

CITY OF WOODINVILLE, WASHINGTON

RESOLUTION NO. 54

A RESOLUTION adopting Financial Management Policies

WHEREAS, the City Council finds it in the best interest of the citizens to establish policies to ensure the financial stability of the City; and

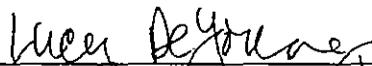
WHEREAS the Finance Committee of the City Of Woodinville has drafted and presented Financial Management Policies to the City Council; and

WHEREAS, the City Council will regularly review existing policies and establish additional policies to promote fiscal responsibility and the efficient transaction of City business; now, therefore

THE CITY COUNCIL OF THE CITY OF WOODINVILLE, WASHINGTON,
DOES RESOLVE AS FOLLOWS:

Section 1. The City hereby adopts the policies attached as the Financial Management Policies of the City of Woodinville

ADOPTED by the City Council this 13th day of September, 1993.


Lucy DeYoung, Mayor

ATTEST:



James K. Katica
City Clerk/Treasurer

CITY OF WOODINVILLE

FINANCIAL MANAGEMENT POLICIES

Financial Management Policies are guidelines for all aspects of municipal financial activities. They not only create a basis for budgeting, but also apply to daily activities and assist management decisions. The Financial Management Policies of the City of Woodinville will lay a foundation that will address the present, while providing for the future.

A. THE BUDGET

1. The annual budget will be reviewed by the Council and the public at the two-digit object code level of detail, and adopted by ordinance at the fund level.
2. Financial reports, including a review of budgeted expenditures and revenues, will be prepared and reported to the Council on a regular basis.
3. Department heads are responsible for managing their budgets in accordance with sound management principles.
4. Ending fund balances will be budgeted each year for all operating funds.
5. The City has established a contingency reserve to provide for unanticipated expenditures of a non-recurring nature, to meet unanticipated significant revenue shortfalls, and/or to meet unexpected increases in service delivery costs. The Contingency Fund receives revenue from an appropriation of funds by the City Council as necessary to increase the Contingency Fund balance to the specified target level. As a long term goal, the Contingency Fund is to be funded at a target level of ten percent of General Fund expenditures.
6. Beginning balances of funds will be estimated and budgeted as a resource, but the Council will strive to meet operating expenditures, including ending balances, with operating revenue, including fund transfers but excluding beginning balances.
7. The City will maintain a fully funded equipment replacement funds which will receive annually budgeted contributions from the operating expenses of departments owning the capital equipment in amount necessary to replace the equipment at the end of its useful life. The equipment replacement fund will include fixed assets that are not included in the Equipment Rental Fund. Life cycle assumptions and required contributions will be reviewed annually as part of the budget process. Revenue collected from the sale of assets carried on the

equipment replacement schedules will be receipted to equipment replacement funds.

8. The City of Woodinville will strive to meet all fiscal management objectives, as described, with existing revenue sources. The City further has as a goal to not automatically invoke the 106 percent limit on property taxes, but will consider the implications annually along with the service needs within the community.
9. A department that temporarily borrows equipment owned predominantly used by another department or funds will pay charges to cover operating costs as well as equipment replacement. These fees will be reviewed annually as part of the budget process.
10. Major capital equipment to be used by a number of departments for which there is no obvious predominant owner, will be purchased by the Equipment Rental Fund and rented to users in the same manner described above.

B. PURCHASING POLICIES

1. Department heads shall assure that appropriations are sufficient to acquire the goods or services.
2. City employees shall strive to obtain the most cost-effective prices for the City, and shall consider all aspects of purchasing in acquisition decisions.
3. For purchases up to \$100, requisition forms will be required. Purchases over \$100 will require a completed purchase order form
4. Employees are encouraged to obtain price quotes from more than one vendor whenever practical. For purchases of materials, supplies, and equipment over \$500, a minimum of three quotes shall be obtained, unless the items are from a sole source vendor.
5. All purchase orders issued which involve multiple departments should have the approval of all participating departments prior to issuance.
6. With approval of the City Manager, an open purchase order (open account) of up to \$3,000 may be authorized to selected vendors. Receipts shall be obtained and shall be submitted with the proper BARS account number, to the finance department within one day of the purchase.
7. With approval of the City Manager, a credit card for selected vendors and uses (e.g. discount wholesale clubs like Office Club, Egghead Software) may be authorized and exempted from completing the requisition and purchase order form

prior to the purchase, provided the receipts for said purchases are submitted to the finance department the next business day.

8. With prior approval of the department head, an employee may personally pay for an approved purchase, and then seek reimbursement through an expense voucher.
9. All invoices received pursuant to this policy shall be approved for payment by the affected department head(s), or their designee, on either the invoice itself or on the City voucher.
10. For major purchases, the finance department shall review the purchase order for reasonableness of purchase. Questions may be directed to the department head or City Manager. The City Manager will decide all unresolved issues.
11. Purchases which would result in line item cost overruns will be allowed if a line item within the same department has funds available to cover the expense. The department head must fill out the prescribed form, and submit to the Finance Department. Expenditures requested in excess of a department's adopted budget must be approved by the City Manager. Expenditures in excess of an adopted fund amount will be approved by the City Council by an amending Ordinance.
12. A Petty Cash fund shall be established for the control and use of petty cash for minor purchases for the city.
13. Special Requirements: Public Works Improvements
 - a. All projects require approval of the City Manager.
 - b. All projects require a purchase order.
 - c. Projects between \$5,000 and \$20,000 require a purchase order and a short form contract, approved by the City Manager.
 - d. Projects exceeding the following limits must be competitively bid in accordance with the procedures prescribed by RCW 35.23.352:

\$30,000 - for projects requiring multiple crafts or trades.

\$20,000 - for single craft projects or those involving signalization or street lighting.
 - e. Projects over \$20,000 require Council to award bid.
 - f. The City may use small works roster procedures for construction of a public work or improvement, as an alternative to ("in lieu of") general competitive

bidding requirements, when the contract amount is \$100,000 or less. A small works roster lists contractors who have requested placement on the roster and who, where required, are properly licensed or registered to perform work in this state.

14. Special Requirements: Purchases of Supplies, Materials, and Equipment *

- a. Purchases costing under \$500 may be made by authorized employees as designated by the department head.
- b. Purchases between \$500 and \$7,500 require approval of the department head and City Manager, and completion of the required requisition and purchase order form.
- c. Purchases between \$7,500 and \$15,000 require approval of the City Manager, a purchase order, and completion of a Vendor Quote Form as required by RCW 35.23. (See Appendix "B").
- d. Purchases of materials, supplies, and equipment in excess of \$15,000 must be bid competitively per RCW 35.23.352.
- e. All open purchase orders are issued on a periodic basis through the finance department. The open purchase order shall be valid for the length of time, single purchase limit, and cumulative amount specified on the purchase order.

15. Special Requirements: Contracts for Professional Services

- a. All projects require approval of the City Manager, but are exempt from the minimum number of price quotes.
- b. Projects under \$2,500 simply require a purchase order.
- c. Projects between \$2,500 and \$20,000 require a purchase order and consulting contract, approved by the City Manager.
- d. If the professional service is for engineering or architectural service, the procurement shall be in accordance with RCW 39.80.010-060. The statute requires advance publication of the requirement for professional services (39.80.030); evaluation of qualifications and performance of firms (39.80.040); and negotiation with firms in accordance with adjudged qualifications (39.80.050).

16. City checks will be signed on the day following City Council approval. Checks signed in advance of Council approval may occur only under the following conditions:

- a. The Council shall have the opportunity to review the supporting documentation of such disbursements at the next regularly scheduled Council meeting.
- b. If the Council at a subsequent Council meeting, disapproves any such disbursements, the disapproved claims shall be recognized as receivables of the City and collections of said receivables shall be diligently pursued until the amounts disapproved are collected or until the Council is satisfied and approves the claims.

The following selected types of expenditures may be authorized prior to formal Council approval subject to the above conditions:

1. Payroll Warrants
2. Employee benefit insurance premiums
3. State or County remittances
4. Discount opportunities
5. Debt payments
6. Emergency disbursements, as determined by the City Manager
7. Purchases from vendors that do not take purchase orders

Any purchase orders and warrants submitted for pre-payment by this policy shall be presented for prior written approval by the City Manager.

17. The City will use an encumbrance accounting system in which commitments for the expenditures of monies can be recorded and shown in regular budget reports before the actual expenditure is made. In addition to the actual balance, an "unencumbered balance" will be kept for each budget line item that takes into account both actual and committed expenditures.
18. Treasurer's checks represent non-expenditure transactions and may be issued without Council approval for reimbursement of money collected in error, the return of money held as a deposit, or money held in behalf of another entity.