations and can cushion the impact to City programs during times of economic downturns. Target reserves are established based on the type of Fund.
 - a. General fund – General Fund reserves shall be based upon potential operating risks of the General Fund. Operating reserves allow for the efficient management of cash flow and the opportunity to address unforeseen service needs or fund one-time opportunities during the year. Importantly, reserves allow the City to mitigate potentially serious local and regional risk factors, which otherwise could cause sudden service disruptions for the community or staff. General Fund reserves must be adequate to mitigate these risks and should be evaluated annually. Examples of potential risks to the City include:
 - i) Sudden economic downturn, loss of major sales tax generator, or economic impact to a major industry
 - ii) Development of investment opportunity for the City
 - iii) Natural disaster

The amount of General Fund reserve to be held will be approved in adoption of the annual budget and could change annually as economic factors are reevaluated. The General Fund reserve will be at least 25% of prior year operating expenditures and higher as necessary to mitigate risks identified above.

This amount will be in addition to the \$1,000,000 retained in the Emergency Contingency Fund. The Emergency Contingency Fund is required by the City Charter and includes the Colorado Taxpayer's Bill of Rights (TABOR).

If the General Fund reserves are utilized, the City will take measures necessary to replenish its balance to the minimum level described within five years following the year(s) in which it was used. The plan to restore the reserves shall be included in the five-year long-range plan.

In the spring following a year in which revenues exceed expenditures by an amount that exceeds the amount projected in the final budget for the year, staff will provide recommendations for one-time uses of the unanticipated fund balance. Examples of potential uses include, but are not limited to: capital project construction, deferred facility or other infrastructure maintenance, one-time or temporary operational programs, or retention of the amount in the General Fund balance.

- b. Reserves for capital funds, including impact fee funds, are established based on the budgeting methodology. Capital fund budgets are based on the estimated current year ending cash balance for the next year. Subsequently the reserves are funded by the revenues restricted to capital funds. Capital projects may include a contingency for unexpected expenditures.
- c. Debt service fund reserves are based on required debt reserves established when debt is issued.

The first financial priority of the City will be to maintain target reserves by individual funds based on the policies adopted herein. The City Council may identify specific reserve amounts on an individual basis. When a cash reserve deficit exists the City Council will identify the specific fund to offset the deficit and a plan to increase the reserve in the fund. The nature of reserves for specific funds will be spelled out in the Statement of Purpose for each fund. The City will establish reserves for emergencies, unforeseen needs of a non-recurring nature, operating maintenance, equipment replacement and capital projects.

11. Internal loans - Loans made between funds shall be charged interest at a rate comparable to the average rate of return for an investment with similar duration.

12. Comprehensive Plan - The Financial Plan (Budget) and the Comprehensive Plan are considered the two key tools to provide a vision of the future and a method of accomplishing those goals. The City will develop a methodology to cross reference both tools in order to accomplish the goals of the community as expressed through the City Council.

13. Strategic Plan - The Municipal code should concur with Long Range Financial Plans Strategic Plan, and the Comprehensive Plan.

14. Grants to non-profit or community organizations - The City of Evans may provide grants to qualified non-profit or community organizations that provide services within the City. A grant may not exceed \$10,000 per organization per year. Any funding provided to non-profit or community organizations beyond \$10,000 will not be considered a grant and must follow all other City purchasing

policies. Recipients of grants must report usage of funds and impact to the Community if applying in subsequent years.

B. BUDGET PREPARATION

Each year the Finance Staff will prepare the annual budget following these policies:

1. Council direction as goals - It is the responsibility of the Finance Staff to prepare an annual budget to implement policy and accomplish the goals identified. Staff will identify the impact to the budget, including alternatives, when new service levels are approved by the Council. The budget serves an important role in the control and evaluation of sources and uses of resources.
2. Budget schedule - The Finance Staff will present the Revenue projections in July, Operations in August and Capital in September. The goal is approval of the Budget Ordinance and Revenue Rate Resolution at the first regular Council meeting in October which meets the requirements of the City Charter.
3. Revenue policies - The annual budget process is based on the initial revenue projections. Revenue projections will include rate review, annual inflation increases and business activity estimates. Revenue projections are conservatively estimated based on 5-year historical trends and available information of current economic factors for each revenue source.
 - a. Discretionary Revenues - The City will not normally earmark discretionary revenues for specific purposes. This will preserve the ability of the City Council to determine the best use of available revenues to meet changing service requirements. For purposes of this policy, discretionary revenues are revenue sources not restricted by law or policy, like general fund sales tax or property tax.
4. Recover cost of providing services - City operations will be run on a basis devoted to increase efficiency of service delivery or recover the cost of providing the service by a user fee or charge.
5. Expenditure policies - Expenditure budget preparation begins with existing staff including any appropriate adjustments for merit based pay increases and increased cost of benefits. Salary ranges and benefit packages should be periodically reviewed with comparable communities based on population, general fund tax revenues and comparable market.

Supplies and services should be constantly reviewed for efficiency and effectiveness, eliminating outdated programs and identifying appropriate resident service levels. The operating budget should include the Asset Management Plan (AMP) to provide for the most effective delivery of services.

Debt is funded per required schedules including reserves.

Capital is budgeted based on priorities, available funding and estimated fund balances.

6. City Manager budget review - The City Manager will review the details of each proposed budget for efficiency and compliance with Council direction. Department Directors may include

supplemental budget requests in the annual budget request to the City Manager and ultimately the Council.

7. Budget presentation - The annual budget document will be prepared based on guidelines identified by the Government Finance Officers Association (GFOA). Traditionally, this begins with an introduction to the budget followed by more detailed information presented by fund and department. The budget introduction includes a budget message and a highlights section identifying the major issues addressed by the City and how the budget is adopted to address those issues. Expenditures shall be presented by major categories and functional areas. The following shall also be prepared in support of the annual budget:

- a. The number of full-time positions and dollar amount for total regular staff, temporary staff and overtime by fund and category as defined by the LRPs.
- b. The dollar amount for supplies and services for each fund and category as defined by the LRPs.
- c. Each specific capital request including start-up cost and ongoing maintenance.

8. Resident participation - The budget process will provide for the participation of the public and ensure opportunities for public hearings and resident participation.

9. Public hearings - Open public hearings at regularly scheduled City Council meetings and work sessions as required by the Home Rule Charter to provide residents additional opportunities for input regarding the proposed budget will be held.

10. State, Charter and other requirements - The City will adopt the budget in accordance with State law, Home Rule Charter and other requirements and certify the mill levy to the County by the required date.

11. Grants - When grant funding is available per City Council direction, groups requesting grants from the City of Evans shall provide the following: A description of services provided within the City; current year organizational budget summary identifying revenues and expenditures; financial statement for most recently completed fiscal year; a list of Board of Directors and key officers, or active volunteers; and demonstration of non-profit status. Recipients of grants must report usage of funds and impact to the Community if applying in subsequent years.

12. Funding subsidy - Funds that receive a subsidy from another fund, in addition to fees and charges or dedicated revenues, will include a rationale for the subsidy; and a means for determining the annual level of that subsidy or conditions under which the subsidy should be eliminated.

C. BUDGET APPROVAL AND MANAGEMENT

Council approval establishes annual budget expenditure appropriations by Fund. Authority for Departments to work within the limits approved by the Council is essential for efficient management of the City. Departments will not exceed the approved budget without the prior approval of the City

Manager or City Council, pursuant to the policies below. The budget will be managed based on the following policies:

1. Purchasing and accounting system - The City will maintain a system for monitoring the budget during the fiscal year. Adequate tools must be available to assist staff in managing the budget. The budget system will provide for budget approval before any expenditure is committed by City staff. This system shall also provide reports and query systems which will be used by the staff to prepare Council reports.
2. Council reports - Staff will prepare monthly reports for Council review. Additional reports will be presented in coordination with the annual budget process and financial audit. The Council report will include information on revenues and expenditures, comparing actual to budget, and summarized treasury information. The report shall follow the same format as the budget approval.
3. City Council approval - The Council will approve specific grants for qualified non-profit or community organizations. These may be approved separately from adoption of the annual budget.

The Council will approve the total of expenditures from each fund including transfers in and out.

4. Amending the approved budget - The staff may submit requests to amend the approved budget during the year. Additional requests will be made only after the staff has determined that no savings exists that can be transferred. (Departments may not expend funds until after the City Council has approved the additional expenditure, per budget management policies). The Finance Department will prepare appropriation ordinances officially amending the budget. Departments may expend funds after City Council approval and before adoption of the appropriation ordinance.
 - a. Transfers of existing budget - The City Manager or his/her designee may approve transfer of budget between categories and departments within a fund. The City Council must approve budget transfers between funds in the form of an ordinance.
 - b. Transfers between categories and programs - Department Directors may request City Manager approval to transfer budget between categories (payroll, supplies & services, and capital) within a Department. The City Manager or his/her designee will review requests to ensure compliance with the goals and objectives of the annual budget as approved by the City Council.
 - c. Supplemental appropriation requests - Staff will prepare a prioritized list of supplemental budget requests which will be presented to the City Council for approval.
5. Budget savings - During the budget year, some expenditure savings can be realized by Departments. The City Manager or his/her designee may allow transfers of savings to fund other identified needs within the department.
6. Encumbrance of Fixed Expenses - Predictable fixed expenditures will be encumbered on purchase orders in the first month of each year.

D. INTERGOVERNMENTAL BUDGETS

Some costs of the City could be influenced by other governments, either because of duplication of services or mandates imposed by State and Federal governments.

1. Payment for services - The City will budget expenditures for grant-funded programs only after grant award or letter of commitment and only for the amount of grant award. City overhead or "indirect" costs for grant-funded programs will be included in all grant proposals, where permitted. All grants will be reviewed for long term impacts to the City.
2. Outside involvement - The City will aggressively oppose State or Federal actions that mandate expenditures that the City Council considers unnecessary. The City will pursue intergovernmental funding to support the incremental cost of those mandates.
3. Intergovernmental agreements - The City will work with other governments to identify the jurisdiction most capable and appropriate to provide specific public services. When the City cannot transfer responsibility for service delivery, it will consider intergovernmental agreements and contracts for service delivery.

E. STATE OF COLORADO AMENDMENT 1

On November 3, 1992, the Citizens of the State of Colorado approved Amendment 1, aka the Taxpayer's Bill of Rights (TABOR). Amendment 1 specifically and significantly addresses the following issues: 1) spending limitations (revenues), 2) operating reserves, 3) emergency reserves and 4) debt service.

On April 5, 1994, the Citizens of Evans approved the following revenue change in compliance with Amendment 1:

**City of Evans, Colorado
Amendment One Election Question**

QUESTION #1 - SHALL THE CITY OF EVANS, COLORADO, WITHOUT INCREASING OR ADDING ANY TAXES OF ANY KIND, BE PERMITTED TO COLLECT, RETAIN, AND EXPEND THE FULL PROCEEDS OF THE CITY'S SALES AND USE TAX, ACCOMMODATIONS TAX, NON-FEDERAL GRANTS, FEES ON FISCAL YEAR SPENDING, INCLUDING WITHOUT LIMITATION THE RESTRICTIONS ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, FROM THE DATE OF JANUARY 1, 1993 AND THEREAFTER?

The City will be in compliance with the remaining requirements of Amendment 1 specifically including election, debt and reserve requirements. The City shall take an active role in resident participation, communication and relationship building with our residents in order to maintain and increase our level of trust and accountability. The City shall participate in regional and state-wide organizations because the actions of other municipalities or levels of government shall influence state-wide legislation which may impact Evans.

III. Accounting, Auditing, & Financial Reporting Policies

INTRODUCTION

The City will maintain a system of financial management, control and reporting for all operations, departments and funds. This will ensure that overall City goals and objectives will be met and will instill confidence in residents that the City is well managed and fiscally sound.

POLICIES

The Accounting, Auditing and Financial Reporting systems for the City will be based on the following policies:

1. Generally Accepted Accounting Principles (GAAP) - The City will maintain its accounting records and report on its financial condition and results of operations in accordance with State and Federal law and regulations, and GAAP.

2. The City will classify governmental fund balances as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, the City Manager, or the City Manager's designee may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

3. Independent audit - An independent firm of certified public accountants will annually perform a financial and compliance audit of the City's financial statements as required by state statute. Their opinions may be contained in the City's Annual Comprehensive Financial Report and/or annual financial statements, and the Report on Compliance of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), (if required based on federal funding levels).

4. Internal auditing - The City's Finance Department will conduct or supervise performance audits which review cash management, revenues, expenditures, purchasing and other areas that impact the City budget.

5. Accounting internal controls - The City will maintain an internal control structure consisting of three elements:

- a. Control environment - Consisting of an "overall attitude and awareness of actions" as they influence the City. The management and staff shall consider all the financial implications of decisions, both current and long term.
- b. Accounting system - An effective accounting system will result in the 1) identification and recording of all valid transactions, 2) description on a timely basis of the type of transaction in sufficient detail to permit proper classification of the transaction for reporting purposes, 3) recording of the transaction in the correct time period, and 4) proper presentation of all transactions and related disclosures in the financial statements.
- c. Control procedures - Consists of 1) proper authorization of transactions and activities, 2) adequate segregation of duties, 3) adequate documents and records, 4) adequate safeguards regarding access and use of assets and records, and 5) independent checks on performance.

6. Cash management systems - City Staff will develop, maintain and constantly seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets. All cash received by the City Departments will be secured daily and deposited as soon as possible.

A. ACCOUNTING STRUCTURE

All City funds and operations must work to achieve the City's mission and goals.

1. Number of funds - The City will minimize the number of funds, departments, programs and account codes. The funds will be categorized by standard GAAP functional classifications and the creation of new funds will be approved by the City Council. The development of new funds will be approved by City Council, and creation of new departments, programs, and accounts will be approved by the Finance Director.

2. Statement of purpose - Each fund in the City will have a Statement of Purpose which consists of:

- a. Intent - Purpose(s) of the fund.
- b. Revenue restrictions - Source(s) of revenues to the fund and descriptions of restriction.
- c. Contingency - Size and use of contingency, if any. Contingency levels shall be based on the uncertainties associated with the purposes of the fund or project.
- d. Reserves - Size and purpose of required reserves. Required reserves will be based on operating needs or debt needs and prudent management requirements.

B. FINANCIAL REPORTING

1. Financial Reports - Financial reports will provide direction and guidance in several areas;

- a. Budgetary comparisons - Comparing actual financial results with the legally adopted budget.
 - b. Financial condition and results of operations - Assessing the changes in fund balances as a result of operations.
 - c. Compliance - Assisting in determining compliance with finance-related laws, rules and regulations.
 - d. Efficiency and effectiveness - Assisting in evaluating management and staff in efficiency and effectiveness.
 - e. Manager reports - The Finance Department will prepare reports at the end of April and each month thereafter identifying the difference between actual and budget for revenues and expenditures by fund. This requirement is also included in the Budget Policies. Reports will identify the current and projected variance in budget as well as progress on performance measures. These reports will be presented to the City Manager and may be included in Council updates.
2. Financial controls - The Staff will maintain a system of financial monitoring and control. The major components of this system include:
- a. Fiscal Impact Analysis: The Staff will perform a fiscal impact analysis of each significant administrative or legislative action of the City or affiliated agencies. Where appropriate, the analysis will include the impact on the current budget and the LRP.
 - b. Financial Accounting System and Periodic Status Reports: The Staff will prepare financial status reports on the revenues and expenditures to date and estimated year-end balance as described in the Budget Policies.
3. Review for efficiency and effectiveness - The City will continually review the efficiency and effectiveness of its services to reduce costs and improve service quality. This will include a review of all existing administrative procedures and software to eliminate exception-based procedures, policies implemented to avoid compliance, special interest projects or programs that benefit less than the majority.
4. Year-end accruals - Other than as required by Generally Accepted Accounting Principles, the City will not increase accruals and non-cash enhancements to revenues in order to influence fund balances at year end.

C. CHECK CONTROLS

The City will follow these policies related to check controls and the signing of checks:

1. Payment discounts - The City will take advantage of payment discounts to reduce expenditures when the rate offered is deemed favorable compared to the rate of investment income the City is earning on cash. This includes paying with City issued purchasing cards to receive discounts, when additional processing fees are not assessed.

2. Invoice control - All invoices shall be mailed or emailed directly to the Finance Department and the vendor will reference an approved purchase order number, whenever possible
3. Check preparation - No check will be prepared for approval without an authorized purchase order or payment request form, compliance with the procurement procedure and adequate budget unless specifically identified in these policies.
4. Check requirements - In most cases the staff will be required to complete the following steps to obtain a check:
 - a. Budget - Adequate budget must exist before staff considers a purchase.
 - b. Requisition - Staff will complete a "requisition" which identifies the vendor, amount, description of purchase, use of items as it relates to the budget (account coding), and budget available. In accordance with established limits, authorized staff, Department Directors, Assistant City Manager, and/or City Manager approve requisitions based on efficiency, appropriateness and general financial and management practices.
 - c. Purchase order - Approved requisitions become purchase orders and only at this time can an order be placed with an "approved vendor". Vendors must be established as legitimate businesses meeting administrative and IRS requirements.
 - d. Invoices - Invoices are directed first to the Finance Department for entry into the accounting system for cash flow and cash discount reviews.
 - e. Department approval - After Finance Department entry, invoices are approved by Departments that the items or services received were acceptable. Before creation of checks, invoices will be reviewed by Finance Director.
 - f. Contracts - Major purchases may require following the procurement procedure at section V which may include Council approval of the contract before a requisition can be completed.
5. Check register - The City Manager reviews the check register.
6. Distribute checks - Checks will be mailed following approval. Finance staff will make available to the Council the check register on a monthly basis.
7. Other payment methods – The City recognizes there are instances where payment via wire transfer, ACH payment or purchasing card may be preferred. Staff is required to ensure sufficient budget exists prior to committing to any purchase, and must still comply with the purchasing limits as stated in V(1)d. Exceptions to this include previously approved expenditures such as debt payments, payroll checks or payroll deductions.

D. DOCUMENT RETENTION

The City will follow the minimum standards listed in the Colorado Municipal Records Retention Schedule No. 30 for financial records as it relates to document retention.

IV. Revenue Policies

INTRODUCTION

The City must consider its discretionary revenues as a group rather than in isolation. Both individual revenues and the total package must be viewed in the context of broader City goals. The City must be sensitive to the balance between the need for services and the City's ability to raise fees, charges and taxes to support City services. As much as is possible and feasible, City services that benefit specific users should be paid for by fees and charges to provide maximum flexibility in use of general taxes to meet the cost of broader public services.

POLICIES

Revenues and rates in the LRP and annual budget will be based on the following policies:

1. Specific use of services - Charges for services that benefit specific users should recover full costs, including all direct costs, indirect costs, depreciation on capital plant and equipment, and General Fund overhead. Departments that impose fees or service charges should prepare and periodically update cost-of-service studies for each such service. Competing City policies may dictate a subsidy of a portion of the costs of such services.
2. Diversify revenue - The City should strive to diversify its revenues in order to maintain needed services during periods of declining economic activity.
3. Additional resources - The City will observe the following priorities in obtaining additional resources:
 - a. Use existing resources efficiently - The City will use as efficiently as possible all existing resources.
 - b. Collect existing revenues - The City will collect as efficiently as possible the resources to which it is already entitled. The City will minimize receivables and follow an aggressive policy of collecting receivables.
 - c. Revenues are consistent with City goals - The City will seek new resources, consistent with the policies in this document and other City goals.
4. Consider total revenue mix - The City will review revenue raising proposals in light of its total revenue mix in order to encourage economic sustainability and keep the City competitive.
 - a. City revenues impact - As part of the annual financial forecast or budget process, major revenue generating proposals will contain an evaluation of the impact on the community.
 - b. Total community in review - The evaluation should be based on prior year circumstances and includes all local taxation and fees.
 - c. Review each five years - At a minimum, such an evaluation shall be made at least once each five years.

5. Financial responsibility - The finance department will perform quarterly analysis on revenue activity compared to budgetary projections and will report any significant variances to the City Manager.
6. Use proven methods - The City will estimate its annual revenues by an objective, analytical process.
7. Use five-year plans - The City will annually project revenues for the next five years.
8. Enterprise funds recover costs - The City will set fees, user charges and other revenues for each enterprise fund (Water, Sewer and Storm Drainage) at a level that supports the total direct and indirect cost of the activity including operating costs, system expansion, and major maintenance. Indirect costs include the cost of annual replacement needs due to depreciation of capital assets. Cost related to growth should be paid for by the development.
 - a. Water Fund rates consist of base, variable, payment in lieu (PIL), and tap fee revenues. The base rate is established each year based on the annual fixed costs to maintain the system. The variable rate is established each year based on the costs to operate the system, i.e. the expenses vary with the level of water treated. PIL revenue is reserved for water right acquisition. Tap fee revenue is reserved for system expansion. Interest income is allocated to the category based on cash balance. Please note that special attention must be given to funding required reserves as they increase.
9. Legal requirements - The City will maintain compliance with legal revenue restrictions as identified by voters, for special revenue funds and other restricted revenues.

V. Procurement Policies

INTRODUCTION

The City will develop and maintain a system of procedures and controls over the procurement cycle. This will ensure that overall City goals and objectives will be met and will instill confidence in residents that public funds are spent prudently.

POLICIES

The City shall follow these procurement policies:

1. Procurement Procedure - No order or expected expenditure shall be placed by any City employee, contractor or representative that in any way encumbers or obligates the City until after that person has received an approved purchase order. The City will not be held responsible for any order placed by any employee, contractor or representative if the vendor has not received an approved purchase order before delivery of services or goods. The City is tax exempt for all purchases made in the State of Colorado. The following policies will provide guidelines for all procurement:
 - a. Fiduciary Responsibility - All employees, officials, and agents involved in the procurement process shall act as fiduciaries of public funds and resources. They owe a duty of loyalty, care, and good faith to the Municipality and its residents. Procurement decisions must be made

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solely in the best interests of the public, prioritizing economy, efficiency, fairness, transparency, and value for taxpayer dollars, while avoiding any personal gain, conflicts of interest, or appearance of impropriety.

- b. Local Preference - The City encourages local vendors to bid for City projects. When acquiring quotes, City employees should solicit local Evans businesses whenever possible.
- c. Purchase Order Approvals - Requests for purchase orders will be approved in accordance with the predetermined spending limits as outlined by the City Manager.
 - i. Exceptions - Purchases within preapproved spending authority may be made through the City purchasing card for items approved in the budget. The cost of processing purchase orders, invoices and checks for payments make it practical that small purchases be exceptions to the procurement procedure.
- d. Purchasing Limits - The following purchasing limits are established:

<u>All purchases, including professional services, supplies or capital projects</u>		
Amount	Approval	Quotes/Solicitation Requirements
\$0 - \$10,000	Department Manager or Superintendent, as identified by Department Director	Micro purchase: no quotes/bids required
\$10,000.01 - \$50,000	Department Director	Informal: 3 written quotes required
\$50,000.01 - \$150,000	Department Director City Manager	
\$150,000.01 - \$250,000	Department Director City Manager	Formal: competitive solicitation (RFP/RFQ/ITB) required
\$250,000.01+	Department Director City Manager City Council	

- e. Quotes and Formal Solicitations - The City recognizes the need to use outside sources for providing Professional Services, constructing Capital Projects (vendors & contractors) and for providing services for day-to-day operations and maintenance.
 - i. The City requires three (3) written quotes/bids to be solicited for project work or individual purchases performed/fulfilled by a vendor in which total expenditure will be \$10,000 or more, up to the formal solicitation threshold of \$150,000. City staff should make all reasonable efforts to distribute work/orders among as many qualified vendors as possible.

Whenever quotes are solicited by staff, they shall be retained and accompanied by any additional justification documentation that led to the decision to award a provider of a given good/service. Justification shall include rationale for selection (e.g., price, qualifications, best value). Departments are responsible for maintaining accurate records and justification documentation for audit and FOIA/CORA requests. Should staff encounter difficulties in receiving three (3) written quotes, documentation should be retained, outlining processes taken and specific companies contacted to request a quote.

- ii. Formal Solicitations - Formal solicitations including request for proposals (RFP), request for qualifications (RFQ), and invitations to bid (ITB) are required for any purchase of goods or services over \$150,000 per engagement or annually. For ongoing multi-year awards, the total term of the agreement is not to exceed five (5) years. Any award that may be extended beyond an initial term of less than five (5) years should have agreed upon cost escalation language included in the contract (i.e. an agreed upon annual percentage increase or the CPI percentage change for similar goods or some other agreed upon rate). These extensions are subject to annual budget limits and spending approval authorities.
- iii. Public Records - Submissions for formal solicitations are not considered public information until a selection has been made and the contract has been executed. Then the selected proposal will become a part of any contract or purchase order issued for the RFP/RFQ/ITB. Some information provided to the City in proposal documents may be designated in writing as confidential (e.g. financial statements, payroll or labor documents, litigation reports, etc.) A statement of confidentiality must be received from the contractor/vendor before or at the proposal deadline. The City will honor confidentiality to the extent that is permissible by law.
- iv. Solicitation Posting and Communication - All formal solicitation postings to BidNet, communication with prospective vendors, and the posting of any amendments will be routed through the Procurement Specialist or their designee. The relevant internal project manager or department representative will be responsible for all staff reports and presenting contracts to City Council unless otherwise noted. Once a formal contract has begun and the Notice to Proceed is issued, the relevant project manager or department contact will take over as the primary point of contact with the vendor.
- v. Retention and Record Keeping - All quotes and formal solicitations along with supporting documentation will be retained in the City shared drive. If received, physical copies of all bids/proposals and their related materials will be digitized

and retained in accordance with the Adopted Colorado Records Retention Schedule which can be found on the City's website.

- vi. City Manager Waiver Authority – The City Manager will have the authority to waive quote/formal solicitation requirements where prior knowledge of City systems and processes, emergency situation remediation, or sole sourcing is more beneficial than seeking the lowest price. Agreements entered into as a result of City Manager bid waiver authority are still subject to the 5-year term cap established above.

- f. Alternative Project Delivery – The City may at its discretion use an Alternative Project Delivery System, such as Construction Manager at Risk (CMaR), Construction Manager/General Contractor (CMGC), or similar process which allows the City to select a contractor during the design stage of project to add their input on the project design to make it more constructable. The City may then have the design phase contractor provide a bid on the project or put the project out to bid. This is designed to be utilized in instances of specialty projects with City Manager approval, where design and construction contractors will need to be involved from the starting phases of a project.

- g. Contracts – For contracts greater than \$250,000, once a vendor has been chosen, the City Council shall consider approval of the contract.

- h. Advertising - When formal solicitation is required, all available means for advertising shall be used to the extent possible, to encourage full and open competition. When required by grant awards, notice will also be published in a local newspaper within 45 days and not less than 14 days (21 days for Colorado Department of Transportation (CDOT) funded projects) from the bid deadline. The City will use electronic means (i.e. the City website and nationwide purchasing system, BidNet) to inform potential vendors of opportunities and may use technology to improve transparency and purchasing efficiencies for the City.
 - i. When advertising for proposals with federal funding, guidance will be followed in 2 CFR (Code of Federal Regulations) 200 to ensure proper competition of project awards is encouraged. This also entails, for example, taking necessary affirmative steps to assure that the minority businesses, women's business enterprises, and labor surplus area firms are used when possible. These proposals shall be published for a minimum of 14 calendar days.

- i. Formal Bid/Proposal Review - Bids/proposals shall be delivered electronically through BidNet. Invitations to Bid will be opened publicly at the time and place designated in the solicitation documents. Bid opening shall be done in the presence of the City Clerk, the City Procurement Specialist, and the relevant Project Manager or their respective designees to ensure compliance and transparency of process. All qualified formal bids/proposals shall be reviewed by a selection committee and are subject to City Manager and City Council approvals in accordance with City purchasing authority

thresholds. The selection committee shall include members with relevant technical expertise and be free from conflicts of interest.

- j. Public Inspection of Bids - After the time of the award, all bids and requests for proposal documents shall be open to public inspection, upon request from City Clerk.
- k. Vendor Selection - Selection of vendors, contractors or consultants may be based on total cost of the purchase (initial purchase + maintenance costs + disposal cost), past experience with the City, the contractor's knowledge of the City, region or project, availability of time, quality of product, quality of service and material, maintenance, warranties and other such criteria as deemed appropriate for a particular public project.

The City shall not be obligated to select the lowest bidder but shall select the lowest responsive and responsible bid based on the established criteria in the solicitation. Responsibility refers to a prospective bidder's ability to satisfactorily perform the work and is determined based on past performance, reputation, financial capability, proven technical capability, past compliance, current licenses and related considerations. The firm chosen for award shall be chosen on the basis of the apparent greatest operational and financial benefit to the City, and not necessarily on the basis of lowest price.

- l. Pre-qualified contractors – Staff may post solicitations for the purpose of establishing a prequalified list of on-call contractors that may be needed at a future point in the year. An award made under this structure should only be used with existing, available budget unless otherwise exempted in this policy.
- m. Bid Security & Retainage for Construction Projects – For construction projects, the intent of project bonding requirements and retainage is to protect the City from loss and liability risks.
 - i. Bid Bond - A bid bond in an amount predetermined by Public Works or the Department Director is required; if the lowest responsible bidder is awarded the project but doesn't enter into a construction agreement, this bond (normally 5% of the total bid) will be relinquished to the City. When the contract award is complete, bid bonds for all unsuccessful bidders are returned. Upon receipt of the performance and payment bonds and contract documents from the successful bidder, its bid bond is also returned.
 - ii. Retainage - Unless otherwise provided in supplementary general conditions, an amount equivalent to five percent (5%) of the amount shown to be due the contractor on each application for payment shall be withheld as retainage until one hundred percent (100%) of the work required by the contract has been performed. Retainage will not be withheld on projects totaling less than \$150,000.

A contractor remains fully responsible for a subcontractor's work and assumes any risk that might arise by virtue of the partial release to the subcontractor of the

withheld percentage, including the risk that the subcontractor may not have fully paid for all materials, labor and equipment furnished to the project.

When required by external funding sources, the City will advertise in the local paper a retainage release of the construction project in the legal section for two weeks after the project is completed. Any subcontractor with claim to retained funds should contact the City's Procurement and Contract Specialist to file a dispute.

- iii. Performance and Payment Bonds - Performance and payment bonds in the amount of one hundred percent (100%) of the contract amount are required (within 10 days after the contract award), on Construction contracts over \$150,000 or as required by Colorado Revised Statutes 38-26-105.
- n. Insurance Requirements - Insurance certificates showing coverage as requested by the City are required before the Notice to Proceed can be issued. Coverage requirements may vary and will be established in the bid/proposal documents.
- o. Contract Change Orders - Change order requests will require the filing of an Official Change Order Request Form and are subject to departmental approvals in accordance with the purchasing approval thresholds detailed in the Financial Policies of the City. Change orders that would push a total contract over purchasing thresholds requiring formal bid processes (> \$150k), regardless of the change order amount, will require approval by the City Manager. Proper justification will need to be provided as to why these additional costs were not anticipated initially.
 - i. Change orders related to projects with federal funding, which are in excess of the Simplified Acquisition Threshold (\$250,000 as defined in 2 CFR 200 at the time of policy update) must be accompanied by a cost or price analysis. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the City must make independent estimates before receiving bids or proposals.
- p. Use of Contingency Funds - The use of approved project contingency funds will be subject to the overarching procurement thresholds of the City on both an individual incident and cumulative project spend basis.
- q. Exempt purchases – The following types of purchases are exempt from the purchasing procedures set forth in this policy but shall still be subject to the authorization levels and purchasing classifications contained in this policy.
 - i. Cooperative purchases – Purchases made through cooperative purchasing organizations or arrangements that combine the requirements of two or more public entities to achieve volume discounts, reduced administrative costs, or other public benefits. This exemption includes piggyback purchases utilizing competitively awarded contracts, prices, bids, or offers from other governmental

entities (such as the State of Colorado, other municipalities, counties, or national cooperatives). The City may participate in or piggyback on such contracts or intergovernmental agreements when deemed in the City's best interest. To use an existing governmental or cooperative contract, the Buyer (or designated procurement staff) shall verify that:

- The underlying contract was awarded through a competitive process (or equivalent public procurement method);
- The contract is active and permits use by other public entities;
- The goods/services meet the City's needs; and
- Participation provides value (e.g., favorable pricing, terms, or efficiency) compared to independent procurement.

Purchases may be made directly under the cooperative/third-party contract terms, provided any necessary review (including by the City Attorney for legal sufficiency, risk, or compliance) is completed. All cooperative purchases remain subject to the City's standard budgetary controls, approval authorities based on dollar thresholds, and documentation requirements. Purchases made through a cooperative/third-party contract cannot exceed the original piggybacked agreement or relevant extension's term.

- ii. Real property and water rights – Purchases of water or water storage rights of interests in real property, including leases, are exempt from the procurement processes set forth in this policy but shall require approval by City Council.
- iii. Emergencies - In the event of natural disasters, accidents, infrastructure failures, or other emergencies where the health, safety or welfare of the community, its infrastructure, and/or its employees are at risk, the City shall comply with the procurement requirements to the extent practicable but may be waived by the City Manager. The City Manager will notify the Council of any emergency immediately, identifying the nature of the emergency and any purchase which may be required.

Forms required herein for the purpose of authorizing and acquiring goods or services necessary for the immediate preservation of life, health, safety, welfare or property during a local disaster or emergency conditions shall not require compliance with the bidding requirements set forth in this Policy and may be awarded on a sole-source basis. Documentation of procurement decisions in an emergency period is required to be retained, to support the urgency of the purchase and as justification for deviation of any City policy.

Once the City is no longer operating in an emergency period, adherence to the approved procurement requirements is required. Careful consideration shall be given to procurement decisions made in an emergency period and when grant

funds may be received. Federal procurement guidance currently available (at 2 CFR 200) indicates that purchases above the dollar threshold of a micro purchase, currently \$10,000, must also have three written quotes to support the cost reasonableness of the purchase. If, at any time, a purchase may have a grant implication, purchaser shall follow the guidance of the grant award.

- iv. Sole source - Sole source purchases may be made if it has been determined that there is only one good or service that can reasonably meet the City's need within a reasonable timeframe and/or there is only one vendor who can provide the good or service. Written justification for the sole source purchase must be retained with support for the purchase and approved by the City Manager.

- r. Travel - Consideration of the lowest cost to the City will be made when traveling for City business. Employees will be reimbursed for business travel mileage at the approved IRS rate with Director approval when traveling outside the County, however; employees are encouraged to utilize City fleet vehicles, if available and economical. Out-of-City per diem will be paid at the approved IRS reimbursement level. Per Diem is reimbursement for all meals and incidentals, no additional reimbursements will be approved, except for ground transportation. Lodging should be prepaid by City check or purchasing card when possible in order to avoid taxes. The City recognizes that traditional hotel accommodations are not always the most cost effective or convenient options and alternative methods (Airbnb, VRBO, etc.) are allowed when employees can document price comparison or reason accommodation method was chosen.

- s. Meals - The City shall restrict the purchase of meals to the following items, unless specifically approved by the City Manager or Assistant City Manager:
 - i. Work related meetings with outside officials with Department Director, Assistant City Manager or City Manager approval.
 - ii. Preparation for City-wide events on weekends (such as July 4th or Evans Heritage Day).
 - iii. Meals provided for employees working extended timeframes due to emergency response, extended deployment, or other extenuating circumstances.
 - iv. Meals provided for employees in recognition of major personal and/or team successes.
 - v. Meals provided for employees in recognition of holidays or special occasions.
 - vi. Meals provided for Boards and Commissions. City Manager and/or City Council members' meetings with media, residents, employees, Council and outside officials.

- t. Education and training - To ensure that the City may hire and continue to retain quality staff over time, the City will fund adequate participation in professional organizations and training. Recognizing the need for additional training, each Department Director will propose a budget which may include participation at the national level for Department Directors and

professionals. In addition to participation in national organizations, it may from time to time benefit the City to send employees to training out of the state. Department Directors may also establish education and training requirements of employees and any associated reimbursement policies, when necessary. The staff will attempt to identify regional training programs or local programs when possible. The level of training and participation in organizations must be approved by Department Directors. Department Director and Assistant City Manager training will be approved by the City Manager. The City Manager will notify the City Council prior to travel and report on total cost of travel upon return. All training must be included and funded in the annual budget.

- u. Education and training for Council and commissioners - The City is committed to professional and progressive leadership. In order to maintain the City's position as leaders in the community and region, it may be beneficial to provide training for the City Council and/or City sponsored Boards & Commissions regarding key management and or technical issues. Travel for these members is subject to the funding approved in the annual budget.
- v. Computers, software, & peripheral purchases - All City-wide computer, software, & peripheral related purchases must be approved by the IT Department. This approval ensures that ongoing support and compatibility of major components meets City operating standards.

VI. Purchasing Card Policies

INTRODUCTION

This policy applies to all purchases made with the purchasing card.

POLICIES

1. Card issuance - To become a cardholder, department Directors will complete a request, which will then be forwarded to the Purchasing Card Administrator. At the time the card is issued, cardholder, supervisor and Purchasing Card Administrator will be asked to sign a Cardholder User Agreement. By signing that agreement, cardholder agrees to adhere to the terms of that agreement and the policies and procedures established in this manual. Most importantly, the named cardholder is the only person entitled to use the card and the card is not to be used for personal use.

Upon receipt of the Visa Purchasing Card, cardholder will need to activate the account by calling the toll-free number printed on the card. For verification purposes, cardholder will be asked to provide a piece of information, such as the last four digits of an employee number. Although the card will be issued in the cardholder's name, personal credit history will not affect the ability to obtain a card. The City is responsible for payment of all purchases.

2. Card usage - The Visa Purchasing Card can be used at any merchant that accepts Visa, except as the City otherwise directs. It may be used for in-store purchases as well as phone, fax, mail orders or internet purchases. There is no special terminal or equipment needed by the Visa merchant to process a purchasing card transaction.

When using the Visa Purchasing Card with merchants, please emphasize that an invoice must not be sent as this may result in a duplicate payment. For phone, fax and mail orders, please instruct the merchant to send a receipt only.

- a. **Limitations and Restrictions** - Individual credit limits are set for each cardholder. There may also be a single transaction limit placed on the card, which means a transaction will be declined if an attempt to purchase more than this set amount at one time is attempted. **Purchases MAY NOT be split to avoid the single transaction limit.** If the single transaction limit will inhibit optimum usage of the Program, cardholders should discuss this with their Department Director.

In addition to the single transaction limit, every cardholder has a total monthly dollar limit assigned to his/her account. As limitations vary by cardholder, cardholders should discuss the limit with their Department Director. If the monthly limit is determined to be insufficient for operating requirements, and the Department Director agrees, the Department Director must contact the Purchasing Card Administrator to have cardholder limit(s) increased.

The Wells Fargo Visa Purchasing Card Program also allows for Merchant Category blocking. If a particular Merchant Category is blocked (e.g., jewelry stores), and an attempt to use the card at such a merchant is made, the purchase will be declined. Management has made an effort to ensure that the vendors/suppliers used during the normal course of business are not restricted. If a purchasing card is refused at a merchant where it should have been accepted, cardholders should call Wells Fargo Customer Service at 800-819-4249 to determine the reason for refusal.

IMPORTANT: All requests for changes in limitations and restrictions must be made through Department Directors. Wells Fargo will change existing cardholder restrictions only after a written request is received from the Purchasing Card Administrator.

3. **Lost or Stolen Cards** - Cardholders are responsible for the security of the purchasing card and any purchases made on the account. If a card is lost or stolen, cardholders must immediately report this information to Wells Fargo Customer Service at 800-819-4249. Immediately after reporting to Customer Service, you must also inform the Purchasing Card Administrator. It is extremely important to act promptly in the event of a lost or stolen card to avoid City liability for fraudulent transactions.

As with a personal charge card, cardholders will no longer be able to use the account number after notifying the bank. A new card should be issued within 48 hours of notice to Wells Fargo.

4. **Authorized Purchases** - The Wells Fargo Visa Purchasing Card Program is intended for maintenance, repair, operating and other purchases needed during the course of business. These purchases may include:
 - i. Office supplies and forms
 - ii. Books and subscriptions
 - iii. Computer supplies
 - iv. Professional membership dues

- v. Hardware and tools
- vi. Hotel registrations
- vii. Conference/seminar registrations

5. Unauthorized Purchases - Personal use of the purchasing card is not authorized under any circumstances. This restriction is true regardless of intent to reimburse the City with personal funds. As with any City purchase, the card is not to be used for any product, service or with any merchant considered to be inappropriate for City funds.

Failure to comply with the above guidelines for authorized purchases under the Wells Fargo Visa Purchasing Card Program may result in disciplinary action, cancellation of your card privileges, and possible termination of employment. In the event that personal purchases are made on the City Purchasing card, reimbursement will be made back to the City, even if termination occurs.

6. Reconciliation, Coding, and Payment

- a. General - Unlike personal credit cards, the Wells Fargo Visa Purchasing Card Program is handled as a corporate liability. Personal credit history has not been taken into account when a card has been issued in the cardholder's name.

The Accounts Payable Department is responsible for paying the Program invoice(s). Cardholders are not responsible for payment.

Cardholders are responsible for retaining all receipts for items purchased under the Program and ensuring all transactions posted are legitimate purchases made by cardholder on behalf of the City.

- b. Receipts - It is a requirement of the program that cardholders obtain all receipts for goods and services purchased in accordance with the State Records Retention schedule, of 7 years. For all orders, including orders placed via phone, fax or mail, cardholders must request that a receipt, detailing the merchandise, its price, freight, etc., be included with the goods mailed/shipped. It is extremely important to request and retain purchase receipts, as this is the only original documentation. Receipts showing only the total of the purchase are not adequate. The receipt must detail the purchase by item, quantity, and price. Cardholders will not be required to turn receipts into the Finance Department on a monthly basis, but the Finance Department will conduct audits to determine the level of compliance with the receipt retention policy at any time upon any card holder.
- c. Reconciliation and Coding of Purchases - It is the cardholder's responsibility, immediately upon the end of the billing period, to check monthly statements via Visa information source to ensure all the transactions posted are legitimate transactions made by the cardholder. After everything is in order, cardholders must submit the expense report for approval via Visa information source and retain your receipts.
- d. Disputed or Fraudulent Charges - If cardholder discovers any discrepancy between receipts and monthly statement, it is imperative that the issue be addressed immediately! Depending

on the type of discrepancy, cardholder will need to contact either the merchant, Wells Fargo, or the Program Administrator to resolve the disputed transaction.

If the cardholder believes the merchant has charged incorrectly or there is an outstanding quality or service issue, cardholder must first contact the merchant and try to resolve the error or problem. If the cardholder is able to resolve the matter directly with the merchant, and the error involved an overcharge, a credit adjustment should be requested and will appear on the next statement. Cardholders should note on the statement any credits expected as a reminder to verify that correct credit has been received.

If the merchant disagrees that an adjustment is necessary, immediately contact the Program Administrator who will work with Wells Fargo to resolve the dispute. Wells Fargo will request complete details of the dispute in writing in order to research the item in question.

Any charge dispute must be received by Wells Fargo within 60 days of the transaction date. While pending resolution, Wells Fargo will credit the City's account for the amount of the disputed transaction. Although Wells Fargo acts as the arbitrator in any dispute, cardholders should never assume that a dispute will be resolved in the City's favor.

If the dispute is not resolved to the cardholder's satisfaction, please notify the Purchasing Card Administrator with the relevant details.

Any fraudulent charge, i.e., a charge appearing which was not authorized by the cardholder, must be reported immediately to Wells Fargo Customer Service at 800-819-4249 Prompt reporting of any such charge will help to prevent the City from being held responsible

VII. Capital Planning & Budgeting Policies

INTRODUCTION

The Capital Improvement Plan (CIP) has a significant impact on the infrastructure sustainability of the City. The following policies are designed to guarantee that current and future projects are maintained at a high-quality level and that capital projects do not restrict the City's ability to provide basic services. The City must preserve its current physical assets and plan in an orderly manner for future capital investments, including the operating costs associated with these projects

POLICIES

The planning, funding and maintenance of all capital projects shall be based on the following policies:

1. Capital project defined - Capital expenditures for purposes of financial reporting include buildings, land, major equipment and other items which have a value of over \$5,000 and have a life greater than one year. Capital expenditures for purposes of budgeting include buildings, land, major equipment and other items which have a value of over \$100,000 and have a life greater than one year.
2. Bond rating - The City will maintain a strong bond rating that is consistent with other City goals. The City will maintain good communications with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.

3. Resident involvement - The CIP development process will provide for the participation of any resident and or Committee appointed by City Council.
4. Capital Improvement Plan - The City will prepare and update annually a City five-year CIP that identifies needs for capital replacement and additions. The CIP lists all anticipated capital expenditures, total estimated cost, the year in which it will be started, the amount expected to be expended in each year, and the proposed method of financing these expenditures. Methods of financing can include bonding, assessment districts, pay-as-you-go (e.g. taxes, current revenues, cash balances), or other. The CIP will also include a preliminary list of capital project needs that are not funded.
5. Inventories - The City will maintain accurate inventories of capital assets, their condition, life span and cost.
6. Current capital budget - The City will prepare an annual Capital Budget which will include current year capital expenditures and sources of funds based on the current year of the Capital Improvement Plan.
7. Include future maintenance - As part of the annual Capital Budget, the City will identify and include full costs of future maintenance needs and operating costs of new capital facilities and equipment prior to funding as part of the annual Capital Budget. It is essential to recognize that many smaller projects can have a significant impact on the existing staff and maintenance levels when considering the total impact. All capital projects will identify the maintenance requirements in terms of staffing (hours per week) and Supplies & Services.
8. Asset Management Plan (AMP) - The City will maintain an AMP that protects capital investment and minimizes future maintenance and replacement costs for a five-year period. The City will maintain accurate information on the condition, life span use and replacement cost of their capital assets to assist in long term planning. The AMP will also indicate future major repairs and their costs, utility costs and other operating costs.
 - a. Equipment replacement - The City will estimate its equipment replacement needs (items over \$5,000 with a life greater than one year).
 - b. Cash for equipment - Equipment replacement should be planned on a cash basis. Equipment should be replaced on a useful life basis considering optimum trade-in value and maintenance costs.
9. Planned funding - The budget should strive to provide sufficient funding for adequate maintenance and scheduled replacement and enhancement of capital plant and equipment. Whenever the AMP identifies there is a significant discrepancy between the need to maintain/modernize City infrastructure or facilities and the funds available for such improvements, the City staff will prepare and present to Council a strategy for meeting such needs. The long-range plans of all funds will include all costs identified in the AMP.

10. Major Maintenance - Although the annual operating budget should provide for adequate maintenance of capital, plant, and equipment, eventually a major expenditure will be required. It is appropriate to consider these types of major expenditures when developing the capital improvement program.

11. Capital priority - In general, the following guidelines will be used to identify capital priorities: safety, complete existing projects, maintenance of existing capital facilities, extensions of existing systems and new projects. Maintenance should be given priority over acquisition of new facilities, unless a cost/benefit analysis indicates to the contrary. State, Federal and local mandates or new service demands may require acquisition of new facilities or new construction even when maintenance needs are not fully met. Unique opportunities may arise which should be considered as a priority particularly if there is community support for acquisition. Maintenance of facilities should take priority over operating programs if deferring maintenance will result in greater costs to restore or replace neglected facilities.

12. Long-term debt - is a liability that places a future contractual or other obligation against future revenues of the City. For example, long-term debt includes liabilities arising from bonds, lease purchase agreements and installment purchase contracts.

- a. Use for capital - The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
- b. Life of debt not to exceed 75% of life of the project or acquisition - When the City finances capital projects by issuing bonds; it will pay back the bonds within a period not to exceed 75% of the expected useful life of the project.
- c. Debt restrictions - The City will not use long-term debt for current or annual operations. Debt that obligates future City Councils shall be approved consistent with City Charter and applicable State statutes.
- d. Legal debt limits - The City will review its legal debt limitation established by the Charter at least annually. Debt limits will be included in the statistics sections of the Financial Plan and Financial Report.
- e. Annual review - The City of Evans will conduct an annual review of its debt. The review shall take into consideration current market rates and future cash flows to optimize opportunities for refinancing.

VIII. Surplus/Abandoned Property Disposal Policies

1. General - Surplus property consists of City-owned items that are damaged, out modeled or no longer useful, including but not limited to equipment, vehicles, fixtures, furniture, and supplies. The original cost of the item determines how it must be disposed of.

2. Original Cost: \$5,000 or More

- a. City property must be declared “surplus” by City Council resolution if it had an original cost of \$5,000 or more.
 - b. A list of items (including description and/or serial numbers) shall be provided to the City Clerk for inclusion in a Resolution for Disposition of Surplus Property. The resolution will be scheduled for Council approval on the next meeting agenda.
 - c. Following Council approval, the Department Director shall dispose of the surplus item(s) by the following means:
 - i. Public sale for fair market value
 - ii. Non-public sale for fair market value
 - iii. Public auction for fair market value
 - d. If an employee wishes to purchase surplus property, they shall pay fair market value, and at no time shall the purchaser establish the price him/herself.
 - e. When other means of disposal are exhausted, the surplus property may be donated, discarded, or recycled at the discretion of the Department Director.
3. Original Cost: Less than \$5,000
- a. The Department Director shall dispose of surplus property by the following means:
 - i. Public sale for fair market value
 - ii. Non-public sale for fair market value
 - ii. Public auction for fair market value
 - b. If an employee wishes to purchase surplus property, they shall pay fair market value, and at no time shall the purchaser establish the price him/herself.
 - c. When other means of disposal are exhausted, the surplus property may be donated, discarded, or recycled at the discretion of the Department Director.
4. Unclaimed Property and Real Estate
- a. See the Evans Municipal Code Chapter 2, Sec. 40 for the procedure for disposition of lost or confiscated property, including police evidence in closed cases.
 - b. See the Evans Municipal Code Chapter 2, Sec. 42 for the procedure for disposition of Real Property.
5. Disposition of equipment purchased under a Federal award
- a. When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and

conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- i. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
- ii. Except as provided in §200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
- iii. The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

IX. Investment Policies

INTRODUCTION

The purpose of this investment policy is to establish guidelines for the purchase and sale of investments for all funds of the City of Evans.

LEGALITY

The investment program for the City of Evans shall operate in conformance with federal, state, and other legal requirements, including the Colorado Revised Statutes sections 11-10.5-101 et seq. and 24-75-601 et seq., as amended, and City of Evans, Colorado Home Rule Charter VIII.

POLICIES

This Investment Policy (the Policy) applies to the investment of all City of Evans (the City) funds, excluding the investment of employees' retirement funds. Proceeds from certain bond issues are covered by separate agreements.

POOLING OF FUNDS

Except for cash in certain restricted and special funds (for example, the Evans Redevelopment Agency), the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with City of Evans Home Rule Charter VIII and generally accepted accounting principles (GAAP).

OBJECTIVE

The primary objectives of investment activities, in priority order, shall be safety, liquidity, yield, and local considerations.

1. Safety - 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.

- a. The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - i. Limiting investments to the types of securities listed in Section 9 of this Policy.
 - ii. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with Section 6.
 - iii. Diversifying the investment portfolio to minimize the impact of potential losses from any one type of security or from any one individual issuer.
- b. The City will minimize interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
 - i. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - ii. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

2. Liquidity - 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 securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and 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 securities in anticipation of earning a fair return relative to the risk being assumed.

4. Local Considerations - Where possible, funds may be invested for the betterment of the local economy or that of local entities within the State of Colorado. Included is the Local Considerations Investment Program that allows the City to accept proposals from eligible institutions in order to reward local financial institutions that can document their commitments to private economic growth and local housing investment. These respective institutions must be on the Public Deposit Protection Act list of qualified eligible financial institutions. The Evans City Council recognizes that our Local Considerations Investment Program might diminish investment yields.

5. Standards of Care

- a. 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 the overall portfolio. The "prudent person" standard states that, "Investments shall be made with judgment and care,

under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived”. Authorized City officials and employees acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

- b. Ethics and Conflicts of Interest - 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/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.
 - c. Delegation of Authority - Authority to manage the program is derived from the City of Evans Home Rule Charter, Chapter VIII and granted to the City Treasurer who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Policy. Procedures should include references to safekeeping, delivery vs. payment, investment accounting, wire transfer agreements and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the City Treasurer. The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.
6. Authorized Broker/Dealers - To be eligible, a firm must meet at least one of the following criteria:
- a. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York, or have a Primary Dealer within its holding company structure;
 - b. Report voluntarily to the Federal Reserve Bank of New York, or
 - c. Qualify under Securities and Exchange Commission (SEC) Rule 15c-3 (Uniform Net Capital Rule).

Broker/dealers will be selected by the City Treasurer on the basis of their expertise in public cash management and their ability to provide services for the City's account. Approved broker/dealers and the firms they represent shall be licensed to do business in the State of Colorado and as such are subject to the provisions of the Colorado Revised Statutes, including but not limited to CRS 24-75-601.

Each authorized broker/dealer shall be required to submit and annually update a City approved Broker/Dealer Information Request form which includes the firm's most recent financial

statements. The City's Treasurer shall maintain each approved firm's most recent Broker/Dealer Information Request form. In the event that an external investment advisor is not used in the process of recommending a particular transaction for the City's portfolio, authorized broker/dealers shall attest in writing that they have received a copy of this policy.

7. Financial Institutions and Depositories - As required by City of Evans Home Rule Charter Chapter VIII, Section 8.8, a list will be approved by the Evans City Council of financial institutions and depositories authorized to provide investment services. To be eligible, a bank shall qualify as an eligible public depository as defined in C.R.S 11-10.5-103.

8. Minority and Community Financial Institutions - From time to time, the City Treasurer may choose to invest in instruments offered by minority and community financial institutions. In such situations, a waiver to certain parts of the criteria under Paragraph 1 may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state or local law. These types of investment purchases should be approved by the Evans City Council in advance.

9. Safekeeping & Custody - The City Council shall select one or more banks to provide safekeeping and custodial services for the City. A City approved Safekeeping Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. To be eligible for designation as the City's safekeeping and custodian bank, a financial institution shall qualify as a depository of public funds in the State of Colorado as defined in CRS 24-75-603 et seq. Custodian banks will be selected on the basis of their ability to provide services for the City's account and the competitive pricing of their safekeeping related services.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. It is the intent of the City that all securities be perfected in the name of the City. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities purchased by the City will be delivered by either book entry or physical delivery and will be held in third-party safekeeping by a City approved custodian bank, its correspondent bank or its Depository Trust Company (DTC) participant account.

All Fed wire able book entry securities owned by the City shall be evidenced by a safekeeping receipt or a customer confirmation issued to the City by the custodian bank stating that the securities are held in the Federal Reserve system in a CUSTOMER ACCOUNT for the custodian bank which will name the City as "customer."

All DTC eligible securities shall be held in the custodian bank's Depository Trust Company (DTC) participant account and the custodian bank shall issue a safekeeping receipt evidencing that the securities are held for the city as "customer."

10. Internal Controls - The City Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. Details of the internal controls system shall be documented in an investment procedures manual and shall be reviewed and updated by the City Treasurer annually. The internal control structure shall be

designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls structure shall address the following points:

- a. Control of collusion
- b. Separation of transaction authority from accounting and recordkeeping
- c. Custodial safekeeping
- d. Avoidance of physical delivery securities;
- e. Clear delegation of authority to subordinate staff members
- f. Written confirmation of transactions for investments and wire transfers
- g. Development of a wire transfer agreement with the lead bank and third-party custodian.

Accordingly, the City Treasurer shall establish a process for an annual independent review of compliance with the Policy and its internal control procedures by an external auditor.

11. Suitable & Authorized Investments - Investment Types - The following investments will be permitted by this Policy and are defined by state and local law, where applicable:

- a. U.S. Treasury bills, Treasury notes, Treasury bonds, and Treasury STRIPS with maturities not exceeding five years from the date of trade settlement
- b. U.S. government agencies with a final maturity not exceeding five years from the date of trade settlement issued by the Government National Mortgage Association (GNMA)
- c. U.S. instrumentality obligations (debentures, discount notes, callable securities, step-up securities, and stripped principal or coupons) with maturities not exceeding five years from the date of trade settlement issued by the following only: Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC)
- d. Subordinated debt shall not be purchased
- e. Certificates of deposit and other evidences of deposit at financial institutions, with maturities not exceeding five years, in FDIC insured state or nationally chartered banks or savings banks. Certificates of Deposit exceeding the FDIC insured amount shall be collateralized in accordance with the Colorado Public Deposit Protection Act
- f. Repurchase agreements with maturities of 180 days or less collateralized by U.S. Treasury Obligations and Federal Instrumentality Securities listed above with the maturity of the collateral not exceeding ten years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of the City approved Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102 percent of the dollar value of the transaction. Collateral shall be held in the City's custodian bank as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily. Repurchase Agreements shall be entered into only with dealers who have executed a City approved Master Repurchase Agreement with the City and who are recognized as Primary Dealers by the Federal Reserve Bank of New York, or have a Primary Dealer within their holding company structure. The Chief Financial Officer shall maintain a copy of the City's approved Master Repurchase Agreement along with a list of the broker/dealers who have an executed Master Repurchase Agreement with the City. The City may utilize Tri-party Repurchase Agreements provided that the City is

- satisfied that it has a perfected interest in the securities used as collateral and that the City has a properly executed Tri-party Agreement with both the counterparty and custodian bank.
- g. Corporate bonds with a maturity not exceeding three years from the date of trade settlement issued by any corporation or bank organized and operating within the United States. The debt must be rated at least AA- or the equivalent by at least two Nationally Recognized Statistical Rating Organizations (NRSROs).
 - h. Money market mutual funds registered under the Investment Company Act of 1940 that 1) are "no-load" (i.e. no commission or fee shall be charged on purchases or sales of shares, 2) have a constant net asset value per share of \$1.00, 3) limit assets of the fund to securities authorized by state statute, 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940, and 5) have a rating of AA+ or the equivalent.
 - i. Commercial Paper with maturities not exceeding 270 days from the date of trade settlement and rated at least A-1 or the equivalent at the time of purchase by at least two NRSROs. If the commercial paper issuer has senior debt outstanding, the senior debt must be rated by each service that publishes a rating on the issuer of at least A or the equivalent. Furthermore, the issuer's commercial paper program's size shall exceed \$200 million. Commercial paper may not exceed 20% of the Portfolio and no more than 5% may be invested with a single issuer.
 - j. Local government investment pools, authorized under CRS 24-75- 702, that 1) are "no-load" (i.e. no commission or fee shall be charged on purchases or sales of shares), 2) have a constant net asset value per share of \$1.00, 3) limit assets of the fund to securities authorized by state statute, 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940, and 5) have a rating of AA+ or the equivalent.
12. Collateralization - Where allowed by the Colorado Public Deposit Protection Act (PDPA) Section 11-10.5-101 et seq., full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.
13. Investment Parameters
- a. Diversification - The investments may be diversified by:
 - i. limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities)
 - ii. limiting investment in securities that have higher credit risks
 - iii. investing in securities with varying maturities
 - iv. continually investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs) or money market fund to ensure that appropriate liquidity is maintained to meet ongoing obligations.
 - b. Maximum Maturities - To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of trade settlement in accordance with state statutes.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local

government investment pools or money market funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.

- i) **Competitive Bids** - Each investment transaction shall be competitively transacted with authorized broker/dealers. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the City is offered a security for which there is no other readily available competitive offering, then the Treasurer will document quotations for comparable or alternative securities.

14. **Performance Benchmarks** - The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the investment portfolio shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the investment portfolio's weighted average effective maturity. When comparing the performance of the investment portfolio, all fees involved with managing it shall be included in the computation of its rate of return net of fees.

15. **Reporting** - Quarterly, the City Treasurer will submit to the finance committee, a report listing the investments held by the City, the current market value of the investments and performance results. The report shall include a summary of investment earnings during the period.

16. **Policy Considerations** - Any investment currently held that does not meet the guidelines of this Policy shall be exempted from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

17. **Approval of Investment Policy** - The investment policy shall be formally approved and adopted by resolution of the governing body of the City of Evans. Any future changes must be approved by the Evans City Council.

18. **Documentation to be maintained by the City Treasurer** -

- i. Internal Controls Procedures Manual
- ii. Listing of authorized personnel
- iii. Relevant investment state statutes
- iv. Listing of authorized broker/dealers and financial institutions/depositories
- v. Broker/Dealer Information form
- vi. Credit studies for securities purchased and financial institutions used
- vii. Safekeeping agreements
- viii. Wire transfer agreements
- ix. Sample investment reports
- x. GFOA Recommended Policies

X. Grant Policies

PURPOSE

To provide a strategic framework for staff to follow when considering applying for a grant opportunity and managing a grant award.

Grants are funds disbursed by one party, often a governmental agency, department, corporation, foundation, or trust, to a recipient. Special attention should be directed to grants that include State/Federal funds.

SCOPE

This policy and procedure applies to all offices and departments of the City of Evans.

RESPONSIBILITY

Each department receiving grant funding under contract or agreement to provide services shall provide the information outlined below to the Finance Department and follow procedures outlined in this policy.

POLICY AND PROCEDURE

1. Before Applying for a Grant - Identify probable stakeholders in the potential grant award. Ensure these stakeholders support the grant opportunity, have read and received information on the opportunity, and support the City's undertaking of the grant outcome. Examples include (at a minimum):

- a. Legal
- b. Finance
- c. City Manager's Office
- d. Engineering
- e. Other departments who must allocate time and/or resources to assist in the project.

Identify a Responsible Official and a backup official for the grant application and management. This individual will serve as the primary point of contact to both the City and grantor for grant reporting, project status, and closeout of the grant award.

2. Responsibilities of Department Applying for Grant –

- a. Submit requested grant documents to the Finance Department.
- b. Follow outlined procedures in this policy and the Purchasing Policy, at a minimum, to ensure compliance.
- c. Review grant agreement and other related documentation to comply with all specific grant requirements.
- d. Determine if grant is a Federal award.
- e. If grant is a Federal award, ensuring compliance with 2CFR200 Uniform Grant Guidance.
- f. City Council must approve the grant application before submission if the grant requires a City financial match or reflects a substantial effort for City staff. Include in the staff report language for Council to consider approving a preliminary budget revision in the amount of the project (grant award plus City match, if any). Exceptions to prior approval by City Council include mini-grant awards not requiring a financial match which help fund operational items already budgeted, like a police department grant to pay for a small amount of overtime in enforcement operations.
- g. Considering internal and external communication needs.

3. Upon Award & Acceptance of the Grant -
 - a. Submit the following to the Finance Department:
 - i. Grant Award
 - ii. Contract and contract amendments
 - iii. Any related correspondence
 - iv. Notification of fiscal training or consultation by the grantor/contractor

ADDITIONAL REQUIREMENTS

1. Subrecipient Monitoring - Responsible Official shall review contracts utilized under the grant agreement to determine if the vendor is a “contractor” or a “subrecipient” per Federal grant guidelines. If a vendor qualifies as a subrecipient, the department needs to complete subrecipient monitoring. The department should request guidance from the Finance Department if needed.

2. Grant Equipment Acquisition/Disposition - Follow any special grant requirements when purchasing and disposing of equipment (capital and non-capital). Some grants require notification and/or authorization before purchasing or disposing of equipment. Occasionally, any proceeds received from disposal of equipment must be returned to the grantee.

All equipment purchased with Federal dollars and meeting the Federal dollar thresholds must be accounted for properly following current Federal guidelines. An inventory of items must be conducted every year and systems must be in place to prevent loss, damage, or theft and for maintaining the equipment. Property records must include:

- a. a description of the property,
- b. a serial number or other identification number,
- c. the source of funding for the property (including the Federal Award Identification Number),
- d. who holds title,
- e. the acquisition date,
- f. cost of the property,
- g. percentage of Federal participation in the project costs for the award under which the property was acquired,
- h. the location, use and condition of the property, and
- i. any ultimate disposition data including the date of disposal and sale price of the property.

3. Real Property Acquisition/Disposition - So long as property received from a grant to build or construct or to otherwise create real property and the property is used for its original purposes, ownership rests with the City. Reporting is required on an annual basis. The Federal government retains a residual financial interest in grant-funded real property if the City no longer needs the property for its original purpose. As such, the possibility exists that the Federal agency could seek to recover the property in order to use it for Federal purposes or market that property to the general public. Grant documents must be reviewed to determine if improvements to land or buildings, rental costs, or depreciation are allowed.

4. Advances - All advances received must be accounted for using current State/Federal guidelines.

5. Performance and Financial Monitoring and Reporting - Departments shall comply with specific grant requirements relating to performance reporting. Criteria must be established for each grant for reporting consistency (reference G). Departments will review project work completion percentages to dollars spent periodically to provide reasonableness.

6. Record Retention: Departments shall review contracts for compliance with record retention requirements for specific grants. Focus will be on retaining all financial and programmatic records that are pertinent to the award. Special attention will be directed toward the beginning of the retention period (i.e. the retention period begins for many grants after closeout, monitoring reviews, and audits have been completed). Grant files may be given to the Finance Department for long-term retention.

7. Grant Review: Departments will ensure that appropriate review, to include segregation of duties, is completed for reimbursement requests and performance reporting. The review is to ensure accurate, current, and complete disclosure of the financial activities for each project or program in accordance with the specific grant reporting requirements.

8. Accounting for funds: Departments must be able to differentiate State/Federal funds from non-State/Federal funds. Departments must be able to differentiate the streams of funding from different State/Federal agencies and from different State/Federal programs. The City's financial system revenue accounts can be used to assist in satisfying this requirement.

9. Conflicts of Interest: Organizational and personal conflicts of interest will be considered during the grant process. Any potential conflicts of interest must be disclosed in writing.