



CITY OF ZEPHYRHILLS

Fiscal Management Policy and Procedure Manual

Rev. 09-13-2022

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City of Zephyrhills
Fiscal Management Policy and Procedures Manual
Adopting Resolution No. 800-22

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100 - Annual Operating Budget

Florida Statutes require municipalities to adopt annual operating budgets and provide detailed guidelines as to the timing of the budget process. The City must develop and publish an annual budget in accordance with these laws as they may currently exist.

The City adopts an annual operating budget for the General Fund and each Enterprise Fund being used by the City. These individual fund budgets will make up the overall City budget. Enterprise funds are Sanitation Fund, Utility Fund and Airport Fund.

A Capital Improvement Plan will be developed prior to development of the annual operating budget to determine which capital purchases will be included in the annual operating budget.

Budget Development and Coordination - Overall development and coordination of the budget process is a responsibility of the city manager.

A budget calendar will be prepared by May 31 each year showing tentative dates that budget steps will be accomplished.

Individual department heads will meet with the city manager to develop a working draft of their department budgets.

Department drafts will be used to prepare an initial draft of the budget. Adjustments will be made to this draft as required to balance the budget. The initial draft, once balanced, becomes the tentative budget presented to City Council. A record will be maintained of any cuts required to balance the budget.

The City Council will hold workshops and public hearings as required to complete review of the budget.

Budget Approval - The budget must be approved by majority vote of the City Council at regular Council meeting. Adoption of the budget is by ordinance. This will be the same meeting that finalizes the adoption of a millage rate for the upcoming year. The millage rate and budget will be adopted with separate ordinances. Once the budget is approved, it becomes legal authorization for expenditures.

Changes to the Budget (after approval) - Since the budget is a legal document, any changes to the budget must be recorded and posted. While changes should be kept to a minimum, there will be occasions where unexpected expenditures or revenues change the original estimates, requiring a change to appropriations and/or revenue estimates.

200 - Capital Improvements

General - The city manager will develop an annual capital improvement budget to provide for acquiring and replacing major capital items and facilities. The capital improvement budget will be guided by the Capital Improvement Element of the Comprehensive Plan and include all capital purchases of \$5,000 or more. The budget process will address:

- a. Recurring purchases of vehicles and equipment.
- b. Major repair of existing capital assets.
- c. New items of equipment or major capital facilities.
- d. Funding sources for capital improvements.

Integration into Annual Budget - The recommended capital projects with costs and sources of funding for the next fiscal year will be reviewed during the operating budget cycle.

Capital expenditures will be assigned a unique asset number once expenditures have occurred. All capital assets will depreciate based on their purchase date and estimated years of useful life. All capital assets including disposals, transfers and depreciation will be reported annually during the audit process.

Large capital expenditures will be given a unique project number to assist in the budgetary process. This numbering system will include the 2 digit year of the expenditure, “P” for project and the next available project number for that year. Example: 22P01; 22P02. These assigned project numbers allow staff to track all revenue and expenditures related to that project number in one search. These assigned project numbers are also needed to assist the tracking of revenue and expenditures for grant funded projects.

250 - Post-Issuance Tax Compliance Policy for Tax-Exempt Bonds

I. INTRODUCTION

In order to maintain their preferential tax status, tax-exempt bonds are subject to certain federal tax law requirements both upon issuance of the bonds and on an ongoing basis for the life of the bond issue. Though many requirements are tested at the closing of the bond issue, the ongoing nature of other post-issuance compliance concerns requires issuers to actively monitor compliance throughout the entire period the bonds remain outstanding.

For the last several years, the Internal Revenue Service (the “IRS”) has increasingly focused its initiatives on compelling issuers of tax-exempt and tax-advantaged obligations to adopt written post-issuance compliance procedures. In 2007, the IRS sent questionnaires to over 200 governmental bond issuers to inquire about written post-issuance compliance procedures. In 2010 and 2011, the IRS revised its various 8038 Forms to require an issuer to answer whether it has established written procedures to ensure that all nonqualified bonds are remediated in accordance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”) and regulations promulgated thereunder (the “Regulations”). The revised forms also require an issuer to answer whether it has established written procedures to monitor the arbitrage requirements of Section 148 of the Code. It is recognized that the IRS intends for issuers of tax-exempt bonds to take a more proactive role in monitoring compliance with the Code and Regulations after the issuance of the bonds.

When the City of Zephyrhills, Florida (the “City”) issues tax-exempt and tax advantaged obligations (the “Bonds”) to finance or refinance various capital projects, the City is responsible for ensuring that the Bonds maintain compliance with tax law requirements through the Bonds’ maturity date. Bonds may include the following:

1. General Obligation Bonds
2. Revenue Bonds and Notes (including Water and Sewer Revenue Bonds and Notes and Public Improvement Revenue Bonds and Notes)
3. Qualified private activity bonds
4. Tax-exempt lease arrangements
5. Tax-exempt bank loans and notes
6. Build America Bonds, Recovery Zone Economic Development Bonds and other direct-payment subsidy bonds that may be issued under future programs
7. Other qualified tax exempt or tax credit bonds

In order to support the compliance initiatives described above, the City hereby adopts these policies and procedures for monitoring compliance with the Code and Regulations (the “Compliance Policy”). The Finance Director may, from time to time, as may be necessary, review and update the Compliance Policy. The Compliance Policy does not address bonds or other financing obligations issued by other City agencies, boards and authorities; it is the intent of the City that such bond-issuing organizations adopt their own post-issuance compliance policies for tax-exempt bonds that they issue. By adopting this Compliance Policy and by requiring staff to adhere to this Compliance Policy, the Finance Director hereby formalizes the appropriate procedures and documents existing practices for complying with the Code and Regulations.

II. GENERAL MATTERS

A. Staffing and Education

The City’s compliance initiatives are led by the Finance Director.

The Finance Director shall:

- i. Assign post-issuance compliance responsibilities to other City staff, Bond Counsel, the Financial Advisor, the Arbitrage Specialist and others as necessary to ensure compliance with the Compliance Policy.
- ii. Provide a copy of this Compliance Policy to new staff members responsible for any of the compliance tasks herein.
- iii. Provide education and training to appropriate staff members on federal tax law requirements applicable to tax-exempt bonds. Staff members may attend the School of Government Finance provided by the Florida Government Finance Officers Association (FGFOA) or other educational opportunities provided by the Government Finance Officers Association (GFOA) or other organizations. In addition, the IRS Tax Exempt Bonds division (TEB) offers specialized information and services to the municipal finance community including education and outreach programs. Information on these programs as well as information related to federal tax law, tax forms, revenue procedures, TEB publications and emerging issues in the industry is available through TEB’s website at <http://www.irs.gov/bonds>. The Securities and Exchange Commission and the Municipal Securities Rulemaking Board also provide educational opportunities through their websites.
- iv. Undergo periodic training to keep up to date with changes in tax laws.

v. Annually review the Compliance Policy for changes in tax law or changes in procedures. Upon review, the Finance Director shall update the Compliance Policy to reflect any such changes. If any questions arise, the Finance Director may consult with Bond Counsel.

B. Asset Schedule - The Finance Director shall:

i. Establish an index of bond-financed facilities and equipment (the “Asset Schedule”) for the purpose of maintaining a database for easy reference when compliance issues arise.

ii. Update the Asset Schedule with additional facilities and equipment after each new issuance of Bonds or other debt obligations. A sample Asset Schedule is attached as Schedule I.

iii. Review the Asset Schedule at the close of each fiscal year to determine if any changes have occurred to any of the bond-financed facilities that require further attention.

III. RECORD RETENTION

The IRS provides record retention guidelines more stringent than the State of Florida’s General Records Schedule for State and Local Government Agencies. Material records relating to an issue of Bonds should generally be kept for as long as that issue of Bonds is outstanding, plus 3 years after the final redemption date. If the issue of Bonds is refunded, the tax-exempt status of the refunding bonds depends on the status of the refunded bonds. Thus, records for any refunded issue must be retained through 3 years after the final redemption date of the refunding bonds.

The IRS requires issuers to maintain sufficient records to support bondholders’ continued exclusion of interest on the Bonds. Documents required to be held include (i) basic records relating to the bond transaction, (ii) documents evidencing the expenditure of bond proceeds, (iii) documents evidencing the use of bond-financed property by public and private sources, (iv) documents evidencing all sources of payment and security of the bonds and (v) documents pertaining to the investment of bond proceeds.

Records should be kept in a manner that ensures their complete access to the IRS for the periods described above. The IRS provides that records may be maintained in an electronic format if certain requirements are satisfied. A list of those requirements is attached as Exhibit A hereto.

The Finance Director shall:

i. Establish a permanent file for each issue of Bonds upon its closing date with which all material records shall be kept (the “Permanent File”).

Such records may be retained electronically in compliance with the IRS requirements listed in Exhibit A.

ii. Maintain copies of all material records in the Permanent File for that issue of Bonds through the date that is 3 years after the final maturity date of the issue; or, if the Bonds are refunded, 3 years after the final maturity date of the refunding Bonds.

iii. Maintain schedules of records retained and their locations for each issue of Bonds (the "Record Retention Schedules").

iv. Review the Record Retention Schedules at the close of each fiscal year for accuracy. If the location of any record has changed, the Finance Director shall update the Record Retention Schedule.

IV. PRIVATE BUSINESS USE

Certain uses of proceeds of the Bonds can result in private business use, which could lead to a loss of the Bonds' tax-exempt status. An issue of Bonds will lose its tax-exempt status if it meets both the Private Business Use Test and the Private Payment or Security Test. An issue of Bonds meets the Private Business Use Test if more than 10% of the net proceeds of the bond issue is used for any private business use.

Management contracts between governmental entities and private parties with respect to bond-financed facilities may satisfy the private business use tests and potentially cause the Bonds to lose their tax-exempt status. The IRS has provided certain safe harbors regarding management service contracts between a tax-exempt organization and a for-profit entity under which no private use will be found. Such safe harbors are detailed in Revenue Procedure 97-13, as modified, which is attached as Exhibit B hereto.

The Finance Director shall:

i. Prior to the City entering into any agreement with respect to any bond-financed facilities, review such agreement to ensure that it will not give rise to a violation of the private business use rules. Agreements that must be monitored include leases, management and service contracts, sponsored research agreements, potential unrelated trades or business, partnerships, joint ventures and naming rights agreements.

ii. Engage Bond Counsel or other outside counsel to review any agreements which the Finance Director believes may result in private business use.

iii. Conduct a review of the bond-financed facilities listed on the Asset Schedule to identify transactions that could result in private business use.

iv. If any private business use exists for a facility, calculate the percentage of financed property used in a private business use by entities other than a state or local governmental unit.

VI. EXPENDITURE OF PROCEEDS – The Finance Director shall:

i. Verify that the actual expenditure of proceeds of each issue of Bonds does not deviate materially from the expectations and limitations in the tax certificate for each issue.

ii. Ensure that, for each bond-financed facility, bond proceeds are allocated to expenditures before the earlier of: (i) 18 months after the placed-in-service date of the project, (ii) five years after the issue date of the Bonds, or (iii) 60 days after the retirement of the Bonds.

iii. Ensure that documentation supporting the allocation of bond proceeds to expenditures is recorded and retained in accordance with Section II of this Compliance Policy.

VII. ARBITRAGE REBATE AND YIELD RESTRICTION

Section 148 of the Code and the related arbitrage Regulations require issuers to “rebate” excess amounts earned as a result of investing tax-exempt bond proceeds. Excess amounts are defined in the Code and Regulations as the amount earned on non-purpose investments purchased with gross proceeds of an issue over the amount that would have been earned if the yield of such investments equaled the yield on the bonds. Two separate but related sets of rules apply to arbitrage compliance: arbitrage rebate and yield restriction. Under the rebate rules, proceeds may be invested at unrestricted yields, but excess earnings must be timely remitted to the IRS; the yield restriction rules require proceeds to be invested at restricted rates.

The Finance Director shall:

i. Complete the Arbitrage Summary for each bond issue upon issuance of the debt.

ii. Direct the investment and expenditure of bond proceeds to facilitate tracing of proceeds subject to arbitrage. Such proceeds include sale proceeds, investment proceeds (earnings on proceeds), transferred proceeds (unspent proceeds of refunded bonds which are treated for tax purposes as refunding bond proceeds) and replacement proceeds. Replacement proceeds are funds such as pledged amounts or debt service funds which are viewed by the Treasury as having a “direct nexus” to the issue, which as a result are restricted.

iii. Monitor applicable IRS filing dates for arbitrage compliance. At a minimum arbitrage must be computed for each bond issue every fifth bond year and upon retirement of the issue. The Finance Director shall ensure that a final arbitrage calculation be prepared within 60 days of the redemption of each issue of refunded bonds. Any rebate amount owed shall be paid and submitted to the IRS with Form 8038-T prior to the date that is 60 days after the final maturity date of the refunded bonds.

iv. Monitor proceeds to determine if they are subject to yield restriction, and if so, maintain compliance with such rules.

v. Certain “spending exceptions to rebate” are permitted under the Regulations. The Finance Director will be familiar with such spending exceptions and monitor the expenditure of proceeds with the goal of qualifying for a spending exception if the bond-financed project lends itself to such exemption. A summary of available spending exceptions and their benchmarks is attached as Exhibit C hereto.

vi. Complete the Ongoing Review Arbitrage Checklist (attached as Schedule V hereto) at the end of each fiscal year.

vii. Retain copies of arbitrage reports and filings with the Internal Revenue Service (IRS Form 8038-T and copy of check) in the Permanent File. All supporting data for arbitrage reports will also be retained in the Permanent File.

VIII. REMEDIES

The IRS provides certain remedies to assist issuers in resolving federal tax violations related to their bonds. In the event that any issue of Bonds exceeds the private business use limitations, certain remedial actions may be available under Section 1.141-12 of the Regulations. In addition, the IRS administers a Voluntary Closing Agreement Program (“VCAP”) designed to offer issuers a streamlined process for remedying other post-issuance compliance violations. In general, for the same tax violation, an issuer will receive more favorable resolution terms under VCAP than if discovered during an examination of the Bonds. The IRS has further provided that issuers that have implemented written procedures such as this Compliance Policy will receive even more favorable treatment under VCAP than if such procedures were not in place.

The Finance Director shall:

i. Become familiar with the remedial actions of Section 1.141-12, a summary of which is attached as Exhibit D hereto. If the Finance Director determines that a violation has occurred, the Finance Director shall contact

Bond Counsel or other outside counsel to take action to correct the noncompliance.

ii. Become familiar with the IRS's VCAP procedures, attached as Exhibit E hereto. If the Finance Director determines that a violation has occurred, the Finance Director shall contact Bond Counsel or other outside counsel to take action to correct the noncompliance.

IX. REISSUANCE

The Finance Director shall:

i. Identify and consult with Bond Counsel regarding any post-issuance change to any terms of an issue of Bonds which could potentially result in the Bonds being treated as reissued for tax purposes.

ii. Confirm with Bond Counsel whether any remedial action taken or contemplated under Section VIII of this Compliance Policy would be treated as a reissuance for tax purposes and, if so, confirm the filing of a new Form 8038-G.

SCHEDULE I

Sample Asset Schedule

TAX-EXEMPT			
Asset/Facility	Location	Bond Issue(s)	Placed In Service Date

SCHEDULE II
Record Retention Schedule
Complete for Each Issue of Bonds

FILE	LOCATION
BASIC RECORDS RELATING TO THE BOND TRANSACTION	
The transcript for the Bonds prepared at issuance	
Resolutions of the City with respect to any of the Bonds	
DOCUMENTS EVIDENCING THE EXPENDITURE OF BOND PROCEEDS	
Appraisals, demand surveys, or feasibility studies, if any, with respect to the facilities	
Reimbursement resolutions, if any, and expenditures reimbursed with the proceeds of the Bonds	
Formal elections authorized by the Code or Regulations with respect to the Bonds	
Allocations of proceeds to expenditures (including any requisitions, draw schedules, draw requests, invoices, bills, and canceled checks with respect to such expenditures)	
Contracts entered into for the construction, renovation or purchase of bond-financed facilities	
Records of the purchase of bond-financed assets	
Correspondence and other documents relevant to the expenditure of bond proceeds	
DOCUMENTS EVIDENCING THE USE OF BOND-FINANCED PROPERTY BY PUBLIC AND PRIVATE SOURCES	
Agreements with respect to the bond-financed facilities, such as leases, subleases, management and service contracts, research agreements, naming rights agreements, etc.	
Records and calculations pertaining to the Private Payment or Security Test	
Records of the sale of bond-financed assets	
Correspondence and other documents relevant to the use of bond-financed property	

DOCUMENTS EVIDENCING ALL SOURCES OF PAYMENT AND SECURITY OF THE BONDS	
Trustee or paying agent statements for debt service payments	
Documents related to credit enhancement agreements	
Documents related to financial derivatives such as swap transactions and other hedging agreements	
Correspondence and other documents relevant to the source of payment and security of the Bonds	
DOCUMENTS PERTAINING TO THE INVESTMENT OF BOND PROCEEDS	
Records of all investments and gains (or losses) from such investments	
Trustee statements detailing investments, investment earnings and disbursements of bond proceeds	
Arbitrage rebate reports and copies of rebate and yield reduction payments	
Copies of all Form 8038-Ts and 8038-Rs filed with the IRS	
Documents related to guaranteed investment contracts, certificates of deposit, or other investment agreements	
Correspondence and other documents relevant to the investment of bond proceeds	

SCHEDULE III

**Private Use Review Questionnaire
Complete Annually for Each Bond-Financed Facility**

Facility: _____

Bond Issue: _____

Review Period: _____

With respect to the bond-financed facility, have any of the following been entered into during the Fiscal Year? (if any answer is yes, attach copies of agreement)		
	YES / NO	INITIALS
Management and other service agreements?		
Research contracts?		
Naming rights contracts?		
Change in ownership?		
Leases or subleases?		
Other business arrangements? (joint venture / partnership / LLC, etc)		
Have any special legal rights been given to any other party with respect to the facilities?		
Have the assets been encumbered in any way?		

With respect to the bond-financed facility, what percentage of the facility has been used for private business use? (if greater than zero, attach schedules of calculations)	
By entities other than a state or local government?	

SCHEDULE IV

Arbitrage Summary Complete Upon Issuance of Debt

Monitoring

Bond Issue	
Issue date	
Maturity Date	
Bond Year End (1)	
IRS Arbitrage Computation Dates (2)	

Bond Proceeds Tracking (include sale proceeds and all related bond accounts including debt service funds)

Fund Name	Bank Account	Deposit Amount	Yield Restriction Date (3)

- (1) Bond Year End – Each one year period that ends on the day selected by the issuer. The first and last bond years may be short periods. If no day is selected, bond years end on each anniversary of the issue date and on the final maturity of the issue.
- (2) IRS Arbitrage Computations occur at a minimum each 5th bond year and upon maturity of the issue.
- (3) Proceeds are restricted at the end of the “temporary period” that applies to the proceeds. Temporary periods vary based upon type of financing and type of proceeds. For example, proceeds for capital projects generally have a three year temporary period. The temporary periods are outlined in the tax documents for the financing.

SCHEDULE V

Ongoing Review Arbitrage Checklist

Issue: _____

Computation Date: _____

Initial

	<p>Review records and identify any account deposits which are not interest income. State whether they are:</p> <ul style="list-style-type: none">a) reimbursements of proceeds which effectively reverse prior expenditures, orb) other funds which are commingled in the proceeds account. If they are other funds, provide additional detail concerning the source and nature of the transactions.
	<p>Identify and describe the disposition of all funds which leave an account which are not actual expenditures of proceeds. This includes transfers to other accounts. In the case of transfers, describe if the transfers are to reimburse expenses already paid out of the other account, or if they are invested in the other account. If they are invested in the other account, provide detail of the investment and disposition of these funds until spent (including if they are transferred elsewhere). This includes an allocation of interest earnings.</p>
	<p>If credit enhancement or swap terms have been revised, extended or terminated, provide supporting documentation.</p>
	<p>Identify if the bonds have been refunded and/or defeased. If so, provide bond documents for the refunding issue or defeasance documents (including Verification Report).</p>
	<p>Provide copies of all correspondence (including emails) with bond counsel and/or interdepartmental memos concerning proceeds or decisions that relate to the Bonds.</p>

SCHEDULE VI

Annual Compliance Checklist

INITIAL	TASK
	Review the Compliance Policy for changes in tax law or changes in internal procedures. If any changes are determined necessary, update the Compliance Policy.
	Review the Asset Schedule to determine if any changes have occurred to any of the bond-financed facilities that require further attention.
	Review the Record Retention Schedule for accuracy. If the locations of any records have changed, update the Record Retention Schedule.
	Complete the Private Use Review Questionnaire for each bond-financed facility
	For each issue of Bonds where Private Business Use may exceed 10%, verify that the Bonds do not meet the Private Payment or Security Test.
	Complete the Ongoing Review Arbitrage Checklist. Provide the completed checklist to the Arbitrage Specialist and consult with the Arbitrage Specialist to determine if it is appropriate to perform an arbitrage calculation at that time. Calculations should be performed annually when proceeds are outstanding, and at a minimum on every fifth anniversary of the date of issuance of the Bonds.
	With respect to any bond proceeds spent during the year, confirm that the actual expenditure of proceeds does not deviate materially from the expectations and limitations in the Tax Certificate for such issue.
	Confirm that no changes have been made to the terms of any issue of obligations that would result in a reissuance of the debt.

Date: _____

By: Finance Director

Exhibit A

Record Retention Guidelines for Electronic Storage

All records should be kept in a manner that ensures their complete access to the IRS for so long as they are material. While this is typically accomplished through the maintenance of hard copies, taxpayers may keep their records in an electronic format if certain requirements are satisfied.

Revenue Procedure 97-22 provides guidance to issuers that maintain books and records by using an electronic storage system that either images their hardcopy (paper) books and records, or transfers their computerized books and records, to an electronic storage media. Such a system may also include reasonable data compression or formatting technologies so long as the requirements of the revenue procedure are satisfied. The general requirements for an electronic storage system of taxpayer records are provided in section 4.01 of Rev. Proc. 97-22. A summary of these requirements is as follows:

1. The system must ensure an accurate and complete transfer of the hardcopy books and records to the electronic storage system and contain a retrieval system that indexes, stores, preserves, retrieves, and reproduces all transferred information.
2. The system must include reasonable controls and quality assurance programs that (a) ensure the integrity, accuracy, and reliability of the system, (b) prevent and detect the unauthorized creation of, addition to, alteration of, deletion of, or deterioration of electronically stored books and records, (c) institute regular inspections and evaluations, and (d) reproduce hardcopies of electronically stored books and records that exhibit a high degree of legibility and readability.
3. The information maintained in the system must be cross-referenced with the issuer's books and records in a manner that provides an audit trail to the source document(s).
4. The issuer must maintain, and provide to the IRS upon request, a complete description of the electronic storage system including all procedures relating to its use and the indexing system.
5. During an examination, the issuer must retrieve and reproduce hardcopies of all electronically stored books and records requested by the IRS and provide the IRS with the resources necessary to locate, retrieve, read and reproduce any electronically stored books and records.
6. The system must not be subject, in whole or in part, to any agreement that would limit the IRS's access to and use of the system.
7. The issuer must retain electronically stored books and records so long as their contents may become material in the administration of federal tax law.

Exhibit B

Revenue Procedure 97-13

Exhibit C

Spending Exceptions to Arbitrage Rebate

Exhibit D

**Summary of
Regulations § 1.141-12
For Remedial Actions**

Exhibit E

**IRS Notice 2008-31
Voluntary Closing Agreement Program**

300 – Investment Policy

1. SCOPE

The Investment Policy applies to all funds held by or for the benefit of the City of Zephyrhills, Florida (the City).

2. INVESTMENT OBJECTIVES

The following investment objectives will be applied in the management of the City’s funds.

- A. The primary objective of the investment activities is the protection of City funds.
- B. The investment strategy will provide sufficient liquidity to meet the City’s operating, payroll and capital requirements.
- C. In investing public funds, the finance director will strive to maximize the return on the portfolio, but will minimize investment risk.
- D. The finance director will set procedures to control risks and diversify investments regarding specific security types, maturities and financial institutions.

3. PRUDENCE AND ETHICAL STANDARDS

The City staff shall use the “prudent person” standard in the management of the overall investment portfolio.

The finance director, or persons performing the investment functions, acting as a “prudent person” in accordance with the written policies and procedures and exercising due diligence, shall not be responsible for an individual security’s credit risk or market price change provided that appropriate monitoring efforts are performed.

The “prudent person” standard is herewith understood to mean:

Investments shall be made with judgment and care, under circumstances then prevailing, that 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.

4. INVESTMENT PERFORMANCE AND REPORTING

A portfolio report shall be provided quarterly to the city manager. The report shall include a breakdown of the portfolio as well as its overall performance during that period.

5. DELEGATION OF AUTHORITY

Responsibility for the administration of the investment program is hereby delegated to the Finance Director who shall establish investment procedures based on these policies. The Finance Director shall be responsible for the implementation of internal controls and monitoring the activities of subordinate staff.

6. AUTHORIZED INSTRUMENTS

The finance director or appropriate staff shall purchase or sell investment securities at prevailing market rates with city manager approval. Authorized instruments are as follows:

- A. The Florida Local Government Surplus Funds Trust Fund (SBA - Florida Prime), the Florida Local Government Investment Trust and the Florida Surplus Asset Fund Trust (Florida Safe).
- B. Negotiable direct obligations or obligations, the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include but not be limited to the following:
 - 1. Treasury Bills
 - 2. Treasury Notes
 - 3. Treasury Bonds
 - 4. Cash Management Bills
 - 5. Treasury Securities-State & Local Government Series (SLGS)
- C. Non-negotiable interest-bearing time certificates of deposit or savings accounts in banks and savings associations under the laws of this state and/or in national banks or savings associations organized under the law of the United States and doing business and situated in this state, provided that any such deposits are secured by the Florida Security of Public Deposits Act Chapter 280, Florida Statutes, and provided that the bank or savings association is not listed with any recognized credit watch information service.
- D. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States agencies provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:
 - 1. United States Export-Import Bank-Direct obligations or full guaranteed certificates of beneficial ownership.
 - 2. Farmers Home Administration-Certificates of beneficial ownership.
 - 3. Federal Financing Bank-Discout notes, notes and bonds.
 - 4. Federal Housing Administration Debentures.
 - 5. General Services Administration Participation Certificates.
 - 6. Government National Mortgage Association (GNMA)
 - GNMA-guaranteed mortgage-back bonds
 - GNMA-guaranteed pass-through obligations

7. United States Maritime Administration Guaranteed Title XI Financing.
 8. New Communities Debentures-US Government guaranteed debentures.
 9. US Public Housing Notes and Bonds-US Government guaranteed public housing notes and bonds.
 10. US Department of Housing and Urban Development Project notes and local authority bonds.
- E. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States Government agencies (Federal Instrumentalities), which are non-full faith and credit agencies limited to the following:
1. Federal Farm Credit Bank (FFCB)
 2. Federal Home Loan Bank or its district banks (FHLB)
 3. Federal National Mortgage Association (FNMA)- FNMA guaranteed pass-through obligations
 4. Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal Home Loan Mortgage Corporation participation certificates
 5. Student Loan Marketing Association (Sallie-Mac)
 6. Tennessee Valley Authority (TVA)
- F. Repurchase agreements comprised of only those investments as authorized in Section B, C and D.

7. INVESTMENT MATURITY AND LIQUIDITY

- A. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operation funds shall have maturities of no longer than twelve (12) months. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed three (3) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.
- B. Investments do not necessarily have to be made for the same length of time that the funds are available. The basic criteria for consideration of investments are listed below:
1. Keep maturities short in a period of constantly rising interest rates based on treasury bill auctions or the daily Federal Funds rate.
 2. Keep maturities short in a period of inverted treasury yield curve (short-term rates are higher than the long-term rates).
 3. Maturities should be lengthened when the treasury yield curve is normal and is expected to remain whole.
 4. Maturities should be lengthened when interest rates are expected to fall based on economic reports taken as a whole.

5. The yield curves of the market should be analyzed for significant breaks in yields over various maturity dates. The points at which the yield curve breaks are the points at which there are significant marginal declines in yields for incremental changes in maturity dates. Investments should be made at these breaks in the yield curve so that yields will be maximized.

8. BID POLICY

After the Finance Director or staff has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investment, a minimum of three (3) banks and/or dealers must be contacted and asked to provide bids on the securities in question. To the extent permitted by law, bids will be held in confidence until the highest bid is determined and awarded. If the maturing investment is a certificate of deposit, then one of the contacts shall be the present holder of the funds subject to the portfolio diversification requirements in this policy. Due to the cost of safekeeping, one business day repurchase agreements and overnight sweep repurchase agreements will not be bid, but may be placed with the depository bank relating to the demand account for which the repurchase agreement was purchased. This bid policy shall not apply to investments authorized in Section A.

9. RISK AND DIVERSIFICATION

Assets held shall be diversified to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer or bank through which these instruments are bought and sold. The appropriate management staff shall review and revise periodically as necessary the diversification strategies within the established guidelines.

10. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The Finance Director shall only purchase securities from financial institutions that are qualified as public depositories by the Treasurer of the State of Florida or from securities dealers that are members of the National Association of Securities Dealers (NASD) and the Securities Investors Protection Corporation (SIPC) with a physical presence in Florida and having minimum net capital as required by Rule 15c3-1 of the Securities and Exchange Commission (SEC) of \$10 million (\$10,000,000) or primary securities dealers as designated by the Federal Reserve Bank of New York.

Repurchase agreements shall only be entered into with primary securities dealers and financial institutions that are state-qualified public depositories.

11. THIRD PARTY CUSTODIAL AGREEMENTS

The finance director, with prior city manager approval, may execute a Third-Party Custodial Safekeeping Agreement with a commercial bank having trust powers or a trust company chartered by the United States Government or the State of Florida. All securities purchased and/or collateral obtained by the City shall be properly designated as an asset of the City and held in safekeeping by the trust department or trust company and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by an authorized City staff member.

The Third-Party Custodial Safekeeping Agreement shall include letters of authority from the City, details of each party's responsibilities, notification of security purchases, sales, delivery, repurchase agreements, wire transfers, safe-keeping and transaction costs, procedures in care of wire failure, or other unforeseen mishaps including liability of each party.

12. MASTER REPURCHASE AGREEMENT

The finance director will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions will adhere to requirements of the Master Repurchase Agreement.

13. INTERNAL CONTROLS

The finance director shall establish and monitor a set of internal controls designed to protect the City's funds and ensure proper accounting and reporting of the securities transactions. Such internal controls shall include, but not be limited to the following:

- A. All securities purchased or sold will be transferred only under the "deliver versus payment" (D.V.P.) method to insure that funds or securities are not released until all criteria relation to the specific transaction are met.
- B. The finance director is authorized to accept on behalf of and in the name of the City of Zephyrhills bank trust receipts or confirmation as evidence of actual delivery of the obligations or securities in return for investment of funds.
- C. Trust receipts or confirmations shall fully describe the various obligations or securities held. The receipt or confirmation shall state that the investment is held in the name of the City of Zephyrhills.
- D. The actual obligations or securities, whether in book-entry or physical form, on which trust receipts or confirmations are issued may be held by a third-party custodial bank and/or institution or by designated correspondent bank with a correspondent relationship to the City's third-party custodian.

- E. Other internal controls such as:
 1. Written documentation of telephone conversations.
 2. Adequate separation of duties.
 3. Custodial safekeeping.
 4. Supervisory control of employee actions and operations review.
 5. Performance evaluations and interim reporting.

- F. The finance director will coordinate all daily investment activity. The city manager has designated the position of finance director with the authority to initiate all investment activities, other positions may be designated as the city manager deems necessary.

14. PORTFOLIO COMPOSITION

The guidelines for investments and limits on security issues, issuers, and maturities as established by the City are addressed herein. The city manager or the city manager's designee shall have the option to further restrict or increase investment percentages from time to time based on market conditions. Any changes to the established portfolio composition must be in writing from the city manager directed to the finance director. Purchases of investments based on bond covenant requirements shall not be included in the portfolio's composition calculations.

- A. Florida Local Government Surplus Funds Trust Fund (SBA - Florida Prime), the Florida Local Government Investment Trust and the Florida Surplus Asset Fund Trust (Florida Safe).
 1. Investment Authorization - The Finance Director, with prior approval of the city manager, may invest in the SBA – Florida Prime, the Florida Local Government Investment Trust and the Florida Safe.
 2. Portfolio Composition - A maximum of 100% of the portfolio may be invested in the SBA – Florida Prime, the Florida Local Government Investment Trust and the Florida Safe.

- B. United States Government Securities
 1. The finance director, with prior city manager approval, may invest in negotiable direct obligations or obligations, the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:
 - Treasury Bills
 - Treasury Notes
 - Treasury Bonds
 - Cash Management Bills
 - Treasury Securities-State & Local Government Series (SLGS)

2. Portfolio Composition-A maximum of 50% of the portfolio may be invested in the United States Government Securities.
 3. Maturity Limitations- The maximum length of maturity of any direct investment in government securities is three (3) years, except for the underlying securities of repurchase agreements.
- C. United States Federal Agencies (full faith and credit of the United States Government).
1. Purchase Authorization –With prior city manager approval, the finance director may invest in United States Federal Agency securities that include obligations of the:
 - United States Export-Import Bank-Direct obligations or full guaranteed certificates of beneficial ownership
 - Farmers Home Administration-Certificates of beneficial ownership
 - Federal Financing Bank-Discout notes, notes and bonds
 - Federal Housing Administration Debentures
 - General Services Administration Participation Certificates
 - Government National Mortgage Association (GNMA)
 - GNMA-guaranteed mortgage-back bonds
 - GNMA-guaranteed pass-through obligations
 - United States Maritime Administration
 - New Communities Debentures-US Government guaranteed debentures
 - US Public Housing Notes and Bonds-US Government guaranteed public housing notes and bonds
 - US Department of Housing and Urban Development Project notes and local authority bonds
 2. Portfolio Composition- A maximum of 30% of the portfolio may be invested in United States Federal Agencies
 3. Maturity Limitations-Limited to the maturity requirements of United States Government Securities.
- D. Federal Instrumentalities (United States Government Agencies that are non-full faith and credit).
1. Purchase Authorization- With prior city manager approval, the finance director may invest in Federal Instrumentalities that include obligations of the:
 - Federal Farm Credit Bank (FFCB)
 - Federal Home Loan Bank or its district banks (FHLB)
 - Federal National Mortgage Association (FNMA)- FNMA guaranteed pass-through obligations.
 - Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal Home Loan Mortgage Corporation participation certificates.
 - Student Loan Marketing Association (Sallie-Mac)
 - Tennessee Valley Authority (TVA)
 2. Portfolio Composition-A maximum of 30% of the portfolio may be invested in Federal Instrumentalities.
 3. Limits on Individual Issuers-A maximum of 15% of the portfolio may be invested in any one issuer.

4. Maturity Limitations-The maximum length of maturity for an investment in any Federal Instrumentality is three (3) years.
- E. Non-Negotiable Interest-Bearing Time Certificates of Deposit
1. Purchase Authorization-With prior city manager approval, the finance director may invest in non-negotiable interest-bearing time certificates of deposit or savings accounts in banks or savings associations organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, and provided that the bank or savings association is not listed with any recognized credit watch information service.
 2. Portfolio Composition-A maximum of 30% of the portfolio may be invested in non-negotiable interest-bearing time certificates of deposit or savings accounts.
 3. Limits on Individual Issuers-A maximum of 30% of the portfolio may be deposited with any one issuer.
 4. Maturity Limitations-The maximum maturity of any certificate shall be no greater than two (2) years from the time of purchase.
- F. Repurchase Agreements
1. Purchase Authorization-The finance director, with prior city manager approval, may invest in repurchase agreements based on the requirements set forth by the Master Repurchase Agreement. All firms with which the City enters into a repurchase agreement will have in place an executed Master Repurchase Agreement with the finance director.
 2. Portfolio Composition-A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreements or overnight sweep agreements.
 3. Limited on Individual Sellers- A maximum of 5% of the portfolio may be invested with any one institution or dealer with the one exception of one (1) business day agreements and overnight sweep agreements.
 4. Maturity Limitations-The original maturity of the security must be 180 days or less.

15. MONEY MANAGERS

The city manager may utilize an outside money manager to invest up to 25% of the portfolio.

16. STANDARDS OF ETHICS

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment programs, or that could impair their ability to make impartial investment decisions. Employees and investment_officials shall disclose to the city manager any material financial interest in financial institutions that conduct business with the City of Zephyrhills and shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. Employees and investment officers shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

17. REPORTING

The finance director shall submit annually to the City Council an investment report outlining the City's investment transactions for the preceding year and describing the City's investment position as of the date of the report. Earnings on investments shall be compared to benchmark indicators relative to portfolio performance. Quarterly reports, in addition to the required annual report, will be provided to the city manager.

18. CONTINUING EDUCATION

This investment policy shall provide for the continuing education of the unit of local government's officials responsible for making investment decisions or chief financial officer. Such officials must annually complete eight (8) hours of continuing education in subjects or courses of study related to investment practices and products.

19. AUDITING

State and local laws require an annual audit of the City's financial records. That audit will include a review of all investment activity for the year for compliance with these investment procedures. Included in the audit review will be a review of internal controls related to investment of City funds and appropriate investment documentation.

20. INDEMNITY

The financial director and other employees authorized to invest City funds shall be personally indemnified in the event of investment loss provided investments are made in full_compliance with these policies.

400 - Ad Valorem Real Estate Tax Bills

Exempt - Article VII, Section 3 of the State Constitution provides: "All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation".

Non Exempt - Property owned by the City but leased to persons for private purposes is subject to taxes. The City is also liable for any taxes on property in the year in which it is acquired but may apply for an exemption for future years.

Payment of Taxes Due - Upon receipt of tax bills each year the director of finance shall review each bill to determine the property or parcel taxed.

- (1) Leased property - Finance will notify the lessee of the assessment and provide the lessee with the county's invoice(s). Finance will not send out reminders. If an invoice remains unpaid after the final due date (currently March 31st), the City will pay that invoice including any late fee imposed by the County, and bill the lessee for that amount plus an additional City penalty, the greater of 10% of the amount paid to the county, or \$200.

The failure to pay the assessment has always been a violation of the lease agreement and the City may initiate eviction notice. The City's payment of the assessment does not abrogate the requirement of the lessee to pay, nor does it indicate that the lessee is not in violation of the lease. Payment by the City is simply a safeguard to prevent the County from taking legal action for non-payment.

Finance is charged with the responsibility to ensure all taxes are collected and paid to the Pasco County Tax Collector's Office (as presented by the Pasco County Property Appraiser's Office).

- (2) Acquired Property - Taxes due on property acquired by the City for public use shall be paid by the City upon receipt of the tax bill and an exemption from future taxes shall be confirmed or applied for.

Application for Exemption - Upon receipt of any deed, conveyance or dedication of property to the City, the City Attorney shall prepare a request for tax exemption to be signed by the city manager and submitted to the Pasco County Property Appraiser.

500 - Petty Cash Funds

General - Petty Cash is money set aside for the purpose of making change or paying small obligations for which the issuance of a formal voucher or check would be too expensive or time consuming. Petty Cash purchases will not be made only to avoid adhering to standard purchasing procedures.

Maximum Purchase Amount - A limit of \$20.00 per purchase is imposed so as to not deplete the fund prematurely.

Receipts - Petty Cash vouchers must be account coded before reimbursement is made, along with a description of the purchase and signature of purchaser.

Existing Petty Cash Funds - There is one established petty cash fund:

a. Finance	\$125.00
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Change Drawers - In addition to Petty Cash Funds, the City has small cash amounts in change drawers utilized solely for the purpose of making change when accepting payments. The following areas have change drawers:

a. Library	\$ 25.00
b. Police	\$ 50.00
c. Building Department	\$100.00
d. Administration	\$100.00
e. Airport	\$150.00
f. Utility Billing	\$500.00

Approval of the city manager is required to establish any other Petty Cash Fund or Change Drawer.

600 - Job-Work Order Systems

General - The City will use a Work Order (W.O.) System to account for designated jobs and services within the City. The purpose of the W.O. System will be to accumulate the total cost of labor and materials used for particular jobs or services. W.O.'s will be used for vehicle and equipment maintenance, sewer and water department maintenance and jobs, and selected public works jobs. All major jobs designated by the city manager will fall under the Work Order System.

The account structures for each department currently using W.O.'s. W.O.'s should be completed and filed within two (2) working days after the end of each month.

Month-end reports will be provided to each department on request. The following reports will be available:

- (1) Monthly History Report showing postings to each account for the month.
- (2) Monthly Summary Report (manual) showing postings accumulated year to date.
- (3) Year-end History Report showing all account activity for the year.

Labor and Equipment Rates - Labor and equipment rates to be used for W.O.'s will be reviewed annually and new rates will be effective on October 1st each year.

Material and Parts Cost - Material and parts will be posted to W.O.'s using actual cost. If actual cost is not available (or impractical to determine) estimated cost will be used.

700 – Bidding/Purchasing Procedures

Purchasing from a Bidders List

The Finance and Purchasing Department is responsible for all aspects of the City's centralized procurement process. Its objective is to acquire needed quality goods and services as efficiently and as inexpensively as possible, while assuring fair and equal opportunity to all qualified vendors. The Purchasing Department's primary function is to assist other city departments in their procurement efforts, securing materials and services, which meet necessary standards. Concurrently, Finance and Purchasing monitors all procurement to ascertain compliance with applicable laws.

General – The Purchase Orders (P.O.) and Purchase Cards (PCard) will be used for all city purchases. The P.O. should be requested, approved, and issued prior to making a purchase. The purpose of the P.O. system is to give effective managerial control over the City budget and cash flow. All purchases of capital assets, materials, supplies, and services must be coordinated through the city manager or the designated purchasing agent to insure compliance with bid requirements set forth in City ordinance and state law. Purchase Orders and Purchase Cards will be centrally controlled and issued by Finance.

-Purchases over \$50,000 must be submitted for bid unless waived by City Council in cases where it deems it advisable to do so. When preparing an item for bid, the department manager will coordinate the requirements and specifications with the purchasing agent. Bids will be received by the Purchasing Agent.

-Bids are optional for purchases less than or equal to \$50,000. If not bid, these purchases are subject to the procedures outlined below:

Purchase of Items \$5,000 or Less – The department head will designate an employee to input electronic requisitions. Upon completion of an electronic requisition, it will be automatically forwarded to the department head for his/her level of review and approval. After the approval of the department head, it will be forwarded to the purchasing agent for review. Once requisitions are approved, an e-mail will be automatically sent to the originator stating the requisition has been approved to a purchase order and is okay to print.

Purchase of Items Over \$5,000 – The department head or designee will obtain written quotations from three (3) separate vendors and include quotations in the note section of the requisition. Again, the requisition must be approved and the P.O. issued prior to actually placing the order. The written quotations will be attached to the P.O. and forwarded to Finance for payment.

A single vendor may be listed if the purchase is covered under a State, GSA, NJPA or other Co-op approved contract. If a contract is being utilized, the requisition should list the contract number, the state agency, GSA, NJPA or Co-op approved contract with the term of the contract.

Receiving – Upon receipt of goods or services ordered, the delivery ticket, invoice, or other written verification of goods received will be forwarded to Finance with the P.O. On all items which cost

\$5,000 or more, a complete description including manufacturer, model number, serial number and picture shall be provided to the Purchasing Agent to maintain an accurate inventory of fixed assets.

Summary of Procedures –

1. Electronic requisition are submitted to the department head for approval of purchase.
2. Requisitions in the amount of \$5,000 or more are then routed to the city manager for his review and approval.
3. Finance will generate the purchase order after all clarifications, documentation is in order and forward a copy of the purchase order to the originator.
4. When goods/services are received, the purchase order will be forwarded with the packing slip and invoice to the Finance department for payment processing.
5. All requests over \$5,000 are to have three (3) written quotes attached to the purchase order.

750 – Surplus Property Procedures (Presented to Council 3/28/2016 Approved)

The Purchasing Department is responsible for transfer and/or disposal of City surplus property in accordance with Chapter 274, Florida Statutes, as amended.

A. Report of Surplus Stock. All departments shall:

- a. Identify all surplus supplies which are no longer used or which have become obsolete, worn out or destined to be scrapped by filling out a Disposal Form. (O:/Purchasing-Checks, Surplus, select the appropriate form). The department head will assign a dollar value for the surplus property, sign and submit the form along with pictures of all angles, inside and out to the Purchasing Agent.
- b. The Purchasing Agent will review.
 - i. Will send an email to department heads notifying them of items destined to be auction/donated/scrapped unless they are in need of it.
 - ii. If a department wants the item, a transfer will be initiated. The Agent has authority to transfer surplus stock to other using agencies or non-profit organizations pursuant to Florida law. Notifications to the Fleet Superintendent, HR Director and Finance Director will be made to update their records on the asset transfer.
 - iii. If no departments can use the surplus property, the Purchasing Agent will:
 1. After Item i., deadline, if the surplus is \$200.00 or less in value/usefulness the Purchasing Agent will provide approval to the department to donate or scrap the surplus.
 2. City donations will only be allowed to be made to:
 - a. Neighborhood Care,
 - b. Thomas Promise,
 - c. Healing Hearts Café, or
 - d. The Samaritan Project

This will be done by a rotation schedule maintained by the Purchasing Agent. No donations outside of this will be permitted.

3. If the surplus item is valued greater than \$200.00, the Purchasing Agent will:
 - a. Prepare the item(s) for auction. The auction will be posted for two weeks.
 - b. After the disposal (auction, donation, transfer, scrap) an email will be sent to the Fleet Superintendent; HR Director and Finance Director of the disposal/transfer for record updates.
 - c. The City of Zephyrhills' employees are allowed to participate in the online auctions by registering with GovDeals.

B. Sale. The Purchasing Agent shall have authority to sell all supplies of a value less than Five Thousand and 00/100 Dollars (\$5,000.00), which have become unsuitable for City use, or to exchange the same for, or trade in the same on, new supplies. Sales under this section shall be made to the highest responsive, responsible bidder and in conformance with Florida Statutes and competitive conditions. Sales of supplies of a value in excess of Five Thousand and 00/100 Dollars (\$5,000.00), but not exceeding Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), shall require approval of the City Manager. Sales in excess of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) shall require approval of the City Council.

C. Police Property – Abandoned or Seized.

- a. The City will obtain a judgment from the Courts. Once the judgment has been obtained the City can follow the above Surplus City Property procedures listed above.
 - i. Property Evidence will sign off on the Property Evidence tag with the necessary paperwork attached to the Disposal form.
- b. Seized Vehicle – The Police department will obtain a court release of the vehicle; and a DMV release of the Title. Once that has been obtained, follow steps listed in C.a.i.
- c. Abandoned Property-Every three (3) months the Property Evidence clerk will go to the Police Storage unit.
- d. A review of the City Decals on the property (bikes) will be conducted to ensure the bikes have been in the Police department’s possession for ninety (90) days. A list will be made and due diligence will be performed.
 - i. If no phone number is on file;
 - ii. Send a letter to the address of record with a deadline for contact
 - iii. If no contact has been made by the deadline, disposal can take place.
- e. If the property (bikes) do not have a City Decal or are RED TAG, passed the 90 days, make every attempt to locate the owner. If no contact after the deadline, disposal can take place.
- f. At time of the disposal, the Property Evidence clerk will sign off on the Property Evidence slips. Attach the slips to the Surplus Disposal form and follow steps listed in B.iii.2 once approval has been provided by Purchasing.

Addendum 2

CONTRACT/AGREEMENT with _____

	Date
_____ Contract/Agreement provided by vendor or department	_____
_____ Contract/Agreement given to City Attorney	_____
_____ City Attorney review/approval	_____
_____ Copy provided to City Manager	_____
_____ Bid/Contract/Agreement/Lease presented to City Council	_____
_____ Date of Council Approval	_____
_____ City Clerk provided document for Signature	_____
_____ Signed copy provided to purchasing agent and appropriate dept	_____
_____ Original recorded/filed in permanent file # _____	_____
_____ W-9 ID Number to Finance Department	_____

Addendum 1

ITEM TO BE BID

Bidding/Purchasing	Date
_____ Bid Specifications Prepared by _____	_____
_____ Notice to Bidders Prepared by _____	_____
_____ Date Notices Mailed to those on Bid List	_____
_____ Date of Publication in _____	_____
_____ Copy of Advertisement for Bid/Request for Proposals/Qualifications	
_____ Date Bids to be Opened	_____
_____ Bids Filed in Permanent File # _____	_____
_____ Copy of Verification of State Contract Numbers (Vendor #, Agreement #)	
_____ If "Piggyback" Purchase, Copy of Agency Bid/Award Documents	
_____ Bid Presented to City Council	_____
_____ Council Awarded Bid to: _____	
_____ W-9 ID Number to Finance Department	_____
_____ Checks returned via Certified Mail	_____

800 – Purchases Under Government Contracts

Purchases of goods or services in excess of \$50,000 may be exempt from the sealed bid process under the provision of state law that allows for that procedure when a purchase is made through a contract awarded to a local, state or federal governmental agency. Prior to any purchase, the department shall determine whether or not the goods or services may be obtained through another governmental agency's annual contract. While purchases under a government contract are generally lower than what can be obtained through open market bidding, the department manager shall review and document the prices and costs to confirm that the contract provides the best alternative. Consideration should be given to the brand or make of the product and costs associated with the availability of maintenance and service and compatibility with existing stock.

When proposing to purchase goods and services under a contract or bid obtained by any state or local government (i.e., piggybacking), the State of Florida or United States of America, the department head shall obtain the following information: written approval by the entity, written approval by the vendor, contract with contract dates, solicitation, tabulation, pricing, and any extensions. Purchase orders or contracts for purchases under other governmental agency's contracts must be annotated with the name and contract number and approved by the city manager. Using state contract procedures does not preclude departments from advertising items or services locally if desired.

For "sole source" purchasing, department heads should make every effort to ensure no other vendor or supplier is available. Proposed "sole source" purchases will be advertised on the City website for one week. If no other competitive vendor responds, the purchase process will begin. If a competitive vendor responds, a review and possible bid process will begin.

If using a state term contract or SNAPS II agreement, the appropriate department head shall be responsible for ensuring the person or company being used has a current state SNAPS II agreement or state contract number. Any single SNAPS II purchase shall not exceed \$35,000 and the total purchase per year from any one agreement must be less than the threshold for category IV (\$195,000). Contractor will provide a copy of contract (SNAPS II).

900 – Selection of Professional Services – Competitive Negotiation RFP & RFQ

The City shall publish a legal advertisement requesting proposals from firms providing services in accordance with Florida Statute 287.055. The notice shall include a general description of the project.

Qualified firms or individuals desiring to provide professional services must possess professional training, adequate personnel and have a past record and experience in performing the type of work desired consistent with the scope and complexity of the project. Firms interested in performing the work shall provide sufficient documentation to the City for the City to be able to determine professional competence.

The Purchasing Agent shall recommend to the city manager a ranking committee of at least three (3) persons to review and evaluate the qualifications of all interested firms. The committee shall select at least three (3) firms that are licensed in the State of Florida and are otherwise professionally qualified. The committee shall consider the following along with any other appropriate information:

1. Ability of professional personnel
2. Past performance on other work
3. Ability to complete the work on time and within budget
4. Location of firm and personnel and travel time required to project site
5. Recent, current and projected work loads
6. Work performed for the City and other clients
7. Reputation
8. References

Following the selection of at least three (3) qualified firms the committee shall refer their selections to City Council via the City Manager for approval of the ranking order.

Following Council's ranking approval the department head or his/her designee, the city attorney, and/or any other representative deemed appropriate, shall start contract negotiations with the number one ranked firm.

Should the City be unable to negotiate a contract with the number one ranked firm, negotiations shall be terminated and the City shall undertake negotiations with the second ranked firm. Failing accord with the second ranked firm, the City shall undertake negotiations with the third ranked firm. Final disposition of each negotiated proposal will be presented to City Council.

1000- Grant Reimbursements

1. General – Grant funds constitute a significant source of revenue for local governments. Generally speaking, all grants are either for capital construction purposes or to assist in financing certain governmental services. Grants may be awarded by Federal, State or County Governments. The City should avail itself, whenever feasible, to apply for any and all grants for which it is eligible in an effort to fund expenditures thereby freeing tax dollars to fund ineligible costs.

Basic accounting is a requirement of most federal and state regulations governing grants administration and reporting. This requirement is often specified in the grant in the grant document or “contract”. The Grantee must properly account for and control the grant resources it accepts and uses. Commitments are usually made, as part of the municipality’s grant management responsibility to maintain:

- Accurate, current and complete disclosure of the financial results of the grant program in accordance with specified requirements;
- Records that identify adequately the source and application of funds for each entitlement period for grant-supported activities;
- Effective control over and accountability for all funds, property and other assets;
- Procedures to minimize the time elapsing between transfer of funds from the Grantor and their disbursement by the Grantee; and
- Accounting records supported by source documentation

2. Organizational Responsibilities – The responsibility for management and control of grant funds is the joint responsibility of the department that has primary responsibility for the grant program administration (program department), the grant support specialist and the finance department. The program department, in conjunction with the grant support specialist is responsible for reviewing and approving all transactions in grant funds before these transactions are processed by the finance department. All grants are to be coordinated through the Grant Support Specialist with the exception of Airport grants. Airport grants will be coordinated directly with the City Manager.

Specific responsibilities of the program department and grant support specialist may include:

- Review and approval of purchase orders and contracts to be supported by grant funds;
- Receipt and approval of invoices;
- Assurance that transactions in grant funds are coded properly;
- Preparing all requests for reimbursement from funding agency, request for advance, financial reports and supporting documentation supporting request

The finance department is responsible for maintaining official grant records, both automated and manual, and for posting accounting transactions to them. The finance department will be responsible for the following:

- Control of accounting documents approved for processing by the program department;
- Prepare financial reports based on accounting records;
- Enter these and other accounting transactions into the accounting system

3. Reimbursable Grants – Those grants whereby monies need to be expended before grant monies are received are reimbursable grants. To minimize the amount of local General Fund cash that is advanced for grant purposes and to insure that the City makes prudent use of its monies and to optimize investment earnings, requests for reimbursable grants should be made on a monthly basis unless otherwise restricted by the grant agreement. In those incidences, reimbursements should be requested no less than a quarterly basis. Receipts can be either in the form of a check(s) or wire transferred into the City’s General Fund. When funds are requested, per governmental accounting standards, the Finance Department must be notified of the amount expected and the general ledger revenue account number(s) associated with expenditure reimbursement being requested. The Finance Department will enter monies as a Receivable into appropriate Fund and, when appropriate (in the event of actual check being issued), notify the Finance Department of expected reimbursement and of the cash code number to receipt said funds.

4. Advance Funding Grants – Those grants which monies are received before actual expenditures are advance funding grants. The Finance Department should be notified of expected monies in advance to insure proper posting of said funds. Backup documentation of spent monies, unless directed by grant application documentation, should be remitted monthly to the Grantor.

5. Year End Procedures – At the end of each fiscal year, a spreadsheet listing all grant activity will be generated by the Finance Department for the annual audit consisting of:

- a. Program Name
- b. Contract/Project Number
- c. Fed CFDA/State CFSA Number
- d. Grantor
- e. Award Amount
- f. Amount Received in Current Fiscal Year
- g. Amount Expended in Fiscal Year
 1. Amount Refundable from Grantor
 2. Amount Non-Refundable Expenditures
 3. Total Expenditures
- h. Comments