

**MIDVALE CITY CORPORATION  
RESOLUTION 2023-R-29**

**A RESOLUTION ADOPTING THE POLICIES STATED IN THE ATTACHED  
“MIDVALE CITY FINANCIAL POLICIES” DOCUMENT**

**Whereas**, city staff and Council have long followed guidelines and policies related to finance, both written and unwritten; and

**Whereas**, formal policies promote stability and continuity for any organization; and

**Whereas**, financial policies define a shared understanding of how the municipality will develop its financial practices and manage its resources to provide the best value to the community; and

**Whereas**, a solid set of financial policies can help support a good bond rating, thereby reducing the cost of borrowing; and

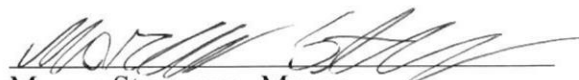
**Whereas**, the Utah State Auditor recognizes financial policies as an essential part of decreasing the risk of fraud in governments; and

**Whereas**, the Government Finance Officers Association recognizes financial policies as an essential part of public financial management.


**Now therefore be it resolved**, that the Midvale City Council approves and adopts the policies stated in the attached “Midvale City Financial Policies” document.

**This resolution** shall become effective immediately upon passage thereof.

**Passed and adopted by the City Council of Midvale City, State of Utah**, this 20th day of June, 2023.

  
\_\_\_\_\_  
Marcus Stevenson, Mayor

ATTEST:

  
\_\_\_\_\_  
Rori L. Andreason, MMC  
City Recorder



**Voting by the City Council: “Aye”**

**“Nay”**

Dustin Gettel	<input checked="" type="checkbox"/>	_____
Paul Glover	<u>Absent</u>	_____
Quinn Sperry	<input checked="" type="checkbox"/>	_____
Heidi Robinson	<input checked="" type="checkbox"/>	_____
Bryant Brown	<input checked="" type="checkbox"/>	_____

# Midvale City, Utah



Financial Policies

~~Robert M. Hale~~Marcus Stevenson – Mayor  
~~Kane B. Loader~~Matt Dahl – City Administrator  
~~Laurie N. Harvey~~Mariah Hill – Director of Administrative  
Services  
~~Dalin W. Hackett~~ – Asst. Finance Director  
2018

## Introduction

This document formally memorializes financial policies currently in effect for Midvale City elected officials and staff. The last revision to these policies occurred in 2018. This 2023~~18~~ edition may be expanded and refined over time.

As stated by Jeffrey L. Esser, Executive Director of the Government Finance Officers Association, “Financial policies are a key element of sound fiscal administration. Policies provide the guidance or “rules of the game” that shape the decisions of public managers. When policies are effective, they can preserve or enhance the fiscal health of governments. By contrast, weak policies promote fiscal instability and can also reduce citizen confidence in government.”

Questions regarding information in this document should be directed to ~~Dalin Hackett~~Mariah Hill, Midvale City, 7505 S. Holden Street, Midvale, Utah, 84047, telephone (801)-567-720~~620~~, Email address ~~dhackett~~mhill@midvale.com.

## Midvale City, Utah

### Financial Policies

#### Purpose

The purpose of Financial Policies is to set forth parameters and guidelines for prudent fiscal operational practices and management. These policies were developed by Midvale's Department of Administrative Services with assistance from the Government Finance Officers Association publication "Financial Policies" by Shayne C. Kavanaugh and the City's Financial Advisor, Lewis Young Robertson & Burningham. These policies have been approved by executive management, and the last revisions occurring in 2018 were formally adopted by resolution by the Midvale City Council.

#### Formal Adoption of Financial Policies

The last Midvale City Financial Policies were adopted by a resolution of the Midvale City Council (2018-R-43) on October 16, 2018. This 2023 revision proposes the addition of a Cash Handling and Deposit Policy, significant revisions to the City's Investment Policy, updates the Procurement Policy to include the 2023 updates, and a few other minor changes.

## Midvale City, Utah

### Financial Policies

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## General Fund Reserve Policies

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### Purpose

- Comply with Utah state law
- Plan for contingencies
- Maintain good standing with rating agencies
- Avoid interest expense
- Generate investment income
- Ensure cash availability when revenue is unavailable
- Create a better working relationship between the governing board and staff

### Amounts Held in Reserve

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Utah Code § 10-6-116 requires that municipalities maintain an unrestricted (committed, assigned, and unassigned) general fund balance between five and thirty ~~twenty~~ five percent of the ~~estimated~~ general fund revenues.

Midvale City will maintain a General Fund fund balance (reserve) of fifteen percent of budgeted general fund revenues.

The amount in reserves will be calculated by adding the fiscal year ending committed, assigned, and unassigned fund balances less fund balance appropriated in subsequent fiscal year.

Midvale City will maintain a General Fund balance (reserve) of fifteen percent of budgeted general fund revenues, though the City Council may direct staff to reserve up to the State limit of thirty five percent.

### Conditions for Use of Reserves

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The reserve may be used at the discretion of the City Council for unanticipated, non-recurring needs, temporary shortfalls, or if the Mayor declares a state of disaster. Fund balances should not be used for normal or recurring annual operating expenditures. Once used, ~~the~~ reserves should be replenished in a timely manner.

Unassigned general fund balance in excess of fifteen percent may be used for one-time purchases.

## **Reserve Policies in Other Funds**

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### **Purpose**

- Provide working capital
- Support continuity of operations
- Maintain a stable fee structure
- Provide capital replacement funds
- Maintain good standing with rating agencies
- Create a better working relationship between the governing board and staff

### Capital Projects Fund

This fund is used to track spending on major capital projects, therefore; there is no need to maintain a budgetary cushion.

### Internal Service Funds (Fleet, IT)

The purpose of the Fleet and IT Internal Service Funds is to accumulate resources to replace vehicles and computer equipment according to assigned replacement schedules and to recover the operating costs of both funds. City funds are charged replacement costs pro rata over the life of the vehicle or computer equipment based upon estimated replacement cost less estimated sales proceeds. Internal Service Funds recover operations costs in the year they are incurred by charging City funds their pro rata share of the operations costs. Interest earned on investment of reserves is used to offset the cost of annual operations. Fund balance for Internal Service Funds represent resources collected from City funds to be used for future purchases of vehicles and computer equipment. Reserves for future operations costs are not needed because operations costs are funded in the year they are incurred.

### Enterprise Funds (Public Utilities, Storm Water Utility, Sanitation, Street Lighting, Telecommunications)

Midvale City will strive to maintain working capital (current assets less current liabilities) of no less than 60 days worth of annual operating expenses for the Sanitation, Street Lighting and Telecommunications Funds, and no less than 180 days worth of annual operating expenses for the Public Utilities and Storm Water Utility Funds.

In an effort to maintain adequate reserves, the City shall conduct an analysis of its utility rates on an annual basis. Rate increases, if needed, shall be proposed to City Council during the annual budgeting process.

In order to substantiate the value of Accounts Receivable in the enterprise funds, the City will enforce aggressive collection practices, including termination of service for accounts 60 days past due.

The minimum working capital reserve may be used at the discretion of the City Council for temporary shortfalls or to downsize operations. Once used, the reserve should be replenished in a timely manner. If reserves fall below the 60 day minimum, a plan for replenishment should be included in the subsequent year's budget planning process. Excess working capital may be used for capital improvements or for one-time purchases.

#### Other Funds

Adequate reserves will be considered.



## **Revenue Policies**

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### **Purpose**

- Ensure sufficient and stable revenues in order to consistently produce desired programs and services
- Develop and maintain revenue sources that are fair and consistent

### **Policies**

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Midvale City strives to achieve diversification and stabilization of the revenue base. While recognizing that property taxes are the most stable, the City will not increase property taxes when other revenues such as sales tax and franchise fees are adequately funding operations.

The City will not use one-time revenues towards ongoing expenditures.

User fees will be charged to obtain cost recovery for regulatory services such as building permits, plan checks, and business licensing.

Administrative fees will be charged by the General Fund to the Enterprise Funds in order to recapture direct and indirect costs which benefit all funds. These fees will be reviewed annually in association with the budget process.

A municipal fee schedule shall be reviewed and adopted by the City Council annually in conjunction with the operating and capital budgets.

Before applying for and accepting intergovernmental aid, the City will assess the merits of a particular program as if it were funded with local tax dollars. Local tax dollars will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits as a budgetary increment.

A conservative approach will be used to forecast revenues. However, when such an approach leads to considerations of raising taxes or cutting services, a more objective approach will be analyzed in order to avoid unpopular budget-balancing measures that later prove unnecessary.

Multi-year forecasts will be prepared and presented to the Council annually as part of the budget process.

## **Expenditure Policies**

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### **Purpose**

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- Ensure that public funds are spent with integrity, directness, and transparency
- Ensure that expenditures are directed to services that citizens prefer

### **Policies**

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Ongoing expenditures will not expand beyond the City's ability to pay for them with current revenues. When practical, resources should be used for preventative investments that can be made to avoid even larger costs in the future.

Funding for new programs and services should be limited to the extent that they can be reasonably funded over the near-to-long term given the current revenue stream.

Increasing efficiencies and effectiveness of the delivery of City services through process review, technology improvements, or outsourcing must be considered before adding permanent staff.

Staff shall prepare an analysis of costs borne by the General Fund which benefit other funds, most importantly, enterprise funds. Enterprise Funds will reimburse the General Fund for these costs through administrative fees, which are appropriated as part of the budget each year.

Efforts will be made to maintain compensation packages that are sufficient to attract and retain quality employees. Salary range structures shall be evaluated periodically to determine the relative competitiveness of the pay structure to the job market. The midpoint of the salary range is the market value against which the City will assess its pay plan relative to the job market. If the midpoint of the City's salary range is more than five percent below market for any given position, the grade of that particular position shall be adjusted upward.

The City's pay plan shall be reviewed and adopted annually by the City Council in conjunction with the annual budget.

Staffing shall not exceed the authorized level, and all new positions must be approved by City Council before they are filled.

## **Operating Budget Policies**

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### **Purpose**

- Acknowledge that the operating budget is among the most important public documents produced by the City
- Ensure the budget sets forth the City's taxing and spending direction
- Establish policies that allow leeway for the inevitable give-and-take of politics

### **Policies**

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Midvale will adopt an annual operating budget for all funds.

Budgets are prepared on a modified accrual basis. Under the modified accrual basis, capital expenditures and the redemption of bonds are recorded as expenditures. Depreciation and amortization costs are not budgeted since these costs are non-cash transactions. However, staff will perform an analysis to ensure each proprietary fund will not go over budget when depreciation expense is factored.

Budget policies define the broad guidelines under which the budget process will operate. Staff is then responsible for designing a process that conforms to the policies.

Because the City's budget is a spending plan, and because circumstances change throughout the fiscal year, staff may propose budget adjustments for any or all funds throughout the year. Those adjustments require discussion and adoption by the City Council to become effective.

The City Administrator has authority to reallocate line items within a department budget, but any inter-departmental budget adjustments must be approved by the City Council. Grants, additional personnel, new programs, etc. must be appropriated by the City Council.

The City Administrator, after meeting with all City departments, will present a balanced budget for adoption to the Mayor and City Council in May of each year. This document will serve as a working tool for the City Council in developing their operating budget.

Consistent with Utah Code § 10-6-111, a tentative budget will be prepared and filed with the City's elected officials on or before the first regularly scheduled meeting of the governing body in May of the current period. The tentative budget will be reviewed and discussed in Council meetings throughout May and June.

~~A public hearing will be held in May to adopt the tentative budget. An additional~~ public hearing will be held prior to the adoption of the final budget. Citizen participation and comment is encouraged.

Consistent with Utah Code § 10-6-118, the City Council will adopt a final budget before June ~~30~~<sup>22</sup> of each fiscal period, or, in the case of a property tax increase, before September 1~~August 17~~ of the year for which a property tax increase is proposed.

The City Council will adopt its certified property tax rate on the same date as the final budget is adopted.

## **Capital Asset Management Policies**

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### **Purpose**

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- Recognize the major impact capital projects have on the quality of local government services, the community's economic vitality, and the overall quality of life for citizens
- Stimulate informed debate and to help leaders make optimal choices

### **Policies**

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The City will develop and maintain a Capital Improvement Plan which includes a realistic project timing, and scope, and operating budget impacts.

Appropriations for capital projects are for the period of construction or acquisition, and do not lapse at the end of the fiscal year. Funds remaining in the project budget after its completion may be appropriated for other capital projects or revert to the General Fund.

Appropriate ongoing funding for maintenance is a high priority. Deferring maintenance or asset replacement has the potential for reducing a government's ability to provide services and/or threatening public health, safety and overall quality of life. In addition, as the physical condition of an asset declines, deferring maintenance and/or replacement may increase long-term costs and liabilities.

The City has established an Internal Service Fund for the purpose of accumulating resources to replace vehicles according to a replacement schedule established by the Fleet Manager, and to recover fleet operating costs from appropriate funds. The City has also established an Internal Service Fund for the purpose of accumulating resources to replace computer equipment according to a replacement schedule established by the Information Technology Manager, and to recover IT operating costs from appropriate funds.

Department managers/heads shall exercise supervision of all inventories of tangible City property within the control of or assigned to their departments, this includes ensuring all City assets are safeguarded and kept in good working condition. All City property located in warehouse(s) or storage areas shall be inventoried annually, and accountability for the property shall reside with the respective department manager/head.

## **Long-term Financial Planning Policies**

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### **Purpose**

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- Assist the government in providing stable tax and service levels to the community over a multi-year period
- Uncover minor problems which, left unresolved, could require dramatic action later
- Demonstrate a sound commitment to sound financial management and a willingness to control spending

### **Policies**

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Each year, staff shall develop a forecast of operating expenditures and revenue for the next five years. The presentation and discussion of the forecast and resulting long-term financial plan will be an integral part of the annual budget process.

Midvale City will address imbalances in future revenues and expenditures in establishing property tax rates.

## **Debt Policies**

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### **Purpose**

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- Ensure that debt is used wisely and that future financial flexibility remains relatively unconstrained
- Establish criteria for the issuance of debt obligations so that acceptable levels of indebtedness are maintained
- Transmit the message to investors and rating agencies that the City is committed to sound financial management
- Provide consistency and continuity to public policy development

### **Policies**

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The City may use debt to help distribute the payments for a capital asset over its useful life so that benefits more closely match costs.

The City may also use pay-as-you-go financing, in that it helps to keep the City's debt burden down.

As there are merits to both methods of financing, Midvale may use a combination of debt and pay-as-you-go to finance capital assets.

Using long-term debt for operations is discouraged.

Issuing debt with a longer amortization period than the life of the asset it is financing is prohibited.

Debt service as a percent of general expenditures of the General Fund shall not exceed fifteen percent.

Capitalization of interest, the practice of using bond proceeds to pay the interest due on debt during the construction period of an asset, is generally acceptable.

Long-term financing must comply with federal, state, and local legal requirements.

The City will consider debt issuance (rather than paying cash) when interest rates are low. The City might use its debt capacity to acquire capital assets for a lower total cost when construction costs are increasing or are very low.

The City shall engage the following outside professionals to assist with bond sales, as bond sales are not a routine activity for most local governments:

- Financial Advisor
- Bond Counsel

- Underwriter
- Paying Agent/Registrar

Bond proceeds will be invested in accordance with the City's general investment policy. Staff must take steps to minimize arbitrage liability on bond proceeds in order to avoid penalties.

Refunding bonds will be considered when there is an interest rate savings, a change in anticipated revenues, or when the City Council desires a change in the provisions of a bond covenant.

Midvale City shall comply with all ongoing disclosure conditions and shall file such required documents in a timely manner.

Interfund loans are contemplated for short-term use only. Any transfers between funds where reimbursement is not expected within one fiscal year shall not be recorded as interfund borrowings; they shall be recorded as interfund operating transfers.



## Investment Policies

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### Purpose

- Set forth the investment and operational guidelines for the management of public funds.
- Maximize interest income while preserving principal and maintaining sufficient liquidity to meet expenditure obligations.

### Scope

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This policy applies to all funds held by the City with the exception of money held in bond trust accounts. Any new funds created or collected will also be subject to this policy.

### Delegation of Authority

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Authority to manage the City's investment program is derived from Utah Code Annotated, 10-6-141, as amended. The City Treasurer is responsible for investment decisions and activities. The City Treasurer shall be bonded according to the guidelines of the Utah Money Management Council (Rule 4). In the event of an emergency and the unavailability of the City Treasurer, the Finance Director is authorized to conduct the City's investment transactions.

### Investment Objectives

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Funds of the City will be invested in accordance with the Utah Money Management Act. The objectives of the Act and the City in order of priority are:

1. *Safety of Principal* – Safety of principal/capital is the foremost objective of the investment program. Investments shall be made to ensure the preservation of capital in the overall portfolio. Investments will be diversified to spread potential investment risk.
2. *Investment Risks* – There are various risks associated with investing, including but not limited to interest rate risk, credit risk, concentration of credit risk, and custodial credit risk. Interest rate risk is the risk the value of an investment will diminish with changes in the market interest rate. The City's policy for managing exposure to interest rate risk is to comply with the Utah Money Management Act. This risk cannot be completely avoided because the City cannot control the market interest rate; however, this risk can be mitigated by staggering the maturity dates of investments. Credit risk, or default risk, is defined as the risk that an issuer, or other counterparty of an investment, will not fulfill its obligation to pay interest and/or principal on time. The City's policy for mitigating credit risk is to follow the Utah Money Management Act, which allows investment only in the highest quality investments as measured by the bond rating. Concentration of credit risk is the risk of loss due to the amount of money invested in a single issuer. The City's policy for mitigating the impact of this risk is to follow the Utah

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Money Management Council Rules, specifically Rule 17 which limits the amount of money that can be invested in a single issuer as stated below. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in possession of an outside party. In general, this risk can be reduced by only investing with companies that have good credit. The City's policy for managing custodial credit risk is to follow the Utah Money Management Act, which provides a list of certified investment dealers, all of which have good credit.

3. Return on Investment: The investment portfolio will be designed with the objective of earning an above-the-market rate of return throughout budget years and economic cycles, taking into account investment risk, legal requirements, and cash flow needs.

### Diversification of Authorized and Suitable Investments

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The City may place public money in investments/deposits authorized by the Utah Money Management Act. Investments entered into by the City will be diversified by industry, institution, and maturity to spread potential investment risk and return among many classes of investments. The City will seek to diversify investments across industry, institution, and maturity length. This diversification rules do not apply to U.S. Government debt or the Utah Public Treasurer's Investment Fund.

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The required diversification is as follows:

INVESTMENT INSTRUMENT	MAXIMUM IN ANY SINGLE ISSUER **
T-bills	100%
T-Notes	100%
Corporate Bonds (fixed or floating rate)	5%
U.S. Government Agency Securities	100%
Federal Farm Credit Bank (FFCB)	50%
Federal Home Loan Bank (FHLB)	50%
Federal Home Loan Mortgage Corporation (FHLMC)	50%
Federal National Mortgage Association (FNMA)	50%
Other Obligations (revenue bonds of any county, city, or any taxing district of the State of Utah)	5%
Certificates of Deposit	97% of FDIC limit, no purchases at a premium
Commercial Paper	5%

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\*\* No single issuer or guarantor (other than the United States Treasury and Federal Agencies) may represent more than the percentage listed in this table at the time of purchase of the total value of holdings of each cash manager's portfolio.

All investments shall be thoroughly considered before investing.

1. Maximum Maturities:

- Treasuries and Agencies – No longer than 5 years
- Floating Rate Corporate Notes – No longer than 3 years
- Fixed Rate Corporate Notes – No longer than 15 months
- Certificates of Deposit – No longer than 5 years

2. Documentation of Investments: All financial institutions with which the City invests shall provide regular statements to the City detailing all transactions, including dates, account numbers, and balances.

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### Prudent Investor Rule

Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. The City Treasurer, acting in accordance with the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual investment's market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### Ethics and Conflicts of Interest

Those involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the City's investment program, or which could impair their ability to make impartial investment decisions. The overall program shall be designed and managed with a degree of professionalism worthy of the public trust. City employees involved in the investment of the City's money shall subordinate their personal investment transactions to those of the City. All potential conflicts of interest shall be reported to the proper supervisor immediately.

### Authorized Financial Dealers, Investment Advisors, and Institutions

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Financial institutions, investment advisors, and investment broker/dealers who desire to become qualified investment service providers or qualified depositories must be certified through the State and must be registered investment advisors. They must meet all requirements imposed by the Utah State Department of Financial Institutions and the requirements of the Utah Money Management Council and Act (Rule 16). The Utah Money Management Council quarterly issues a list of certified dealers, certified investment advisors, and a list of qualified depositories authorized by state statute to conduct transactions with public treasurers.

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## Internal Control

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The City Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the funds of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. Internal controls must include the following:

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1. Separation of transaction authority from accounting and recordkeeping.
2. Third party custodial safekeeping of investments.
3. All wire transfers must be approved by two signers on the account.
4. Written confirmation of all transactions for investments.

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## Benchmarking of Performance

Better-than-the-market rates of return will be sought on the City's investments, consistent with the overriding objectives stated above. However, safety of principal is the top priority of any investment. The benchmark for rates of return on the City's portfolio will be the rate of return on the Utah Public Treasurers Investment Fund.

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## Reporting

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Management reports on the City's portfolio are generated by the Finance Director or City Treasurer monthly. The Administrative Services Director will evaluate investment performance at least quarterly. The City Treasurer will ensure all applicable reports are filed with the Utah Money Management Council as prescribed by law.

## Collateralization

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Utah State law does not require the collateralization of public funds.  
Midvale City shall comply with the state of Utah's "Money Management Act".

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Unless approved by the City Administrator, all funds will be invested with the Utah State Treasurer's Public Treasurers Investment Fund.

The pooling of funds is authorized, and interest earnings will be credited to the source of the invested funds at the end of each month based on the average daily cash balances during the month.

Appropriate separation of duties is required; in no circumstance can the same individual prepare the deposit, take the deposit to the bank, and/or reconcile the bank statement to the books.

## Glossary

Laws and regulations referenced in this document and their location can be found at:

1. Utah Money Management Act : <https://treasurer.utah.gov/money-management-council/money-management-act/>
2. Rules of the Utah Money Management Council : <https://treasurer.utah.gov/money-management-council/rules-of-the-money-management-council/>

Utah Code Annotated : <https://le.utah.gov/>

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## **Accounting, Auditing, and Financial Reporting Policies**

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### **Purpose**

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- Set the tone at the top for how the City will account for its financial resources and be accountable for making financial information available to the public
- Satisfy external financial reporting requirements as well as meet the City's managerial needs.

### **Policies**

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Midvale City has established an Audit Committee to serve as a practical means for the City to provide independent review and oversight of the government's financial reporting processes, framework of internal control, and independent auditors.

The Audit Committee shall report to the City Council at least annually.

Accounting records will be maintained in accordance with state and federal law and regulations.

Midvale adopts the Government Finance Officers Association recommendation that governments use a multi-year audit contract for a period of no less than five years.

Annual financial reporting in compliance with generally accepted accounting principles (GAAP) is required.

Monthly revenue and expenditure reports for each fund shall be presented to the City Council.

A listing of checks issued shall be supplied to the City Council monthly.

Midvale City will strive for transparency and shall comply with all state records transparency requirements.

Capital assets are defined as assets costing at least \$5,000 with an expected useful life in excess of one year.

Sensitive non-capitalized items such as computers shall be inventoried and controlled.

## **Internal Control and Risk Management Policies**

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### **Purpose**

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- Protect assets in order to ensure continuity of service
- Maintain a safe work and service environment,
- Ensure the efficiency of risk management activities

### **Policies**

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The City shall work closely with its insurer to accomplish goals stated above and to minimize the cost of risk management activities.

The Human Resources Director shall be designated as the Risk Manager. Senior Staff shall serve as the risk management committee. Meetings shall be held quarterly to review insurance claims and reported incidents.

Employees will be provided with the official Midvale City Policies and Procedures Manual regarding employment, and shall file an acknowledgment of receipt and understanding of the manual with the Human Resources department annually.

City employees and councilmembers are required to report conflicts of interest and to refrain from participating in or deliberating on any matters regarding such interest.

Sexual Harassment training shall be conducted annually for all employees.

The City shall appoint an Emergency Operations Manager who is responsible for maintaining the City's Emergency Management Plan.

Midvale City staff shall participate in regional and statewide safety exercises in coordination with area police and fire.

Internal Controls shall be developed to:

- Segregate duties
- Provide security over assets and records
- Ensure periodic reconciliation and verification
- Assure proper authorization

## **Local Economic Development Finance Policies**

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### **Purpose**

- Improve local economic conditions through direct and indirect intervention

### **Policies**

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Midvale City's Redevelopment Agency may use tax increment financing to improve designated project areas within the City.

Midvale City will strive to attract businesses that pay a salary equal to or above the average wage level for Midvale, and businesses that provide healthcare and retirement benefits to their employees.

Although some taxing entities within Midvale city boundaries may charge impact fees, Midvale City itself does not charge impact fees.

The City employs an Economic Development Director who is charged with attracting new businesses to the City, as well as serving as a liaison between the private sector (in many cases, the developer) and City staff.



## **Procurement Policies**

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### **Purpose**

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- Ensure that the procurement process is fair
- Ensure good stewardship over public funds
- Help clarify the goals of the purchasing system

### **Policies**

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The City will strive to consider full lifecycle costs of a good or service rather than simply accepting the lowest initial purchase price.

Quality should be an integral evaluation component when reviewing vendor proposals. Purchasing decisions will be based on best value, not lowest cost.

Procurements will be conducted fairly and the process and results will be open to the public.

Training on Midvale's purchasing ordinance will be provided to City staff on a regular basis, at least once every two years.

Midvale City staff and elected officials shall comply with Midvale Municipal Code § 3.02 regarding procurement. Important purchasing thresholds for expenditures for supplies, services or construction are described below:

- Expenditures of ~~fifty~~twenty-five thousand dollars or more shall be made pursuant to the formal bidding procedures set forth in Midvale Municipal Code § 3.02.110. An expenditure of ~~fifty~~twenty-five thousand dollars or more must be approved by the City Administrator. Any expenditure of one hundred thousand dollars or more must be approved by the City Council.
- Expenditures for ~~seventy~~three thousand ~~five hundred~~ dollars or more, but less than ~~fifty~~twenty-five thousand dollars, shall be made pursuant to the informal bidding procedures set forth in Midvale Municipal Code § 3.02.100.
- The following expenditures of the City shall be referred to as "exempt expenditures" and may be made without formal or informal bidding procedures, but should be made with as much competition as practicable under the circumstances.
  - Minor. Any expenditure amounting to less than seven thousand five hundred~~three thousand~~ dollars.

⊖ Sole Source. An expenditure where a service, product, or requirement is only available from a single vendor. Examples include a supply or service of a unique or specialized nature, and only one known vendor is available to meet the need, and specific parts, accessories, equipment, materials, services, proprietary commodities, or other commodities needed to meet the city's needs. Sole source procurements must be approved in writing by the department head, the procurement officer, and either another department head or a representative from the finance department or city attorney's office. Any expenditure for goods or services which are clearly by their nature not reasonably adapted to award by competitive bidding. Sole source procurements must be approved the City's Purchasing Committee.

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○ Emergency. See Midvale Municipal Code § 3.02.070 for procedures to follow.

○ State Bidding. Any expenditure for which competitive bidding or price negotiation has already occurred on the state level. In the event state contract vendors are unable to fulfill the contract in a reasonable time frame, the City may purchase from another potential vendor willing to honor all aspects of the state contract.

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○ Interlocal Cooperation. Any expenditure made in conjunction with an agreement approved by resolution of the City Council between the City and another city or governmental entity.

○ Joinder. Any expenditure made by joining or using a contract originated by another government entity or national cooperative organization with the approval of the city council.

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○ Professional Services. Any expenditure for professional services which by their nature are not reasonably adapted to award by competitive bidding and require elevated degree of specialized knowledge and discretion, including labor, effort, or work. Examples of expenditures qualifying for a professional services exemption include:

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- a. Accounting;
- b. Architecture;
- c. Artistic endeavors;
- d. Auditing;
- e. City planning;
- f. Construction design and management;
- g. Engineering;
- h. Financial services;
- i. Information technology;

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- j. Law;
- k. Materials testing;
- l. Medicine;
- m. Psychiatry;
- n. Surveying; and
- o. Underwriting.

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Contracts for such expenditures shall be awarded at the discretion of the city manager based on the recommendation of the department head or procurement officer. If the city manager determines that competitive bidding for certain professional services would benefit the city, the procedures set forth in Section 3.02.130 must be followed.

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- ~~Such expenditures shall be awarded at the discretion of the City Administrator based on the recommendation of the department head. If the City Administrator determines that competitive bidding for certain professional services would benefit the City, the procedures set forth in Midvale Municipal Code § 3.02.130, Request for proposals (professional services), must be followed.~~
- Special Sale. Any expenditure made in conjunction with any public auction, closeout sale, bankruptcy sale or other similar sale when the procurement officer determines in writing that such purchase may be made at a cost below the market cost for the same or similar goods and such determination is reviewed and approved by the City Council.
- Exchanges. Any exchange of supplies, materials, property, or equipment between the City and any other public or private party made by mutual agreement of the respective parties.
- Federal or State Funds. In cases where federal or state funds are being used and where federal or state purchasing laws or procedures govern the types of goods or services being procured, the city shall follow the applicable federal or state purchasing law or procedures in lieu of the procedures set forth in this policy.
- Gift or Bequest. In complying with the terms and conditions of any bequest to the city, if such action is approved by the city manager in writing and is otherwise consistent with law, the department buyer may procure without competitive bids.
- Compatibility Parts and Training. A department head or designee may procure without competitive bids equipment and supplies which, by reason of the training of city personnel who service such equipment, or which is an addition to or for the repair or maintenance of equipment owned by the city which may be more efficiently added to, repaired or maintained by a certain brand, person or

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firm. In such cases the department head shall submit written documentation to the procurement officer.

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- Utah Correctional Industries. Supplies, services, or construction produced by Utah Correctional Industries may be purchased without seeking competitive quotes or bids.

The Mayor is the only individual with authority to bind the City. The Mayor's signature is required on all City contracts.

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## Cash Receipting and Deposit Policy

### Purpose

- Establish a uniform control design for all departments of Midvale City that receive cash.

### 1.

### Policies

All funds received are entered into the accounting system at the time of the transaction or if the transaction occurs at a location without access to the accounting system the funds will be logged into a receipt book with enough detail to determine where/who the funds came from, the purpose for receiving the funds, the method of payment; cash, check, credit card, etc., and designate the appropriate account. Manual receipts should have two copies; a customer copy and a Treasurer copy (Which can be kept electronically).

Mail will be opened in the presence of two or more employees and any correspondence containing payments will be removed and processed before distributing mail to individual persons or departments

For any funds received where the general ledger account is unknown, the person receiving the funds should coordinate with the City Treasurer or a member of the finance department to get a general ledger account to code the funds to upon receipt. Funds should not be held or delayed from being deposited for any reason.

Cash must be secured during hours of operations, all cash stored overnight or during the weekend should be kept in a secure locked safe or vault. Access to the safes/vaults must be limited to approved employees. Two employees preferably employees who are not responsible for cash, must perform counts each quarter to verify the opening amounts of cash on hand for each cash drawer.

At the end of each day, the person responsible for receiving cash will close out their cash drawer and reconcile the system-generated report to the cash, checks, and credit card receipts in the drawer. Place cash, checks, and credit card receipts received along with the report in a deposit bag and placed them in a secure (locked) safe/vault for a deposit on the next business day.

Void/adjusted transactions. If a transaction needs to be voided or adjusted, it should be done by someone who does not receive cash. The system should be designed to generate a report of all adjusted/voided transactions to facilitate monitoring of this process. All voided receipts in the accounting software must be made the same day by the senior accountant or Administrative Service Director. Credit card transactions can be voided on the terminal. A copy of the voided transaction receipt is given to the customer and a duplicate copy of the voided

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receipt must be attached to the original transaction receipt and included with the daily batches.

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At the beginning of each day, the Treasurer or Designee will compile all cash and checks received from the previous day, match the total to the total receipts in the accounting system, create a deposit, and created a daily deposit report. Merchant transaction reports will be reconciled to the credit card/ACH receipts in the accounting system. Deposits are to be made within three banking days of receipt according to the Utah Money Management Act. Any discrepancy in the funds being deposited and the supporting documentation should occur when daily reconciliation takes place.

The Midvale City Treasurer, or designee, takes funds to the bank.

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Midvale City maintains surveillance systems in offices receiving funds.

The accounting system generates cash and deposit reports that will be reconciled to the bank statements by the Senior Accountant.

Every effort should be made to ensure large quantities of cash are not on hand at any location overnight. If a location has a large transaction or series of transactions leaving cash on hand over \$5,000.00 the deposit should be made the same day.

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