

CITY OF BRENTWOOD

**FINANCIAL POLICIES AND
PROCEDURES MANUAL**

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INTRODUCTION

Brentwood is a full service community that provides fully staffed police and fire departments, city-owned and operated residential trash and curbside recycling services, parks and recreation, street maintenance and one-stop shop licensing and permitting. With its housing quality and variety, beautiful neighborhoods, parks and walking trails, top notch city services and great central location, the quality of life in Brentwood is unsurpassed in the region.

The City consists of the following departments: Administration, Fire, Judicial, Legislative, Parks & Recreation, Planning & Development, Police and Public Works. The mission of each department is to provide the citizenry high quality public services.

The City promotes transparency and sound fiscal policies. This manual elicits the financial policies the City employs and the accounting procedures for each department.

FINANCIAL POLICIES

City of Brentwood Financial Policies & Procedures Manual

FUND BALANCE POLICY

Purpose

The purpose of this policy is to establish a key element of the financial stability of the City of Brentwood by setting guidelines for fund balance. Unassigned fund balance in the General Fund is an important measure of economic stability. It is essential that the City maintain adequate levels of unassigned fund balance in the General Fund to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the City's general operations. It is also very important to maintain adequate levels of assigned fund balances in the City's Capital Improvements, Storm Water and Park Improvements and Sewer Improvements funds for operations, equipment replacement and future capital improvements.

Definitions

Fund Balance – The excess of assets over liabilities in a governmental fund. Fund balance can be made up of five separate categories defined as follows:

- 1) **Nonspendable fund balance** – includes amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or permanent funds.
- 2) **Restricted fund balance** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and child safety fees.
- 3) **Committed fund balance** – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- 4) **Assigned fund balance** – comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- 5) **Unassigned fund balance** – is the residual classification of the **General Fund** and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

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Policy

Committed Fund Balance

The Board of Aldermen is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance or resolution approved by the Board at a City of Brentwood Board of Aldermen meeting. The ordinance or resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance

The Board of Aldermen has authorized the City Administrator as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

Minimum Operating Reserves - Unassigned Fund Balance Goals (General Fund)

It is the goal of the City of Brentwood to achieve and maintain an Operating unassigned fund balance in the General Fund equal to 50% of budgeted operating expenditures. The City considers a balance of less than 10% to be cause for concern, barring unusual or deliberate circumstances.

If unassigned fund balance falls below the goal or has a deficiency, the City will plan to adjust the budget in the subsequent fiscal years to restore the balance.

Appropriation from the unassigned General Fund balance shall require a majority approval of the Board of Aldermen and shall be only for one-time expenditures, such as an extraordinary or emergency circumstance, and not for ongoing expenditures unless a viable plan designated to sustain the expenditures is simultaneously adopted.

Minimum Operating Reserves - Assigned Fund Balance Goals

It is the goal of the City of Brentwood to achieve and maintain an Operating Reserves assigned fund balances in the Storm Water and Park Improvements and Sewer Improvements funds equal to 15% of budgeted operating expenditures. The City considers a balance of less than 10% to be cause for concern, barring unusual or deliberate circumstances.

If the assigned fund balance falls below the goal or has a deficiency, the City will plan to adjust the budget in the subsequent fiscal years to restore the balance.

Appropriation from the assigned Storm Water and Park Improvements or Sewer Improvements Fund balance shall require a majority approval of the Board of Aldermen and shall be only for one-time expenditures, such as an extraordinary or emergency circumstance, and not for ongoing expenditures unless a viable plan designated to sustain the expenditures is simultaneously adopted.

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Equipment Replacement Reserves - Assigned Fund Balance Goals

In addition to the minimum fund balance goals above, it is the goal of the City of Brentwood to achieve and maintain Equipment Replacement Reserves assigned fund balances in the Capital Improvements, Storm Water and Park Improvements and Sewer Improvements funds in an amount required such that all city equipment can be replaced at the end of their designated useful lives. An equipment replacement schedule will be maintained in order to determine the level required to be maintained each budget year.

If the assigned fund balance falls below the goal or has a deficiency, the City will plan to adjust the budget in the subsequent fiscal years to restore the balance.

Appropriation from the Equipment Replacement Reserves assigned Capital Improvements, Storm Water and Park Improvements or Sewer Improvements funds fund balance shall require a majority approval of the Board of Aldermen and shall be only for one-time expenditures, such as an extraordinary or emergency circumstance, and not for ongoing expenditures unless a viable plan designated to sustain the expenditures is simultaneously adopted.

Capital Reserves - Assigned Fund Balance Goals

Finally, it is the goal of the City of Brentwood to achieve and maintain Capital Reserves assigned fund balances in the Capital Improvements and Storm Water and Park Improvements funds equal to 5% of the value of the related capital assets excluding machinery and equipment (See Equipment Replacement Reserves section above). Appropriations from the capital reserves will be to fund major capital costs. The City will have a 5-year capital improvement plan (CIP) as part of the annual budget that lists all upcoming capital projects and the funding sources for those projects.

If the assigned fund balance falls below the goal or has a deficiency, the City will plan to adjust the budget in the subsequent fiscal years to restore the balance.

Appropriation from the Capital Reserves assigned Capital Improvements or Storm Water and Park Improvements funds fund balance shall require the approval of the Board of Aldermen and shall be only for one-time expenditures, such as capital purchases, and not for ongoing expenditures unless a viable plan designated to sustain the expenditures is simultaneously adopted.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the Board of Aldermen, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

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Revenue Policy

Overview

The revenue goals for the City of Brentwood are diversified in nature to assist the City in meeting its mission of providing services to its citizens. Major sources of revenues consist of sales, property, gross receipts and utility taxes, charges for services and grants and contributions. Other revenue sources contributing to the City's mission include assessments, fines and forfeitures, investment income, building permits, certificates of inspection and miscellaneous income.

Governmental Funds - Modified Accrual

Governmental funds recognize revenue in the accounting period in which they become susceptible to accrual. Susceptible to accrual means that revenues are both measurable and available to finance expenditures of the fiscal period. Financial resources are available only to the extent that they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The availability period used for revenue recognition is generally 60 days.

Revenue Sources

A. Sales

Revenue is recorded when the underlying exchange occurs. Cash is received in the following month. Amounts collected in January subsequent to year-end are subject to accrual and are recognized as revenues in December. Derived tax revenues result from assessments imposed by the City on exchange transactions. Examples include taxes on food, liquor, groceries, cigarettes and retail sales of goods and services. The principal characteristics of these transactions are (1) the City imposes the provision of resources on the provider (the entity that acquires the income, goods, or services) and (2) the City's assessment is on an exchange transaction, such as the exchange of motor fuel for the market price of the fuel. Periodically, enabling legislation may require a particular source of derived tax revenues to be used by the City for a specific purpose or purposes such as revenues resulting from a motor fuel tax being required to be used for road and street repairs.

In contrast to time requirements, purpose restrictions do not affect the timing of recognition for any class of non-exchange transactions for the City. Rather, purpose restrictions report resulting net position or fund balance (as appropriate) as restricted until the resources are used for the specified purpose or for as long as the provider requires the resources to be maintained intact (for example, endowment principal).

B. Ad Valorem

Property taxes are recognized as revenues when they become measurable and available to finance expenditures of the current period. Taxes levied in a given year are recorded as revenue in that fiscal year at the time that cash is received. Property taxes attach as an enforceable lien on property as of January 1 based on the assessed value of the property. Taxes are levied in October and are due and payable on or before December 31.

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Taxes are typically remitted during the year for which they are levied. Delinquent taxes are determined to be taxes remaining uncollected at the end of the year for which the taxes were levied. Delinquent taxes are recognized as revenue in the government-wide statements of net assets and activities subject to an allowance for uncollectible amounts. Delinquent taxes are reported as deferred inflows of resources in the fund statements.

Property tax revenue is recognized in the fiscal year for which taxes have been levied, provided the "available" criteria are met. The property tax assessment is made to finance the budget of a particular period and the revenue produced from any property tax assessment is recognized in the period for which it was levied. When property taxes receivable are recognized, or when property taxes are collected in advance of the year for which they are levied, they are recorded as deferred inflows of resources and recognized as revenue in the year for which they are levied. Property tax revenues are recognized when they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. If, because of unusual circumstances, the facts justify a period greater than 60 days, the City will disclose the period being used and the facts that justify it.

All property tax assessment, billing and collection functions are handled by St. Louis County government. Taxes collected are remitted to the City by the St. Louis County Collector in the month subsequent to the actual collection date. Taxes held by the County Collector, if any, are recorded as property tax receivable.

C. Utility Tax

It is a tax on public service businesses, including businesses that engage in communications and the supply of energy, natural gas, and water.

Revenue is recorded when the underlying exchange occurs. Cash is received in the following month. Amounts collected in January subsequent to year-end are subject to accrual and are recognized as revenues in December.

D. Gross Receipts Tax (Business Licenses)

The gross receipts tax is a tax on the total gross revenues of a company, regardless of their source, conducting business within the confines of the Brentwood city limits. These taxes are recognized in the fiscal year for which taxes have been imposed on transactions and are payable to the City annually. Revenue is recognized under the modified accrual basis of accounting.

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E. Charges for Services

Charges for services includes fees generated for user fees for the recreation, center ice rink, fees collected by the Library and fees imposed by the Police and Fire Departments. Revenue is recognized under the modified accrual basis of accounting. Citizens or others pay user fees as charges for specific goods or services. Revenues from user fees are recognized in the period earned, regardless of when cash is received. Revenues from some user fees (for example, ice-skating fees) are earned at the time they are collected. In other cases, the entity may provide the service before the fee is charged, for example, ambulance services provided by the fire department. In these cases, the City recognizes fee revenue and receivables when the service is performed.

F. Intergovernmental

Intergovernmental revenue includes grant revenue and other payments from governmental entities. Revenue is recognized when eligible expenditures have been incurred against a fully executed grant agreement. For the timing requirement of revenue recognition for grants to occur on the modified accrual basis, the criteria established for accrual-basis recognition is met and the revenues are available. "Available" means that the City has collected the revenues in the current period or expects to collect them soon enough after the end of the period (within 60 days) to use them to pay liabilities of the current period when all eligibility requirements have been met.

Advance receipts or payments for use in the following period are reported as deferred in flows of resources.

G. Assessments

Assessment revenue is received for the City's Sewer Lateral Program. Revenue recognized in the period for which the assessment is payable. These assessments are billed and collected by St. Louis County through the property tax collection process. Taxes collected are remitted to the City by the St. Louis County Collector in the month subsequent to the actual collection date. Assessments held by the Collector, if any, are recorded as assessments receivable.

H. Fines and Forfeitures

For municipal court fines and forfeitures, Revenue from fines should be recognized in the period the City has an enforceable legal claim to the amounts, regardless of when cash is received. Conditions that constitute an enforceable legal claim for fines include (a) the date by which an individual may contest a court summons expires and the fine is automatically imposed, (b) the offender pays the fine before the municipal court date, or (c) the municipal court imposes the fine. Appropriate allowances should be made for uncollectible fines and fines expected to be waived through an appeals process.

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Expenditure Policy

Overview

As a major public institution, the City of Brentwood is held to a high level of accountability for its business practices. Numerous constituencies (including taxpayers, the state of Missouri, the federal government and other entities) have an interest in how the City spends its money. Accordingly, every reasonable effort is made to ensure that funds are used in a responsible and appropriate manner.

Every expenditure transaction is expected to be supported by a documented business purpose. When the choice is present, the City expends restricted funds to all appropriate expenditures before committing unassigned funds to City expenditures (i.e. capital improvements, stormwater and park improvements, etc).

Department officials with approval authority for expenditure transactions are expected to exercise judgment and make a good-faith attempt to follow both the letter and the spirit of the expenditure policy. When dealing with ambiguous circumstances or budget overruns, department officials are directed to seek guidance from the Finance Director and document the reasoning behind their approval decisions.

The City's Expenditure Policy is in accordance with Section 135.000 through 135.210 of the City's Municipal Code. Purchases are made by department heads or designee within approved budget constraints. A budget to actual report is consulted when large purchases will be made particularly when the City fiscal year is approaching year-end. Anticipated over-expenditures of budget line items must be approved by the Board of Aldermen prior to the purchase being initiated.

Expenditure reimbursements are processed with the City's expense reimbursement form. Guidance regarding those forms can be found in the employee manual.

Department officials are required to assemble an invoice with appropriate account coding, supporting documentation and an authorizing signature. These invoices are presented by the department head to the Finance Director whom approves the invoices for payment.

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Operating Budget Policy

Overview

The City of Brentwood is accountable to its citizens for the use of public dollars. A balance must be struck between sources and uses of public dollars so the public can realize the full benefits of a fiscally sound government. All activities supported by the City must function within the limits of the financial resources provided to them. The City recognizes that our financial policies are applied over periods of time extending well beyond the current budget period. Thus, expenditures cannot exceed available resources over the long term. The City exists to provide high quality services. This cannot be accomplished if the City allows long-term deficits or chooses to support on-going needs through one-time revenues.

To ensure that financial stability is maintained, a budget showing that revenues and other financing resources meet or exceed expenditures/expenses will be prepared and adopted by the Board of Aldermen.

It is the City's intention to produce a fiscally sound budget in accordance with Section 130.070 through 130.100 of the City's Municipal Code. A fiscally sound budget includes the following:

1. An adopted budget which funds recurring operating expenditures/expenses with recurring operating revenues.
2. Reasonable cash reserves to ensure against and mitigate the effects of an economic downturn or other unanticipated events that impact revenue growth. A weak economy will slow revenue growth relative to expenditures/expenses.

In order to effectively promote the fiscally sound budget, the following events are required on an annual basis:

1. Each department head shall prepare a departmental budget to be submitted to the city administrator in accordance with the established budget calendar.
2. All budgets shall be balanced and provide for sufficient revenues to cover expenditures.
3. Large equipment purchases should be budgeted annually with a five-year rolling period to ensure sufficient City resources are available to secure purchases.
4. Budgets shall initially be reviewed by the city administrator and financial director with feedback provided to department heads. The process shall be completed in accordance with the established budget calendar.
5. Revised budgets shall be submitted to the city administrator and financial director, approved and submitted to the Board of Aldermen no later than the first regularly scheduled meeting in December of the City's current fiscal year.
6. The Ways and Means Committee will review the proposed budget with department heads present to answer inquiries of the Board.
7. If budgetary revisions are required, the revisions will be submitted no later than the first regularly scheduled meeting in December of the City's current fiscal year.

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8. All budgets shall be approved at said meeting.
9. All budgets shall be posted for public feedback and commentary no later than the first regularly scheduled meeting in December of the City's current fiscal year.
10. Public commentary will be discussed at the Board's first regularly scheduled meeting in December of the City's current fiscal year.
11. The budget shall be approved for the upcoming fiscal year no later than the first regularly scheduled meeting in December of the City's current fiscal year.
12. The Board will review budget to actual results on a monthly basis.
13. When necessary, the Board will amend the budget to reflect the City's current economic condition.

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Capital Asset Management Policy

Purpose

This accounting policy establishes the capitalization requirements and minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in the City of Brentwood's annual financial statements. All of the City's capital assets are maintained by Asset Works through the Finance Director.

Capital Asset Definition

Capital Assets must be capitalized and depreciated for financial statement purposes. A capital asset is defined as a unit of property that:

1. Has an economic useful life that extends beyond one year;
2. The asset must be acquired for use in operations and not be held for sale;
3. And was acquired or produced for a cost of \$5,000 or more. Any items costing below this amount should be expensed.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for the City of Brentwood's annual financial statements. Alternatively, assets with an economic useful life of one year or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

Renewals and betterments are capitalized. These expenditures include the cost for renovations, betterments, or improvements that add to the permanent value of the asset, make the asset better than it was when purchased, or materially extend its life beyond the original useful life. To capitalize these costs, the improvements must fulfill at least one of the following three criteria:

1. The useful life of the asset is materially increased;
2. The productive capacity of the asset is improved;
3. The quality of units/services produced from the asset is enhanced. The total project cost must also exceed \$5,000.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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Valuation

Fixed assets are recorded at historic cost or, if the cost is not readily determined, at estimated historic costs. Cost shall include applicable ancillary costs. All costs shall be documented, including methods and sources used to establish any estimated costs. In the case of gifts, the fixed asset should be recorded at estimated fair market value at the date of receipt.

- a) Purchased Assets – The recording of purchased assets shall be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation.
- b) Constructed Assets – All direct costs (including labor) associated with the construction project shall be included in establishing the asset valuation. Bond issuance costs including underwriting costs, legal and accounting fees, etc., as well as administrative overhead charges associated with the bond issuance and/or the project will also be capitalized.
- c) Donated Assets – Fixed assets acquired by gift, donation, or payment of a nominal sum not reflective of the asset's market value shall be assigned cost equal to the estimated fair market value at the time of receipt.

Definition and Classification of Capitalized Costs

- a) Land and Right of Way. This category of asset classification is used for all costs connected with the acquisition or improvement of land. This includes purchase price, appraisals, professional services, and title insurance. If land is purchased as a building site, certain expenses may be added to the cost: razing and removal, land or site improvements, utilities to site, and landscaping activity associated with new construction.
- b) Buildings and other Improvements. This category of asset classification is used for all costs related to the acquisition, or construction of a building if over \$5,000, including the purchase price, professional services, appraisals, test borings, site preparation, materials, labor, and overhead as a direct result of the project during construction. Also included are all costs associated with projects involving significant alterations, renovations, or structural changes (i.e., gutting a building and completely rebuilding the interior) that exceed \$5,000 and that increase or amend the usefulness of the asset, enhance its efficiency, or prolong its useful life by at least three years. Building improvements may include interior or exterior construction of a building or building systems, such as electrical or plumbing.

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- c) Machinery and Equipment. This category of asset classification is used for all costs associated with the purchase of tangible property that has a useful life of more than one year and cost in excess of \$5,000 in total. All bulk purchases of tangible property are included in this category. Charges may also include the cost of installation, transportation, taxes, duty, or in-transit insurance. Tangible property includes furniture, fixtures, computer equipment and software. In addition to the net invoice price of an asset, all costs associated with modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for its intended purpose may also be capitalized, only if incurred at the time of initial equipment purchase. All subsequent costs of this nature, to maintain the equipment, will be expensed. This category also includes all costs per unit related to the external purchase of software applications and the associated implementation costs (including initial licensing fees) that have a useful life of one year. (Fees paid for the renewal of software licensing and maintenance will not be capitalized and will be expensed.)
- d) Vehicles. This category of asset classification is used for all costs associated with the purchase of vehicles that have a useful life of more than one year and cost in excess of \$5,000 in total. This category includes fire trucks, ambulances, police cruisers and other vehicles the City may acquire to be utilized in conducting official city business. In addition to the net invoice price of an asset, all costs associated with modifications, attachments, accessories, or auxiliary apparatus necessary to make the vehicle usable for its intended purpose may also be capitalized, only if incurred at the time of initial equipment purchase. All subsequent costs of this nature, to maintain the equipment, will be expensed.
- e) Infrastructure. This category of asset classification is used for long-lived capital assets that normally are stationary in nature and normally can be preserved. Infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.
- f) Construction-In-Progress (CIP). CIP is the cost of buildings or other capital projects that are under construction as of the balance sheet date. CIP represents a temporary capitalization of labor, materials, and equipment of a construction project. When the constructed asset is substantially complete, costs in the CIP account are classified to one or more of the major asset categories and corresponding reductions must be made to the CIP account.

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Depreciation, Amortization and Depreciable Lives

In accounting terms, depreciation and amortization are the process of allocating the cost of tangible property over a period of time – the estimated useful life. Estimated useful life is the approximate numbers of months or years that an asset will be able to be used for its intended purpose for which it was purchased or constructed. Rather than deducting the asset’s cost as an expenditure in the year of acquisition, the asset is depreciated or amortized.

The City utilizes the straight-line method of depreciation and amortization which is a methodology allocating the asset cost evenly over the months or years of the asset’s estimated useful life.

The city utilizes the following guide for each category of assets

<u>Category</u>	<u>Useful Life (Years)</u>
• Land	N/A
• Construction in progress	N/A
• Infrastructure	20
• Buildings & improvements	20 - 50
• Machinery & equipment	5 - 30

Disposition of Assets

The Finance Director is responsible for changing the status of records when the disposition of assets occurs. In general, surplus or obsolete equipment may be disposed of by transferring to another department, discarding/scraping, trading-in, donating, or selling the asset.

Notification should be sent to the Finance Director thus notifying the Finance Office of the department’s intent to dispose of the asset. The Finance Office will provide the approvals necessary to proceed with the disposition of the asset.

Once the Finance Director had provided approval of the asset disposition, the asset may be listed on GovDeals.com. Departments disposing of assets on GovDeals.com must notify the Finance Department of when the sale takes place. The Finance Director will remove the asset from the City’s official listing in Asset Works.

Further guidelines related to disposition of surplus property can be found in Section 135.180 of the municipal code.

Recordkeeping

Invoice substantiating an acquisition cost of each unit of property shall be retained for a minimum of six years.

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Long-Term Financial Planning Policy

Overview

The City of Brentwood's Long-range Financial Plan (LRFP) provides a "road map" for where the City wants to go financially and its plans to get there by combining financial forecasting with financial strategizing. The underlying goal being that the plan can be used as a tool to identify problems, opportunities, and provide an avenue for the Board of Aldermen, citizens and staff to discuss policy.

The LRFP is needed as a communication aide to citizens, staff and rating agencies. When Council and staff receive questions from constituents, the LRFP will: 1) help provide an answer, 2) provide documentation to support the answer and 3) provide consistency.

The LRFP clarifies the City's financial strategic intent and imposes discipline on decision makers by magnifying the cumulative effects of poor decisions. The LRFP includes the following documents: Financial Policies and Procedures; Comprehensive Plan; Parks Master Plan; Compensation Study; and Five-Year Capital Improvement Plan

Policy Scope

The blueprint for the City's LRFP contains the following characteristics in its scope to achieve the goal of long-range stability for the City and its constituents:

1. Trust – the policy will enhance the citizenry's trust in City government
2. Transparency – the policy will be transparent revealing the complex decision-making processes and strategies required to deliver City services
3. Responsiveness - the policy will encourage responsiveness by building a plan that considers the community's diverse needs and priorities
4. Sustainability - the policy will promote sustainability by maintaining the long-term financial health of the City while investing in the City's core service areas.

Policy Elements

The elements of the City's LRFP can be broken down into four major phases which will be used to determine imbalances and seek to promote long-term balance:

1. The mobilization phase puts in place the cornerstones for financial planning: resources needed to undertake planning, preliminary financial analysis, definition of the underlying purpose of the planning process, the City's service-level preferences, financial policies, and define the scope for the planning effort.
2. The analysis phase focuses on the City's financial position, making long-term projections, and then analyzing the City's probable future financial position.
3. The decision phase is where strategies, plans, and adjustments are created and agreed upon.
4. The execution phase carries the plan forward into action.

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Debt Policy

Overview

The City of Brentwood has adopted the following Debt Policies which are intended to apply to all forms of long-term debt including voted bonds, non-voted bonds, revenue bonds and leasehold obligations. The intent of the Board of Aldermen is that the City shall manage its long-term debt in a manner designed to utilize its credit to optimize City services while balancing overall debt levels and annual debt service obligations. The City recognizes that prudent use of its credit can both facilitate construction of essential capital improvements and serve as a method for sharing the costs of those improvements between current and future beneficiaries.

General Policies

Authority: All debt issuances must be initiated with the Board of Aldermen. Where necessary, the Board of Aldermen will subject an issue to a vote of the public.

Debt not to be used for Operating Expenses: When considered necessary, long-term debt may be used to provide for capital acquisitions and construction. Long-term debt will not be used to fund operating expenses except in extraordinary circumstances as authorized by the Board of Aldermen. This policy recognizes that some City staff costs such as project engineers are integral to the capital project and are reasonably chargeable to bond fund proceeds.

Term of Debt: Long-term debt will be structured in a manner so that the life of the debt does not exceed the expected useful life of the asset being funded by the debt. To the maximum extent possible, the City will fund its capital needs on a pay-as-you-go basis.

Method of Sale of Bonds and Notes: It is the City's policy to sell debt through a competitive sale unless there are clearly expressed reasons for selling debt through a negotiated process. This policy does recognize that a negotiated sale may be in the City's best interests when refunding an existing bond issue or when unusual conditions exist that may make it difficult for the marketplace to reasonably evaluate the risks of the bonds being sold. Whenever a negotiated method of sale is being recommended to the City Council, the justification and rationale for not using a competitive sale must be clearly explained.

Refunding Bonds: As a general rule, existing bonds will not be refunded through the issuance of refunding bonds unless the refunding plan will achieve a net present value savings of at least 5%. As an exception to this general rule, bonds may be refunded to obtain more favorable covenants when it is clearly in the City's interests to do so.

Details specific to financing are discussed further in the policy. Types of financing include general obligation bonds, revenue bonds and lease financing. Lease financing does not typically require voter approval.

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Types of Financing & Limitations

General Obligation Bonds:

Missouri municipalities are authorized to issue general obligation bonds pursuant to Article VI, Section 26(b), (c), (d) and (e) of the Missouri Constitution and Sections 95.115 to 95.130, RSMo. General obligation bonds are secured by the full faith and credit, and taxing power of the municipality. This means that a court can compel the municipality to increase property taxes if needed to repay the bonds. The owner of a general obligation bond may look for repayment to all legally available sources of revenue that Brentwood is entitled to receive.

Brentwood may issue general obligation bonds for any municipal purpose authorized by charter or Missouri law. Section 26(f) of the Missouri Constitution and Section 95.135 RSMo require that, before issuing general obligation bonds, Brentwood must provide for the levy of an annual property tax that will be sufficient to pay the principal and interest on the bonds. To satisfy this requirement, the levy will be included in the ordinance authorizing the issuance of the bonds. Brentwood may use other revenue sources (such as sales tax proceeds) to pay debt service on the bonds, in which case the property tax levy may be unnecessary and Brentwood may choose not to collect the tax in a particular year.

New Money Bonds. Article VI, Sections 26 of the Missouri Constitution governs the amount of general obligation bonds that may be issued by a city. The debt limit is tested at the time of the election to authorize the issuance of the bonds. Sections 26(b) and (c) permit Brentwood to incur general obligation debt in an amount not to exceed 10 percent of the City's assessed valuation. Section 26(d) permits Brentwood to incur general obligation debt for an additional 10 percent of the Brentwood's assessed valuation for the purpose of street and sewer improvements. Section 26(e) permits Brentwood to incur general obligation debt for an additional 10 percent of the Brentwood's assessed valuation (so long as the total indebtedness does not exceed 20 percent) for the purpose of water, electric or light plant improvements. Brentwood does not currently provide these services

Section 108.170, RSMo, imposes limits on the interest rate and the sale price of the bonds, depending upon whether the sale is a negotiated sale or a competitive public sale.

Refunding Bonds. Article VI, Section 28 of the Missouri Constitution, and Section 108.140, RSMo, authorize the issuance by a municipality of general obligation bonds for the purpose of "refunding, extending, and unifying" all or any part of its validly issued general obligation bonds. The principal amount of the refunding bonds may not exceed the principal amount of the bonds being refunded, plus the accrued interest on those bonds to the date of the refunding bonds. The interest rate on the refunding bonds may not exceed the interest rate on the bonds being refunded – meaning that the refunding must result in debt service savings. The interest rate and sale price limits under Section 108.170, RSMo, apply equally to general obligation bonds issued to provide new money for project financing, or to refund bonds previously issued.

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Final Maturity Limitation. In accordance with Section 26(f) of the Missouri Constitution and Section 95.135 RSMo, the final maturity of an issue of general obligation bonds must not be later than 20 years from the date of their issuance. Refunding bonds may extend the final maturity of the refunded bonds, as long as it does not exceed 20 years from the date of issuance of the refunding bonds. (Extending the maturity of the bonds through a refunding is generally limited by the requirement that the refunding must result in debt service savings. The longer the maturity, the more interest is paid.)

Voter Approval Requirements. Cities may only issue general obligation bonds after obtaining approval of four-sevenths or two-thirds (depending on the date the election is held) of the qualified voters of the municipality voting on the question. The table below shows the available election dates and the super-majority approval required for approving of general obligation bond questions on each date:

Election Date (1st Tuesday after the 1st Monday)	Voter Approval Requirements for General Obligation Bonds
February	2/3-majority in all years
April	4/7-majority in all years
June	2/3-majority in all years
August	4/7-majority in even-numbered years 2/3-majority in odd-numbered years
November	4/7-majority in even-numbered years 2/3-majority in odd-numbered years

Filing Notice of the Election with the Election Authority. Section 115.125, RSMo, requires that notice of the election be filed with the proper election authority (i.e., county clerk(s) or elections board) not later than 5 p.m. on the 10th Tuesday prior to the election. The notice must include a certified copy of the ballot question and the legal notice required to be published by the election authority pursuant to Section 115.127, RSMo.

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Revenue Bonds:

Revenue bonds are issued to finance facilities that have a definable user or revenue base. Generally, specific statutory authority is required for the issuance of revenue bonds. Some commonly used sources of authority include Chapter 91, RSMo, for waterworks system revenue bonds; Chapter 250, RSMo, for combined waterworks and sewerage system revenue bonds; Section 71.360, RSMo, for parking facility revenue bonds; Section 94.577, RSMo, for capital improvement sales tax revenue bonds; and Section 94.700, RSMo, for transportation sales tax revenue bonds. Revenue bonds are payable from and secured by the pledge of a specific source of funds from the facility or project that is financed.

New Money Bonds. Any limitation on the principal amount of revenue bonds issued is generally a contractually-imposed limit. The ordinance or trust indenture pursuant to which any outstanding revenue bonds were issued will likely include restrictions on the issuance of additional bonds that are payable from the same source of funds. This is typically referred to as an “additional bonds” test or covenant. Section 108.170, RSMo, imposes limits on the interest rate and the sale price of the bonds, depending upon whether the sale is a negotiated sale or a competitive public sale.

Refunding Bonds. Section 108.140(2), RSMo, authorizes the issuance by a municipality of revenue bonds for the purpose of refunding outstanding revenue bonds, so long as the refunding revenue bonds are payable from the same sources as were pledged to the payment of the bonds being refunded. There is no interest savings requirement, as there is for bonds issued to refund general obligation bonds. The interest rate and sale price limitations under Section 108.170, RSMo, also apply to refunding bonds.

Limit on Final Maturity. The maximum term for revenue bonds varies depending on the statutory authority. A common maximum term is 35 years. Sales tax revenue bonds, because they are considered “indebtedness”, are limited to a maximum term of 20 years.

Voter Approval Requirements. Nearly all revenue bonds, other than sales tax revenue bonds, require only simple majority voter approval for passage. Sales tax revenue bonds constitute “indebtedness” under the Missouri Constitution. The Missouri Supreme Court has held that Article VI, Section 26 of the Missouri Constitution applies to all obligations payable from taxes. Consequently, sales tax revenue bonds constitute “indebtedness”, and require the same super-majority voter approval as general obligation bonds. Election dates and the majority/super-majority voter approval requirements are applicable according to the table listed on the previous page.

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Filing Notice of the Election with the Election Authority. Section 115.125, RSMo, requires that notice of the election be filed with the proper election authority (i.e., county clerk(s) or elections board) not later than 5 p.m. on the 10th Tuesday prior to the election. The notice must include a certified copy of the ballot question and the legal notice required to be published by the election authority pursuant to Section 115.127, RSMo.

Lease/Purchase Obligations:

The City uses lease/purchase obligations to finance equipment and facility acquisitions. Legal authority for a lease-purchase financing is found in statutes authorizing municipalities to lease property. Under a lease-purchase transaction, Brentwood leases the equipment and/or real property to be acquired and constructed from a lessor, which may be an investor, a trustee bank, a leasing company, a nonprofit corporation or other entity. Brentwood makes rental payments over a series of annually renewable one-year terms, and has the option to purchase the leased property at the end of the term. Brentwood's obligation to make rental payments in any subsequent year is subject to appropriation of funds each year for that purpose by the municipality.

Because the lease-purchase agreement is not a voted obligation, Brentwood does not have the ability to put into place a debt service levy or to legally pledge revenues to repay the bonds. Nonetheless, Brentwood must be able to identify sufficient funds that will be available to make the rental payments. A common source of funds is revenue generated from sales taxes that may legally be used for the purpose for which the lease-purchase proceeds will be spent.

There are three methods by which Missouri governmental entities may finance equipment and facility acquisitions using lease financing. The methods are:

1. Direct financing through a leasing company or bank
2. Certificates of Participation (COPs)
3. Leasehold Revenue Bonds.

The City generally does not engage in Leasehold Revenue Bonds.

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Investment Policy

I. AUTHORITY

The local ordinances of the City of Brentwood authorize the City Administrator and Director of Finance to have custody of all City monies and to invest said monies not needed for the daily operations of the City. The Board of Aldermen has assigned responsibility for the day-to-day administration of this policy to the City Administrator and Director of Finance.

II. WAYS AND MEANS COMMITTEE

The Ways and Means Committee shall be responsible for developing and reviewing the investment process of the City of Brentwood within the framework provided by the local ordinances and the Constitution and laws of the State of Missouri. The Ways and Means Committee shall set and monitor policies, set general strategies and implement necessary monitoring mechanisms as indicated in this policy and the internal controls over investments for the City. The Committee will meet regularly to review performance, policy and procedures.

III. INVESTMENT ADVISORY COMMITTEE

The Ways and Means committee, the City Administrator and the Director of Finance will make up the Investment Advisory Committee. The purpose of the Investment Advisory Committee is to allow appropriate input and insight into the various investment opportunities the City has at its disposal.

IV. PRUDENCE

All participants in the investment process shall act responsibly as custodians of the public trust. The standard of prudence to be applied by the personnel of the Investment Advisory Committee is the “prudent investor” rule, which states, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

V. ETHICS AND CONFLICT OF INTEREST

Individuals involved in the investment process shall refrain from personal business activity that could create an appearance of impropriety, conflict with proper execution of the investment program, or impair their ability to make impartial investment decisions. Investment Advisory Committee members shall disclose to the Board of Aldermen any material financial interests in financial institutions that conduct business within Brentwood, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the portfolio. Investment Advisory Committee members shall refrain from undertaking personal investment transactions with the same individual or entity with which business is conducted on behalf of the City of Brentwood.

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VI. DELEGATION OF AUTHORITY

Authority and responsibility for the management and daily operation of the investment program is hereby delegated to the City Administrator and Director of Finance, whom shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Only the City Administrator and Director of Finance are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts. The City Administrator and Director of Finance will be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

VII. OBJECTIVES

The primary objectives of investment activities shall be legality, safety, liquidity, and yield.

Legality

The City Administrator and Director of Finance will invest the City's excess funds only within the legal guidelines set forth by the Constitution and Laws of the State of Missouri and the ordinances of the City of Brentwood. Any investment alternative outside these guidelines is not permissible.

Furthermore, the Investment Advisory Committee seeks to promote and support the objectives of US foreign policy regarding terrorism. Accordingly, investments in companies or their subsidiaries or affiliated entities that are known to sponsor terrorism or aid the government in countries that are known to sponsor terrorism are prohibited.

Safety

Safety of principal is the primary objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

The City of Brentwood will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Establishing a pre-approved list of financial institutions and companies that the City of Brentwood will be restricted to when purchasing commercial paper
- Conducting regular credit monitoring and due diligence of these issuers.
- Pre-qualifying the financial institutions and broker/dealers with which the City of Brentwood will do business for broker services and repurchase agreements.
- Diversifying the portfolio so potential losses on individual securities will be minimized.

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b. Interest Rate Risk

The City of Brentwood will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Maintaining an effective duration of less than 3 years
- Holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less

Liquidity

The investment portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements. This will be accomplished by structuring the portfolio so securities mature concurrent with cash necessary to meet anticipated demand. Furthermore, because all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

Yield

The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is the least important objective.

VIII. PERFORMANCE

Active management should produce, over a period of time, book yields in excess of a low risk passive benchmark. For management purposes, and for Investment Advisory Committee review, both the book yield and total rate of return will be calculated for the portfolio and compared to the appropriate security market indexes as established by the Committee.

IX. BROKER/DEALER REQUIREMENTS

Investments will be made through banks or securities dealers who have been approved by the Investment Advisory Committee. Such securities dealers and banks will have been subjected to an appropriate investigation by the staff of the City of Brentwood, including but not limited to, a review of the firm's financial statements and the background of the sales representative. All approved dealers must be fully licensed and registered NASD Broker/Dealers or exempt banks.

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Criteria used to select securities dealers will include:

- Financial strength and capital adequacy of firm;
- Services provided by firm;
- Research services available;
- Resume, reputation and qualifications of sales representative;
- Due diligence and firm references; and,
- City government expertise.

X. REPORTING

The City Administrator and Director of Finance shall report monthly to the Investment Advisory Committee on the present status of the investment portfolio. Each monthly investment report will, at a minimum, include the following:

- The market value of the portfolio, including realized and unrealized gains or losses resulting from appreciation or depreciation.
- Average weighted yield to maturity and duration of all portfolios as compared to applicable benchmarks.
- Percentage of the total portfolio represented by each type of investment.
- The rating levels for commercial paper and bankers' acceptances. The City Administrator and Director of Finance should also recommend to the committee if the commercial paper or bankers' acceptances should be held or sold in the event of a rating downgrade below the minimum acceptable rating levels.
- Listing of individual securities held at the end of the reporting period.
- The realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration in accordance with Government Accounting Standards Board (GASB) 31 requirements, reported annually

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XI. PERMISSIBLE INVESTMENTS AND GUIDELINES

A. Investment Types

In accordance with, and subject to restrictions imposed by the Constitution and the laws of the State of Missouri and the local ordinances of the City of Brentwood, the following list represents the entire range of permissible investments.

1. Time Deposits

1. Financial institutions with a physical location in the State of Missouri will be selected as depositories based on, but not limited to, the following: financial stability, funds availability, loan-to-deposit ratio, community involvement and other relevant economic criteria.
2. Pursuant to state law, the maximum maturity of a deposit will be five years.
3. The rate of interest to be earned on monies placed in time deposits with Missouri financial institutions will be determined pursuant to state law and Brentwood ordinances.
4. A financial institution will be eligible to receive total deposits in an amount not to exceed their equity capital. The City of Brentwood may, from time to time, limit the dollar amount of deposits a financial institution may receive due to lack of availability.
5. A financial institution's loan-to-deposit ratio must be in excess of 50% at the time of deposit unless a specific need can be shown by the financial institution for the funds.
6. Time deposits (principal and interest) must be collateralized at least 100% with approved securities. The market value of all time deposit collateral will be reviewed on an ongoing, periodic basis to determine collateral adequacy.

2. Linked Deposits

1. Financial institutions with a physical location in the State of Missouri will be selected based upon financial stability and funds availability.
2. Maturity of the deposits will be based upon the statutes' language for maximum maturities of deposit, the borrower's needs, the liquidity requirements and interest rate risk considerations of the City of Brentwood along with any other relevant economic considerations. This can vary by category of linked deposits.
3. The rate of interest to be charged follows the statute language regarding the loan rate to the borrower that is below the normal borrowing rate.
4. The minimum and maximum amounts of the linked deposit to be placed in each category will be determined by the Investment Advisory Committee when these amounts are not specifically stated in the statutes or local ordinances.
5. Linked deposits (principal and interest) must be collateralized at least 100% with approved securities. The market value of all linked deposit collateral will be reviewed on an ongoing, periodic basis to determine collateral adequacy.

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3. U. S. Treasury and Federal Agency Securities

1. Treasury and Agency securities with final maturities of five years or less as stated in the statutes may be purchased.
2. Treasury and Agency securities must be purchased through approved broker/dealers.
3. Agency securities include those specific obligations that are issued or guaranteed by any agency or instrumentality of the United States Government.

4. Commercial Paper

1. Commercial paper which has received the highest letter and numeral ranking (i.e., A1 / P1) by at least two nationally recognized statistical rating organizations (NRSRO's).
2. Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of \$250,000,000 and have long term debt ratings, if any, of "A" or better from at least one NRSRO.
3. Purchases of commercial paper may not exceed 180 days to maturity.
4. Approved commercial paper programs should provide some diversification by industry. Additionally, purchases of commercial paper in industry sectors that may from time to time be subject to undue risk and potential illiquidity should be avoided.
5. The only asset-backed commercial paper programs that are eligible for purchase are fully supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.) No securities arbitrage programs or commercial paper issued by Structured Investment Vehicles (SIV's) shall be considered.
6. No more than 5% of the total market value of the portfolio may be invested in the commercial paper of any one issuer.

5. Bankers' Acceptances

1. Definition - Bills of exchange or time drafts on and accepted by a commercial bank, otherwise known as bankers' acceptances.
2. An issuing bank must have received the highest letter and numeral ranking (i.e., A1 / P1) by at least two nationally recognized statistical rating organizations (NRSRO's).
3. Must be issued by domestic commercial banks
4. Purchases of bankers' acceptances may not exceed 180 days to maturity.
5. No more than 5% of the total market value of the portfolio may be invested in the bankers' acceptances of any one issuer.

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6. Repurchase Agreements

1. Repurchase agreements may be entered into for periods of 90 days or less.
2. Repurchase agreements must be purchased through approved broker/dealers. All approved broker/dealers must have a signed Bond Market Association Master Repurchase Agreement on file with the City of Brentwood, and in the case of tri-party repurchase agreements, a tri-party agreement is also required.
3. All collateral will either be delivered to the City's Account at the City's depository bank, or to an approved third party custodian.
4. Repurchase agreements must be collateralized 102% with approved securities.
5. No more than 15% of the total market value of the portfolio may be invested in repurchase agreements with any one issuer.

7. Reverse Repurchase Agreements

1. Reverse repurchase agreements may be entered into for periods of 90 days or less.
2. Reverse repurchase agreements must be executed through approved broker/dealers. The City of Brentwood will assign reverse repurchase agreement trading limits for each broker/dealer.
3. All collateral will be delivered to dealers versus payment.
4. Collateral will be priced at market plus accrued interest. All term trades will be reviewed weekly to determine pricing adequacy.
5. The City of Brentwood will enter into reverse repurchase agreements only to cover unexpected shortcomings in the City's demand account(s).

B. Security Selection

The following list represents the entire range of United States Agency Securities that the City of Brentwood will consider and which shall be authorized for the investment of funds. Additionally, the following definitions and guidelines will be used in purchasing the instruments:

1. U.S. Govt. Agency Coupon and Zero Coupon Securities. Bullet coupon bonds with no embedded options and with final maturities of five (5) years or less.
2. U.S. Govt. Agency Discount Notes. Purchased at a discount with a maximum maturity of one (1) year.
3. U.S. Govt. Agency Callable Securities. Restricted to securities callable at par or above with a final maturity of five (5) years or less.
4. U.S. Govt. Agency Step-Up and Step-Down Securities. The coupon rate is fixed for an initial term. At specific future rate reset dates, the coupon rate changes to a new pre-determined rate, for a specific period of time, restricted to securities with a final maturity of five (5) years or less.

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5. U.S. Govt. Agency Floating Rate Securities. The coupon rate floats off one index and resets at least quarterly with a final maturity of five (5) years or less.
6. U.S. Govt. Agency Mortgage Backed Securities. Restricted to securities with stated final maturities of five (5) years or less.

C. Additional Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of the City of Brentwood's funds, the investment portfolio will be subject to the following restrictions in addition to those listed elsewhere in this policy:

1. Borrowing for investment purposes ("Leverage") is prohibited.
2. Instruments known as inverse floaters, leveraged floaters, equity-linked securities, option contracts, futures contracts and swaps are prohibited.
3. Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.
4. Hedging and derivative investments are specifically disallowed.

D. Collateralization

The City of Brentwood will maintain collateralization, which will be consistent with the Constitution and Laws of the State of Missouri and the local ordinances of the City of Brentwood, and approved by the Board of Aldermen. All deposits placed in financial institutions must be at least 100% collateralized with securities listed in this policy. The Investment Advisory Committee shall periodically review and may make changes to the collateralization margins for collateral asset classes based on changes in market conditions or other events.

All securities, which serve as collateral against the deposits of a depository institution, must be safe kept at a non-affiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts.

The City of Brentwood must have a depository contract and pledge agreement with each safekeeping bank that will comply with the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This will ensure that the City of Brentwood's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed financial institution.

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E. Securities Lending

1. The City Administrator or Director of Finance may temporarily exchange securities held in the portfolio for cash or other authorized securities of at least equal value with no maturity more than one year beyond the maturity of any of the traded obligations.
2. Securities lending may be transacted through the City of Brentwood's custodial bank, through a third party lender, or directly with approved broker/dealers. Direct broker/dealers must have a signed Bond Market Association Securities Lending Agreement on file with the City of Brentwood.
3. All securities being transferred must be delivered versus payment.
4. Securities lending transactions may be entered into for periods of 90 days or less.
5. The City Administrator and Director of Finance shall develop collateral investment guidelines for the reinvestment of any collateral made by the City of Brentwood's securities lending agent and is responsible for periodic monitoring of these investments for compliance.

XII. ASSET ALLOCATION

The investment portfolio will be diversified to minimize the risk of loss resulting from excess concentration into a specific maturity, issuer or class of securities. Diversification strategies will be implemented through investments identified in Section XI-A. Target allocations indicate general objectives under steady market conditions; however targets may fluctuate throughout the year based on cash flows and market conditions.

XIII. SAFEKEEPING AND CUSTODY

All securities will be held by a third-party custodian designated by the City of Brentwood and evidenced by safekeeping receipts. All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in eligible financial institutions prior to the release of funds. All non-Fed eligible securities will be held at the financial institution holding the City of Brentwood's custodial account.

XIV. INTERNAL CONTROLS

The City of Brentwood has established a system of internal controls designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees of the City of Brentwood. Controls deemed most important include: separation of duties, separation of transaction authority from accounting and record keeping, custodial safekeeping, clear delegation of authority, minimizing the number of authorized investment officials, documentation of transaction strategies and a code of ethics. These policies are contained in the accounting policies manual.

City of Brentwood Financial Policies & Procedures Manual

Accounting, Auditing, and Financial Reporting Policy

Overview

The City of Brentwood is accountable to its citizens for the use of public dollars and transparency related to the usage of those dollars. The Board of Aldermen desires excellence in financial reporting and practices.

The accounting, financial reporting and auditing policy is the appropriate mechanism for the Board of Aldermen to achieve appropriate oversight of the City's financial records. The policy achieves the Aldermen's objective of promoting excellence in financial reporting and transparency of the financial records.

Accounting and Financial Reporting Policies:

These policies are in accordance with Sections 130.070, 130.080 and 135.000 through 135.210 of the City's Municipal Code. The City will maintain its accounting records in accordance with state and federal law and regulations. Budgetary reporting will be in accordance with Missouri state budget laws and regulations. The City will annually report its financial condition and results of operations in accordance with state regulations and generally accepted accounting principles (GAAP).

As an additional, independent confirmation of the quality of the City's financial reporting, the City will annually seek to obtain the Government Finance Officers Association (GFOA) Certificate of Achievement in Excellence for Financial Reporting for the City's Comprehensive Annual Financial report (CAFR). The CAFR will be presented in a manner designed to clearly communicate to citizens about the financial affairs of the City.

Reports outlining the status of revenues, expenditures/expenses, cash and investment balances and other significant fund balances shall be done monthly and will be distributed to the Board of Aldermen, City Administrator, department heads, and any interested party.

Auditing Policies:

The City's CAFR will be audited annually by an external auditor. The Board of Aldermen are charged with the selection of the auditor.

Audit advisory, oversight and liaison functions are the responsibility of the Ways and Means Committee. The Committee engages the auditor for the City's annual audit. On an annual basis, the Committee meets with the auditor prior to the inception of the audit, maintains communication with the auditor throughout the audit and reviews the City's audited CAFR. The committee makes a recommendation to the Board of Aldermen to approve the annual audit.

City of Brentwood Financial Policies & Procedures Manual

Internal Control and Risk Management Policy

Overview

The City will maintain a system of internal control to safeguard its assets against loss, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

INTERNAL CONTROL

1. The City shall maintain an environment conducive to good internal control.

2. Definitions -

Internal Control comprises the plan of organization and all of the coordinated methods and measures adopted within the City to safeguard its assets; check the accuracy and reliability of its assets; check the accuracy and reliability of its accounting data; promote operational efficiency; and encourage adherence to prescribed managerial policies. This is the broad definition, recognizing that a “system” of internal control extends beyond those matters which relate directly to the accounting and finance functions.

This broad definition can be subdivided into two components; accounting and administrative, as follows:

a. Accounting controls comprise the plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of the financial records.

b. Administrative controls comprise the plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records. This policy is concerned primarily with the “Accounting Controls” and when the terms “internal controls” or “controls” are used, it is meant as Accounting Controls.

3. Responsibilities -

The Accounting Department is responsible for designing appropriate controls for the departments and the departments are responsible for implementation. Inherent in these responsibilities is the recognition that the cost of internal control should not exceed the benefits expected to be derived. Also, internal controls may become inadequate as conditions change, thus requiring review and modification.

4. Objectives-

To provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

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5. Basic Elements of Internal Control -

a. Personnel-

Objectives are dependent on competence and integrity of personnel, independence of assigned functions, and their understanding of prescribed procedures.

b. Computer Data Processing-

Control over development, modification, and maintenance of computer programs; control over use and changes to data maintained on computer files; application controls, for example, edits that verify vendor numbers for check writing.

c. Segregation of Duties-

The organizational plan should separate functional responsibilities. In general, when the work of one employee is checked by another, and when the responsibility for custody of assets is separate from the responsibility for maintaining the records relating to those assets, then there is appropriate segregation of duties. Procedures designed to detect errors and irregularities should be performed by persons other than those who are in a position to perpetrate them.

d. Execution of Transactions-

There is reasonable assurance that transactions are executed as authorized.

e. Recording of Transactions-

Transactions are recorded in the proper period, amounts, and classification.

f. Access to Assets-

Both direct physical access and indirect access through preparation/processing of documents that authorize the use or disposition of assets be limited to authorized personnel as directed by management.

g. Comparison of Recorded Accountability with Assets-

Periodic comparison of actual assets with the recorded accountability, such as bank reconciliations and physical inventories shall take place. The records should be checked against the assets by someone other than the persons responsible for the records or the assets. Accounting will utilize these basic elements of internal control in formulating departmental plans suitable to each department's needs. An annual review of the plans will be performed and modifications made as required (or as a result of internal or external audits).

h. Authorization-

All transactions are properly authorized by management: 1) to permit preparation of financial statements in conformance to statutory requirements and accounting principles generally accepted in the United States, and (2) to maintain accountability for assets.

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Financial Policies & Procedures Manual

6. Written Procedures-

Written procedures will be maintained by the Finance Director for all functions involving the handling of cash and securities. These procedures shall embrace sound internal control principles.

7. Audit-

The City will prepare its accounting records in accordance with accounting principles generally accepted in the United States. A Comprehensive Annual Financial Report (CAFR) will be prepared annually. The City shall have an annual financial audit conducted by an independent public accounting firm of its CAFR. The audit shall be conducted in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States.

City of Brentwood Financial Policies & Procedures Manual

Local Economic Development Finance Policy

Overview

The objective of the Local Development Finance Policy is to provide public assistance to community development efforts in a manner that balances costs against benefits. In addition to the City's Financial Management Policies, detailed guidelines have been adopted by the City to manage specific development resources and programs.

To the greatest extent possible, all development activities shall be self-supporting. Sufficient public and private resources shall be identified at the time a project is approved to ensure feasible completion and operation of the project. All development financing proposals shall be reviewed to ensure that the proposed finance plan is reasonable, balanced, and the best means by which to achieve City objectives, while adequately protecting citywide financial interests.

General Policy

1. It is the policy of the City and the Board of Aldermen to consider judicious use of Economic development financing tools (Economic tools) for those projects that demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will eliminate blight, strengthen the economic and employment base of the City, positively impact surrounding areas and tax revenues, create economic stability, facilitate economic self sufficiency and create new jobs and retain existing employment.
2. Care will be exercised in the use of economic tools to thoroughly evaluate each project to ensure that the benefits that will accrue from the approval of the project are appropriate, in relation to the incentive provided to and the costs that will result from the project, and that the project, viewed from this prospective, benefits the City as a whole.
3. Each project, and the location at which it is proposed, is unique and, therefore, every proposal shall be evaluated on its individual merit, including its potential impact on the City's service levels, its overall contribution to the City's economy and its consistency with the City's goals and objectives.
4. Each project should be evaluated as to potential economic benefit.
5. As a general principle, a project requesting economic tool assistance should have a ratio of a minimum of three (3) to one (1) in comparing potential increased revenue to the City from all sources to the value of the incentives provided, measured over the term of the TIF project.
6. Economic tools will generally be reserved for projects that do not qualify for alternative methods of financing or where assistance is deemed by the City and the Board of Aldermen to be the preferred method of providing economic development incentives to the project.

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7. All economic tool applications must clearly comply with the requirements of the Missouri TIF Statute.

8. All projects must be consistent with the City's goals and objectives.

B. Policy Guidelines

The following criteria are used by the City and the Board of Aldermen to evaluate economic tool applications:

1. Each application must demonstrate that "but for" the use of the economic tool, the project is not feasible and would not be completed without the proposed assistance.

2. Applications for projects that will be using assistance for only public infrastructure will be favored. In any event, assistance shall be used to complete all required public infrastructure prior to consideration of assistance for any other portion of project costs. This limitation may be modified if the project is determined to be a vital contribution to the attainment of a substantial and significant public benefit identified in this policy.

3. All applications requesting the issuance of bonds or notes shall be required to demonstrate that the payments in lieu of taxes and/or the economic activity taxes expected to be generated will be sufficient to provide a conservative debt coverage factor based upon the projected debt service on any tax increment bonds or notes. This limitation may be modified for projects that involve the redevelopment of existing structures or the assembly and clearance of land upon which existing structures are located.

4. The Board of Aldermen will determine the total amount of assistance provided for a project as a percentage of the total project costs.

5. Each application shall include evidence that the applicant:

- a. Has thoroughly explored alternative financing methods.
- b. Has the financial and technical ability to complete and operate the project.
- c. Will be liable for, or contribute equity to the total cost of the project or provide a performance bond for the completion of the project in an amount determined by the Board of Aldermen. Projects with greater equity contributions from the developer will be viewed more favorably.

6. In evaluating the employment potential of a given enterprise, the following shall be taken into consideration:

- a. number of additional employees that will be hired as a result of the project and whether they are likely to be hired from the local population;
- b. skill and education levels required for the jobs expected to be created by the project;

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- c. range of salary and compensation for jobs expected to be created by the project;
- d. potential for executive relocation. TIF projects that create jobs with wages that exceed the community average will be encouraged.

7. Economic tool applications for the redevelopment of vacant property, in areas where the project will further the goals and policies of the City, and/or reasonable evidence is presented that the project will serve as a catalyst for further high quality development or redevelopment, will be viewed favorably.

8. Economic tool applications for retail and service commercial projects should be limited to those projects that encourage an inflow of new customers from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City. New or expanded industrial and manufacturing projects will be given more favorable consideration than new or expanded warehouse type uses based upon the projected employment per square foot.

9. Economic tool applications for the development of commercial, office and industrial projects that would stabilize existing commercial, office and industrial areas that have or will likely experience deterioration will be favored.

10. Economic tool applications for new residential development projects (other than a limited number of residential units which are creatively integrated into commercial or retail projects) will be strongly disfavored. Applications for the redevelopment of existing residential areas will be generally disfavored.

11. Economic tool applications that include the development of business areas, or the redevelopment of existing business areas, shall include information as to the business type of the major tenants of the Economic tool area. In addition, a thorough market analysis should be completed that identifies: (1) the population areas from which the project will draw; and (2) the businesses of similar types that would be competing with the Economic tool area businesses.

12. Generally, Economic tool applications that encompass a project area of less than five (5) acres will not be favorably considered.

13. Notwithstanding the foregoing, Economic tool applications that, based upon the above guidelines, would not otherwise be favorably considered or do not meet any of the above referenced criteria, shall be viewed favorably by the City and the Board of Aldermen if the application clearly demonstrates that the project as a whole or a portion of it is of vital interest to the City and will significantly assist the City by eliminating blight, financing desirable public improvements, strengthening the economic and employment base of the City, positively impacting surrounding areas, creating economic stability, facilitating economic self sufficiency, and implementing the economic development strategy of the City.

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C. Accountability

Economic tool applications shall include the following:

1. If the application is being recommended based upon specifically delineated benefits that are projected to flow to the City as a result of the development, such as increased employment opportunities, increased ad valorem or economic activity taxes, or construction of public infrastructure, language will be included in the development agreement that stipulates that the City's assistance to the developer may be reduced if satisfactory evidence is not shown that the degree, nature and/or quality of the benefits have been generated to the City by the project.
2. If businesses are to be relocated from other areas of the City, the base year activity for purposes of determining the tax increments for both real property and economic activity taxes shall be the last twelve (12) month period at the business' current location, immediately preceding the relocation. To accomplish this intent, a surplus will be declared that will have the same effect as if the previous level of taxes in the last year at the previous location continued to be available to all taxing jurisdictions after the relocation.

D. Method of Financing

Economic tool applications may request that assistance be provided in one of two forms:

1. Special obligation bond or note financing; or
2. Direct reimbursement of project costs.

In deciding which method of financing to use, the prevailing factors in making the determination shall be the total costs and the security for the bonds. The City will not guarantee special obligation bonds or notes. Credit enhancement on any bonds or notes will be viewed favorably. The City will have the final decision on the method of financing. The arrangement of bond financing shall be the responsibility of the applicant. The City's full cost of reviewing and processing the application shall be paid by the applicant, pursuant to a funding agreement executed by the City and the developer of the project, but a portion of such costs may be reimbursable from proceeds prior to funding improvement costs. The City generally requires that all bonds be sold at competitive sale although a negotiated sale is also acceptable.

Economic Activity Taxes

1. The applicant must provide adequate documentation to determine the economic activity taxes collected within the project area for each year during the term of the project.
2. Economic activity taxes shall not include, to the extent such exclusion is permitted by law, franchise fees paid by utilities or other utility taxes collected either from private utilities or as payments in lieu of taxes from publicly owned utilities.

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F. Term

1. The maximum period for which an economic tool can be established is twenty-three (23) years.
2. The projected term of the economic tool shall be a factor. Shorter terms will be more favorably viewed than longer terms. Applications that provide for complete payout in less than twelve (12) years will be preferred.

G. Monitoring

Each project should be monitored on an annual basis to determine compliance with the performance standards included in the development agreement. A copy of all written monitoring reports shall be provided to all of the other taxing jurisdictions.

H. Application

The policy specifies economic tool assistance/projects. It is also deemed to cover all financial assistance requested from the City, such as Community Improvement Districts, excepting those items, which by state statute pertain only to an Economic tool.

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Fleet Replacement Policy

Mission Statement:

To establish efficient and effective delivery of municipal services by providing customer departments with safe, reliable, economical and environmentally sound transportation and related support services that are responsive to their needs and that preserve vehicle value and equipment investment.

Objectives:

The primary objective is to control the overall cost of operating and maintaining the City of Brentwood's fleet of vehicles and equipment, to maintain vehicles and equipment in a manner that extends their useful life, to control the growth in size of the fleet, to standardize the composition of the fleet and to accurately budget for maintenance and replacement costs. All new purchases for vehicles and equipment are coordinated through Fleet Management Team and department heads for recommendation to the City Administrator.

The purpose of this document is to provide a written vehicle replacement plan, and the specific vehicle and equipment needs and requirements of the fleet. Since each municipality's fleet and usage is unique, a universal management guide does not exist that can be applied to all types of fleets for every locality. This is a living document that will be modified and updated annually to reflect changes in the City of Brentwood's organizational climate, the changing needs of our internal customers, and changes in the automotive and equipment industry.

Key Customers:

- Police
- Fire
- Public Works
- Planning & Development
- Park & Recreations
- Administration

Background:

The City of Brentwood Public Works and Fire Departments are assigned the overall responsibility for managing the City's fleet of vehicles and construction/maintenance equipment.

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The Public Works Department works in conjunction with the Police, Fire, Finance, Planning & Development and Parks & Recreation departments (representatives from these departments make up the Fleet Management Team) to: develop vehicle and equipment replacement schedules; acquire vehicles and equipment; and reassign and dispose of vehicles and equipment. The vehicle and equipment maintenance functions are assigned to the Public Works and Fire Departments. The public works maintenance garage is located at 8330 Manchester Road with one full-time mechanic to maintain Public Works, Parks & Recreation, Police, Planning and Development Departments and Administration vehicles and equipment units. The fire department garage is located at 8756 Eulalie Avenue with one external mechanic to maintain Fire Department vehicles and equipment units. A complete listing of the vehicles and equipment maintained by the public works mechanics is listed as an attachment to this report.

Maintenance:

The goal of the Public Works and Fire Department vehicle and equipment maintenance practices is to keep vehicles and equipment in sound operating condition. Preventive maintenance routines and intervals followed by our mechanics and are based on local driving conditions and manufacturer's recommendations, for each type of vehicle or equipment and each type of maintenance service. Maintenance costs represent a significant portion of the total cost to own and operate a vehicle or piece of heavy equipment and tend to increase as a vehicle or equipment ages. Escalating maintenance costs are a key factor in determining when to replace a fleet vehicle. In addition to the added cost of maintenance as a vehicle ages, there is an additional cost to the municipality when a vehicle is in the garage receiving maintenance and not available for use. Preventive maintenance is the key to avoiding the repair or replacement of costly major vehicle components such as engines, transmissions and drive trains. Our mechanics make adjustments to the manufacturer's recommendations based on the specific vehicle's use. For example, a police vehicle may idle for an extended period of time while an officer monitors a high-risk area. When an engine idles, it incurs wear and tear that will require future maintenance. So the maintenance schedule for a vehicle that runs idle 50 percent of the time may be as frequent as that of a comparable one that drives more miles.

Accurate and complete vehicle maintenance records are a key tool for making fleet management decisions. Vehicle maintenance costs are variable and distinct to each vehicle. Pertinent records maintained for each vehicle are:

- vehicle maintenance logs
- fuel usage logs
- Cumulative costs of parts, labor, and overhead by a vehicle over its life.

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Replacement:

Replacement standards are based on American Public Works Association (APWA), industry guidelines and years of experience in operating and maintaining vehicles and equipment. This policy takes a responsible approach to vehicle management. Its focus is fleet management, of which vehicle replacements is just one part of the process. Many factors will be considered before a vehicle is confirmed for replace; any one factor can initiate the vehicle review process, but each is independent of the others. Since each vehicle is assessed on many elements besides age, this policy allows much greater flexibility for vehicle replacement. A vehicle may not have reached a fixed age replacement requirement to be eligible for replacement under this policy.

Development of Guidelines/Procedures

The Fleet Management Team has inventoried existing vehicles and equipment and has prepared a replacement schedule for all City vehicles and equipment. The schedule will be updated annually and will be used as the basis for planning for the replacement of vehicles and equipment. The vehicle and equipment replacement schedule will include the following information for each vehicle or unit of capital equipment:

- a. Age in years also known as life.
- b. Usage in hours or miles.
- c. Useful life (based on commonly used standards for municipal vehicles and equipment)
- d. Reliability (down time for repairs not related to preventative maintenance)
- e. Cost of Maintenance and Repairs.
- f. Overall condition: mechanical, operating, safety, or appearance.
- g. Vehicle/equipment year, mileage/hour thresholds
- h. Funding

A vehicle maintenance evaluation will be conducted a minimum of once a year per vehicle or equipment, unless conditions change due to an accident or large repair then an immediate evaluation should be completed. The vehicle maintenance evaluation is performed by the mechanics of the Public Works Department or Fire Department (Evaluation Form attached).

The Evaluation Forms will be provided to the Fleet Management Team for further review and consideration. If the evaluation proves the vehicle would be economical to retain for an additional year, the vehicle will be targeted for retention in as-is service or be refurbished and returned to service in the same assignment or reassigned. In some cases, it may be reassigned to other departments with "low usage" requirements.

Depending on the availability of funds, vehicles and equipment will be replaced when they are at the end of their economic life, no longer safe to operate, not reliable enough to perform their intended function, or there is a demonstrated cost saving to the City of Brentwood.

All vehicles acquired and maintained by the City of Brentwood are recommended for replacement in accordance with adopted guidelines/procedures and all departments are responsible for complying with these guidelines/procedures.

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Reassignment and Disposal of Vehicles and Equipment:

The vehicle and equipment fleet is sized to meet the current needs of the City. Fleet vehicles and heavy equipment can be reassigned to replace units currently assigned to other departments. In those instances the older units will be disposed. Annually, the Fleet Management Team will meet to review the vehicle and equipment replacement schedule, and plan for the reassignment or disposal of vehicles and equipment that have qualified to be replaced. Trade in, sealed bids, internet auctions, trade journal advertisements, and public auctions will be utilized for the disposal of vehicles and heavy equipment.

Checks received for payment of disposed vehicles and equipment will be restrictively endorsed upon receipt and forwarded to Finance for deposit.

The Finance office will be notified of all disposals of vehicles and heavy equipment in order to remove from insurance, if applicable.

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VEHICLE / EQUIPMENT EVALUATION FORM

Vehicle or Equipment VIN or Serial# _____
 Vehicle or Equipment# _____ Department Assigned to: _____
 Make: _____ Model: _____ Year: _____
 Mileage: _____ Hours of Operation: _____
 Date of Evaluation: _____ Evaluator: _____

Factor	Points
Age	
Mileage/ Hours	
Reliability	
M&R Costs	
Condition	
Total Points	

Point Ranges	Condition	Description
0-23	Excellent	Do Not Replace
24-28	Very Good	Re-evaluate for next year's budget
29-33	Good	Qualifies for replacement this year if M/R cost exceed 60% of cost
34-38	Fair	Qualifies for replacement this year if budget allows
39+	Poor	Needs priority replacement

Evaluator Comments: _____

Evaluator Signature: _____

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VEHICLE/EQUIPMENT EVALUATION SUMMARY REPORT

Vehicle or Equipment VIN or Serial# _____
Vehicle or Equipment# _____ Department Assigned to: _____
Make: _____ Model: _____ Year: _____
Description of use:

Summary of values

Years of Service: _____ Useful life: _____ Years over or under:

Current Mileage: _____ Mileage threshold: _____ Miles over or under:

Current Hours: _____ Hours threshold: _____ Hours over or under:

Maintenance/Repairs Cost to Date:

Purchase Cost: _____ Repair Cost: _____

Replacement Cost: _____ Current Value: _____

Can this vehicle be reassigned if necessary: (circle one) YES / NO

Comments and Other Considerations:

Recommendations:

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Point Range Details for Sedans, SUV's, Trucks (1 Ton or Less) Replacement Guidelines

Factor	Points	Description
Age/Hours Usage Type of Service	1	Each year of Chronological Age
	1	Each 10,000 miles or 250 hours
	1	Standard Sedans, SUV's, Pickups
	2	Standard vehicles with occasional off-road use
	3	Any vehicle that pulls, trailers, hauls heavy loads and has continued off-road usage
	4	Any vehicle involved in snow removal
	5	Police Units
Reliability PM Work Not Included	1	In shop one time within 3 month time period, no major breakdowns or road calls
	2	In shop one time within 3 month time period, with 1 breakdown or road call
	3	In shop more than once within 3 month time period, with 1 breakdown or road call
	4	In shop more than twice within one month time period, with 1 or more breakdown or road calls in the same time period
	5	In shop more than twice monthly, 2 or more breakdowns within one month time period
M&R Costs Incident Repair Not Included	1	Maintenance costs are less than or equal to 20% of replacement cost
	2	Maintenance costs are 21-40% of replacement cost
	3	Maintenance costs are 41-60% of replacement cost
	4	Maintenance costs are 61-80% of replacement cost
	5	Maintenance costs are greater than or equal to 81% of replacement costs
Condition	1	No visual damage or rust, good drive train
	2	Minor imperfections in body & paint, interior fair (no rips, tears, burns), good drive train
	3	Noticeable imperfections in body & paint surface, minor rust, minor damage for add-on equipment, worn interior (one or more rips, tears, burns) and weak or noisy drive train.
	4	Previous accident damage, poor paint & body condition, rust (holes), bad interior (rips, tears, cracked dash), major damage for add-on equipment and drive train component bad
	5	Previous accident damage, poor paint & body condition, rust (holes), bad interior (rips, tears, cracked dash), drive train is damaged or inoperative and major damage from add-on equipment
Point Ranges	Condition	Description
0-23	Excellent	Do Not Replace
24-28	Very Good	Re-evaluate for next year's budget
29-33	Good	Qualifies for replacement this year if M/R cost exceed 60% of cost
34-38	Fair	Qualifies for replacement this year if budget allows
39+	Poor	Needs priority replacement

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Point Range Details for Heavy Equipment and Vehicles Replacement Guidelines

Factor	Points	Description
Age/Hours Usage Type of Service	1	Each year of Chronological Age
	1	Each 10,000 miles or 250 hours
	1	Standard duties as equipped
	2	Standard duties when used with attachments
	3	Multiple duties on seasons
	4	Extreme duties in harmful atmosphere (dust, salt, water, waste solids)
	5	Heavy Construction work including snow removal
Reliability PM Work Not Included	1	In shop one time within 3 month time period, no major breakdowns or road calls
	2	In shop one time within 3 month time period, with 1 breakdown or road call
	3	In shop more than once within 3 month time period, with 1 breakdown or road call
	4	In shop more than twice within one month time period, with 1 or more breakdown or road calls in the same time period
	5	In shop more than twice monthly, 2 or more breakdowns within one month time period
M&R Costs Incident Repair Not Included	1	Maintenance costs are less than or equal to 20% of replacement cost
	2	Maintenance costs are 21-40% of replacement cost
	3	Maintenance costs are 41-60% of replacement cost
	4	Maintenance costs are 61-80% of replacement cost
	5	Maintenance costs are greater than or equal to 81% of replacement costs
Condition	1	Good condition, fully functional
	2	Fair body, functional
	3	Minor body damage, weak operating system
	4	Severe damage, components not functional
	5	Extreme damage, inoperable.
Point Ranges	Condition	Description
0-23	Excellent	Do Not Replace
24-28	Very Good	Re-evaluate for next year's budget
29-33	Good	Qualifies for replacement this year if M/R cost exceed 60% of cost
34-38	Fair	Qualifies for replacement this year if budget allows
39+	Poor	Needs priority replacement

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Vehicle / Equipment Thresholds

Vehicle Category	Life Cycle	Mileage/ Eval Points
Police Cars	4	50,000
Police SUV's	5	65,000
Sedans / SUV's	7	75,000
Light Trucks (1/2 - 3/4 ton)	7	65,000
Medium Trucks (3/4 - 2 Ton)	10	150,000
Heavy Trucks (over 2 ton)	12	175,000
Fire SUV's	5	65,000
Fire Apparatus - Front Line	10	150,000
Fire Apparatus - Back Up	20	250,000
Ambulance - Front Line	7	100,000
Ambulance - Back Up	14	200,000
Light Duty Shuttle	7	100,000
Street Sweeper	15	200,000
Boat	15	34+
Ice Resurfacer - Front Line	10	34+
Ice Resurfacer - Back up	20	34+
Tractor	20	34+
Mini Excavator	15	34+
Backhoe	15	34+
Skid Steer	15	34+
Wood Chipper	20	34+
Portable Air Compressor	20	34+

FINANCIAL PROCEDURES BY DEPARTMENT

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City-Wide Payroll Procedures

Biweekly Payroll Processing Procedures

The Accounting Clerk - Payroll Specialist is responsible for processing biweekly Payroll using ADP.

The Finance Director, Human Resources Manager, and Accounting Clerk - Payroll Specialist are the only personnel with access to the payroll module in ADP Pay Expert (*identified control procedure*).

New Hires

New full-time employees are interviewed by the applicable department head or division director, Human Resources Manager and other selected city employees based on position. Part time employees are typically interviewed by the applicable supervisor and other selected city employees based on the position. Before a full-time employee is officially hired they must complete all pre-employment testing (as outlined in the Employee Handbook). Part-time employees are required to pass a criminal background check.

Once an employee is hired, (both full-time and part-time positions), the department head of division director fills out a "Payroll Change Form" containing the employee's pay rate, account coding and position grade level. The Payroll Change Form is signed by the employee's supervisor, department head, and the City Administrator (*identified control procedure*). The signed forms are provided to the Human Resources Manager. The Accounting Clerk - Payroll Specialist enters the new employee's information into the payroll module of ADP PayExpert. The Payroll Change Form is filed in the employee's personnel file where it is kept in a locked cabinet in the HR Manager's office. Personnel files in the HR Manager's office additionally contain other payroll related forms such as W-4, health insurance and pension info, etc. The Human Resources Manager and Finance Director are responsible for notifying insurance companies and enrolling new hires into the pension plans.

Pay Increases

Near the end of each year, the Board approves a budget ordinance establishing employee compensation and providing for a maximum merit increase and/or cost of living increase for the upcoming year. Employees are paid based on a Board-approved salary schedule. A Payroll Change Form is completed for all pay increases (including cost of living increases) and is signed by the employee's supervisor and department head (*identified control procedure*). The signed Payroll Change Forms are given to the Human Resources Manager who reviews and forwards it to the Accounting Clerk - Payroll Specialist who enters the rate change into ADP Pay Expert.

Note: The City Administrator does not sign the Payroll Change Form for annual wage rate increases as this is overall approved by the Board of Alderman during the budget process.

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Processing Payroll

Direct deposit is strongly encouraged for all employees. The City processes very few physical payroll checks each pay period. Payroll is submitted to ADP (web based) on Tuesdays; every other week.

All employees complete an electronic time card in ADP indicating the number of hours worked including any comp time and/or overtime hours. The timecards are reviewed and approved electronically by the assigned supervisors (*identified control procedure*). All leave tracking is maintained electronically through ADP. Leave requests are submitted and approved electronically through ADP and the leave is recorded on the timecard automatically through this process. The only exception is for leave that is taken unexpectedly such as a sick day. This leave must be entered on the timecard and approved by the supervisor through the timecard approval process.

Before final electronic submission of payroll a Payroll Preview is generated and proofed by the Accounting Clerk - Payroll Specialist, Human Resources Manager, and Finance Director. Once the preview has been proofed and verified, it is submitted for transmission via internet (web based) to ADP.

On Wednesdays, after each payroll submission, the ADP payroll packet is delivered to the Accounting Clerk - Business License Specialist. At this time the payroll checks are reviewed and signed by the City Administrator for distribution to each department head. There are additional reports included in each payroll packet that are disbursed to the appropriate staff. The labor distribution report is given to the Finance Director for review and approval. The Accounting Clerk - Business License Specialist prepares the payroll journal entry and related payroll bank transfers using the payroll summary report from ADP. These are also reviewed and approved by the Finance Director (*identified control procedure*). As part of the weekly process, the Finance Director also reviews the ADP Personnel Change Report for any inappropriate payroll changes (*identified control procedure*).

Pensions

The Human Resources Manager and Finance Director complete monthly pension reporting for LAGERS and the Police and Firefighters' pension plan. The Human Resources Manager enters wage information into the LAGERS online reporting system. A payroll report is then printed from ADP and given to the Finance Director. The Finance Director will review and approve the documentation and then submit the payment to LAGERS. An invoice will print out after the payment is submitted which will then be processed as a normal Accounts Payable transaction. The Finance Director who is the Pension Secretary for the Police and Firefighters' pension plan, reviews and reconciles the Police and Firefighters' pension monthly activity and creates a journal entry to record the activity of the pension plan in Fundware each month.

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Administration Department Procedures

Revenue Procedures

The Accounting Clerk - Business License Specialist opens all mail related to cash receipts, restrictively endorses all checks (*identified control procedure*) and prepares deposit for the bank. The Accounting Clerk - Business License Specialist prepares the deposit slip and attaches the checks to it. Deposits are picked up and taken to the bank by a police officer (*identified control procedure*).

The Accounting Clerk - Business License Specialist posts all receipts into Fundware. Receipts generally consist of business license, trash billings, healthcare reimbursement for retired employees and tax payments. Additional receipts are occasionally received for false alarms, accident reports and receipts due other departments. On rare occasions, checks are received which require feedback from the Finance Director. These checks are forwarded to the Finance Director for coding.

The City receives large ACH notices in the mail and researches ACH deposits daily through the access to the City's accounts. The Accounting Clerk - Business License Specialist prints a copy of the bank detail to memorialize the information. These transactions are recorded in Fundware daily. Upon recording, the receipt is printed from the system and attached to the documentation for filing.

Receipts may be voided by the Accounting Clerk - Business License Specialist with documented approval from the Finance Director (*identified control procedure*). Credit memos are treated in the same manner.

Receivables are created for trash billings on a monthly basis. Business licenses invoices are sent out in January and require the business owner to self-report business income (based upon prior year gross sales) so the license fee may be assessed. These are not recorded as receivables in Fundware.

Upon the completion of a deposit, the Accounting Clerk - Business License Specialist attaches the memorialized copy of the check to the computer generated receipt for filing purposes. Receipt numbers are generated from the system.

The majority of the City's revenue is received by direct deposit wire transfers, EFT, to its bank. This includes all sales taxes, all state shared revenues, and Ad Valorem taxes (Property Tax, Real Estate Tax, Interest on past due tax, Vehicle Tax, Sewer Lateral Assessment, and a one-time per year Rail Road & Utility tax). These funds account for a sizeable portion of the municipal budget. The City receives by mail, paper copies verifying amounts received via EFT. Some utility taxes are direct deposited to the bank. Recurring revenues received by check include some utility tax payments. For Ad Valorem tax, the payments received are manually entered into Fundware with a CREC (Cash Receipts) Journal Entry. Since the payments are all directly deposited into the General Fund's bank account, the journal entries are made to allocate the correct portion of the receipts to the correct Funds.

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The Accounting Clerk - Business License Specialist keeps the statements in a deposit book for that month. A copy of the receipt is also kept in the vendor cash receipt file and reconciled to the bank statement.

Sales tax, which is received from the State and County, is entered into spreadsheets, by the Accounting Clerk - Business License Specialist, which is sent to the Finance Director and City Administrator for their information. The Accounting Clerk - Business License Specialist keeps the support in the sales tax file and reconciles figures to the EFTs on the bank statement. The Accounting Clerk - Business License Specialist books the EFT receipts as they come in.

Checks are received for cell phone taxes, Missouri American Water tax, Laclede Gas taxes and Cable Franchise taxes. The Accounting Clerk - Business License Specialist receives the checks, notes the account number, and processes the payment receipt and deposit.

Business and Liquor Licenses

The majority of business licenses and occupancy applications are hand delivered to the Accounting Clerk - Business License Specialist. These applications can be obtained from the City's website, the Accounting Clerk - Business License Specialist or Planning and Development.

The Accounting Clerk - Business License Specialist reviews both applications and accepts payment. The fees for business licenses are based on square footage for service companies, retail sales for retail stores, or a flat fee for businesses that do not fit into either of those categories.

The Accounting Clerk - Business License Specialist prepares a deposit and places the money along with the white copy of the deposit slip into the safe for deposit the next day. The pink copy is attached to the Fundware paperwork. When the deposit slip comes back from the bank the next day, it is attached to the pink copy and filed in the deposit book for that month.

Liquor license applications are received in the mail by the Accounting Clerk - Business License Specialist. All application fees are flat fees. The Accounting Clerk - Business License Specialist also ensures the business applying for the liquor license has a business license on file with the City by looking it up in the business license software. Fees are sent directly to the Accounting Clerk - Business License Specialist and the process for deposits is the same as above for business licenses. Annually the Board approves a resolution on businesses that request liquor licenses.

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Expenditure Procedures

New vendors are set up in Fundware by the Finance Director (*identified control procedure*). Vendor numbers are assigned by the system.

A purchase order system is not used. Accounts payable ledgers are not produced on a recurring basis since the books are maintained on the modified cash basis. The ledger(s) are prepared on an annual basis for the purposes of the City's annual audit.

Invoices are received by each department directly or through internal mail from the Accounting Clerk - Business License Specialist. Each department head or designee is responsible for signing off on the invoice, providing the account number to be charged and recording a description.

On a weekly basis, each department head or designee presents their departmental invoices to Finance for payment. Department heads will review the invoices with the Finance Director answering questions as needed. The Finance Director reviews the invoice for proper account coding, proper supporting documentation and approves the invoice for payment (*identified control procedure*). The invoices are presented to the Accounting Clerk – Payroll Specialist for payment.

The Accounting Clerk – Payroll Specialist enters the vendor number/name, invoice number, amount of invoice, account number & description. The system reviews the invoice number entered in relation to the vendor to assist and prevent duplication of invoices entered and duplicate payments (*identified control procedure*). The system issues a warning which must be cleared by the user before going forward. For utility company invoices/billings, invoice numbers are not provided so the Clerk uses a standard combination of the month, year and account number to ensure the billing is not entered more than once.

Checks are not MICR encoded and are prepared from blank stock. All checks require two signatures. Invoices are paid and check runs are performed weekly. The system assigns the check number and encodes the bank routing number, account number, check number and affixes both the mayor and city administrator signatures. The physical check and a nonnegotiable duplicate are produced. The physical check is compared to the invoice to ensure the information is correct. The check stock is maintained in a cabinet in the locked Accounting Clerk – Payroll Specialist's office and any surplus check stock is maintained in a locked storage room.

Subsequent to the review of the prepared checks, each invoice is stamped as paid and dated by the Accounting Clerk – Payroll Specialist (*identified control procedure*). The Accounting Clerk – Payroll Specialist files the invoices, prepares the remittance for mailing and affixes postage. The Accounting Clerk – Payroll Specialist either sets the mailing aside to be picked up by the postman or walks across the parking lot to the post office and mails.

A check detail report is created from Fundware and e-mailed to the Finance Director and the City Administrator who review and approve via e-mail (*identified control procedure*).

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The Accounting Clerk – Payroll Specialist prints from Fundware: a check register, a pre-check register and a journal entry report. These are filed in date order by the Accounting Clerk – Payroll Specialist.

Voided checks are defaced & retained except when a check has been lost. Stop payments orders and Lost Check Affidavits are used for lost checks based upon the circumstances and the type of payment. All voided checks, including lost checks, are recorded in Fundware by the Finance Director (*identified control procedure*). The Finance Director maintains a list of check numbers in Excel to ensure all checks are accounted for (*identified control procedure*).

For expenditures of \$2,000 or more, (with the exception of some routine bills, such as utility bills and insurance), the Finance Director prepares a warrant list for review by the City Administrator and Chairman of the Ways and Means Committee. The final version of the warrant list is placed on the agenda for formal approval at the next Board of Aldermen meeting (*identified control procedure*). These purchases generally consist of equipment and professional services, including legal services. In most cases, the Warrant List is approved prior to checks being mailed; however, invoices due prior to the Board Meeting are mailed when due.

The City Administrator coordinates formal bidding of items costing more than \$10,000 and Board approval is required before contracts can be signed (*identified control procedure*). Purchases under \$10,000 can be initiated by department heads. Purchasing procedures are by City Code under Chapter 135 (Purchasing Code).

Purchasing Cards

Several City employees have city purchasing cards. Each employee who has a purchasing card received a copy of the City's Credit Card Policy and signed the Cardholder Usage Agreement (*identified control procedure*). Employees are provided a copy of their individual monthly statement. Each employee completes a cover sheet to indicate the expense accounts that should be charged and submits detailed receipts for each purchase. The Finance Director reviews and approves the statements and coversheets for payment (*identified control procedure*). The transaction is then processed similar to other cash disbursements.

Electronic Payments (EFT/ACH)

Current transactions completed electronically include Payroll, Pension payments, and TIF transfers.

Employees authorized to use the bank's website to process EFT/ACH transactions have a key FOB with a changing token number that must be entered to log onto the website (*identified control procedure*). All recurring EFT/ACH transactions are processed using templates that have been set up on the website. (For instance, the template for payroll contains the description and banking information so that it does not have to be entered for every transaction) For all EFT/ACH transactions, supporting documentation is completed by one of the initiators (see below) and the transaction is initiated through the bank's website.

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The supporting documentation is given to one of the approvers (see below), who must then log onto the bank's website and approve the pending transaction before it will be processed. The approval confirmation is printed and signed by the approver. The bank's system will not allow the same person to initiate and approve (*identified control procedure*). Initiators and Approvers are Accounting Clerks, HR Manager, Finance Director, City Clerk Administrator, and Planning and Development Director/Assistant City Administrator. The employees listed all have the ability to be initiators and approvers, but they cannot be both for the same transaction.

Capital Asset Procedures

To identify capital asset additions, The Finance Director reviews the G/L accounts for items over the capitalization threshold with a useful life of more than one year. Items meeting the criteria for capitalization are reported to the City's 3rd party (AssetWorks) who enters them as capital asset additions in their fixed asset module. The Finance Director also reports transfers and disposals to the City's 3rd party (AssetWorks) who enters them in their fixed asset module. The City's 3rd party (AssetWorks) then calculates depreciation and provides detailed reports to the City so that the capital asset entries can be prepared.

Each department is responsible for implementing measures to safeguard all city assets within their control. The Administration Department is responsible for insuring compliance with the City's Capital Asset Management Policy, affixing asset tags to all machinery and equipment (except vehicles) and conducting annual physical inventory procedures for all assets meeting the capitalization threshold of \$5,000 (*identified control procedure*).

Each department is responsible for identifying small and attractive assets within their department. These assets are below the capitalization threshold of \$5,000 but are particularly at risk or vulnerable to loss. Each department shall have internal procedures for managing these assets. These procedures should include a method of tracking the assets and periodic inventory procedures to insure that the assets have not been lost or stolen (*identified control procedure*).

Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately (*identified control procedure*).

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Other Financial Procedures

Bank Reconciliations and Oversight

Bank reconciliations are completed monthly for all accounts by the Accounting Clerks. The Finance Director reviews and approves all bank reconciliations (*identified control procedure*). Additionally, management reviews the City's monthly financial status reports and investigates significant variances from budget and expected results (*identified control procedure*). Additionally, each cancelled bank statement check copies are reviewed by an Accounting Clerk independent of the Accounting Clerk who prepares and processes the cash disbursements (*identified control procedure*).

Journal Entries

The number of manual journal entries (JEs) are limited as part of the monthly closing process. Most JEs are posted via system entry from sources like accounts payable processes, etc. Manual JEs total to around 20 per month. The nature of JEs are for posting payroll account detail from the ADP system into Fundware since there is no interface to the Fundware system, end user system posting errors (few), and reclassification between accounts.

The Finance Director and Accounting Clerk – Business License Specialist are the primary JE preparers. There is both standard and non-standard type of JEs. A monthly closing checklist is maintained that spells-out what JEs need to be made each month. Copies are retained for each JEs, attachments are made to JEs, all JEs are initiated or approved by the Finance Director, and the system GL trial balance is reviewed for account line detail before an accounting period is closed (*identified control procedure*).

Budget Preparation

The City has a formal budget process in place to develop, present, and seek approvals for the annual budget. The process is structured. The Finance Director leads the detailed processing to accumulate financial inputs/data to build the budget. Excel spreadsheets are used to develop the account details for the plan. The Excel input is uploaded into Fundware software after the plan is approved by the Ways and Means and ultimately the Board of Aldermen. The Finance Director assists the City Administrator with the annual budget presentation.

A calendar of budget events, processes, and deadlines is provided to the key budget owners in late July of each year. Department heads are responsible for budgeting financial inputs. The Finance Director provides the baseline expenses for personnel costs including wages, salaries, and the related benefit costs. Any merit and benefit increases are included in the numbers she provides. All recommended merits are approved by the Board of Aldermen. In late July of each year, a budget workshop is held with the Board of Aldermen. The workshop outlines what needs to be done, how to do it, and what resources are available to answer questions. The department heads include all other discretionary spending inputs by account detail. They normally use prior year actuals and year to date spending information to build account expense detail. Revenue budget assumptions are used to define planned activity. This includes any new revenue generating projects. Input from the City Administrator impacts this area.

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The Finance Director and the City Administrator meet with departments in September for the budget review and address any issues and make changes if necessary. The City Administrator presents the proposed budget to the Ways and Means Committee in October. The budget presentation and accompanying budget supplements are provided. The Mayor and Board of Alderman hold the public hearing in November/December and address any issues. The budget is adopted by the first Board of Aldermen meeting in December. It is published and available on the City's website after Board approval.

Budget Monitoring Process

The budgeting monitoring process is on-going, each month, and critical. Each department is responsible for actual versus budget variance analysis. The Finance department provides account analysis support. Monthly, a financial status report is prepared and sent electronically to the Mayor, Board of Aldermen, and the Management Team. The packet is comprehensive and includes detailed variance explanations. The City Administrator is the ultimate owner of the monthly status report prepared by the Finance Director.

Budget Amendments

Changes to the adopted budget are adopted by resolution of the Board of Aldermen.

IT Security

The IT department consists of one position, the IT manager. The office is located at Police Headquarters.

All employees are required to change their computer password every 90 days. The password must be complex and cannot be the prior 3 passwords used by the employee. All computers are set to lock after ten minutes of inactivity. All domain accounts are set to lock after 10 unsuccessful network logon attempts and accounts remained locked for 30 minutes. The City uses filtering software to filter inappropriate information on employee computers. The city performs two network backups every night that are stored on tape and disc in the IT office. One backup is of the entire server and the other backup is for the accounting data stored in Fundware. Both backups are retained for two weeks. Remote access to the City's server is limited to computers owned by the City and requires two factor authorizations. All employees have received the Domain/Security policy which is included in the employee manual.

IT Additions

All capital assets tracked by the IT department are labeled with asset tags. When a new computer is purchased, the IT manager installs all the necessary software. Access and software change requests are approved by the department head and forwarded on to the IT manager. New notebook computers have an encrypted hard drive that cannot be accessed if the computer is stolen or lost.

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IT Disposals

The IT manager keeps all retired equipment for a minimum of 6 months before it is disposed. The retired equipment is kept in a secure location in the IT office. All computer hard drives are wiped by the IT manager before they are disposed.

Petty Cash Fund

Often, there is a need for immediate availability of funds. A petty cash fund in the amount of \$250 is issued to the Finance Department.

Petty cash funds should be used to avoid the time and expense of processing invoices for items totaling fifty dollars or less (\$50.00). Petty Cash Requests are to be completed by the person responsible for the petty cash fund in the department. These should include the amount, description of item, budget account number, and signatures of the persons receiving the funds, and the person issuing the funds. A vendor receipt must be attached to the Request documenting the transaction. Each Petty Cash Request must be submitted to the Finance Department along with the Petty Cash reconciliation in order for the fund to be replenished (*identified control procedure*). A check will then be prepared, made payable to Petty Cash, and it will be the Custodian's responsibility to cash the check and assure that the funds are placed into the departmental petty cash fund. The Finance Department will conduct unannounced audits of petty cash funds to assure that monies are being accounted for properly (*identified control procedure*). The use of petty cash funds for personal use, even for very short periods of time, is contrary to City policy and grounds for disciplinary action up to and including termination.

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Fire Department Procedures

Revenue Procedures

The City uses a third party, EMS/MC, to prepare its ambulance billings and track related receivables.

The Fire Department is responsible for transmitting information to EMS/MC that will allow them to prepare customer invoices for ambulance services. EMS/MC retains 7.25% service fee.

Payments made by check are sent to a lockbox the City has at The Private Bank dedicated for ambulance receipts. The bank sends EMS/MC a summary of the deposit and copies of the checks received. The City also receives EFT payments for ambulance fees, for example from Medicare and Medicaid, which are deposited directly into the same account at The Private Bank. The paying agency will notify EMS/MC that the City has been paid.

Once per month, EMS/MC sends the Fire Department and the Finance Director a report of all amounts received and the month end A/R aging report. The Accounting Clerk - Business License Specialist posts monthly ambulance receipts and prepares the bank reconciliation.

EMS/MC follows-up with up to four notices requesting payment on unpaid accounts. After four attempts, the account is sent to collections. If the balance cannot be sent to collections, Medicaid patients or if the balance is too small to send to collections, EMS/MC will send the City a request to write off the balance. The Fire Chief will review the account and send to the Board of Alderman to approve (*identified control procedure*). No allowance for doubtful accounts has been established for ambulance receivables.

At year end, EMS/MC sends the City a report detailing the amount of open receivables. A journal entry is made to adjust the ambulance A/R to the actual amount per the report.

Expenditure Procedures

Invoices are received by each department directly or through internal mail from the Accounting Clerk - Business License Specialist. Each department head or designee is responsible for signing off on the invoice, providing the account number to be charged and recording a description.

On a weekly basis, each department head or designee presents their departmental invoices to Finance for payment. Department heads will review the invoices with the Finance Director answering questions as needed. The Finance Director reviews the invoice for proper account coding, proper supporting documentation and approves the invoice for payment (*identified control procedure*). The invoices are presented to the Accounting Clerk - Payroll Specialist for payment.

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Capital Asset Procedures

Each department is responsible for implementing measures to safeguard all city assets within their control. The Administration Department is responsible for insuring compliance with the City's Capital Asset Management Policy and conducting annual physical inventory procedures for all assets meeting the capitalization threshold of \$5,000 (*identified control procedure*).

Each department is responsible for identifying small and attractive assets within their department. These assets are below the capitalization threshold of \$5,000 but are particularly at risk or vulnerable to loss. Each department shall have internal procedures for managing these assets. These procedures should include a method of tracking the assets and periodic inventory procedures to insure that the assets have not been lost or stolen (*identified control procedure*).

Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately (*identified control procedure*).

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Judicial Department Procedures

Revenue Procedures

The violations bureau office is located in city hall. It is accessible by a code that is only known to the Judge, Court Administrator, Court Clerks, Prosecuting Attorney, and one reserve police officer. The City's municipal court is also held at city hall on the second and fourth Monday of the month in the evening. The court currently uses the Integrated Metropolitan Docketing System (IMDS) software from Regional Justice Service Information Systems (REJIS).

Tickets/Bonds Processed

1. Housing Violations issued by the building inspector – pre-numbered booklets issued to the building inspector
2. Missouri State Highway Patrol (MSHP) issued to the police department pre-numbered and in electronic and paper format.
3. Bond receipts issued by the police department

MSHP Tickets/Bond Receipts

The City's police department uses both Mobile Ticketing through REJIS and handwritten tickets. When an officer issues a computerized ticket, the information is automatically uploaded into the Mobile Ticketing and IMDS systems. This is updated about every four hours. The physical copies of the tickets are printed out daily in the violations bureau office by the court clerks. The tickets are printed out, attached to backer sheets, and filed in alphabetic order by docket date. For Mobile Tickets, one of the clerks hand records the beginning and ending ticket numbers for each day to account for the sequential ticket number order of the tickets (*identified control procedure*). Handwritten tickets processing is the same after they are delivered by a police officer with the morning correspondence. The only exception is that the clerks must enter the tickets into the IMDS system. The clerks also check that all tickets follow the sequential numbers that were issued by the Missouri State Highway Patrol (*identified control procedure*). All tickets must be accounted for. If an officer gets a manual ticket book, the numbers of the tickets included in the book are maintained on file in the violations bureau office. The officer must sign off on the fact that he or she obtained a manual ticket book from the violations bureau office. In the rare case that a ticket is missing, the court clerk will send a letter to the officer responsible for the ticket and have them write an explanation, sign, and date the letter as documentation. It is also rare that officers use manual tickets. Manual tickets are now only used in emergency situations.

Tickets may be disposed of by payment prior to court, after appearing in court and pleading guilty, or by attorney recommendation. If tickets are not paid, then warrants are issued for the arrest of the defendant. Bond is set along with fines and costs. Upon arrest, the defendant can choose to post bond or pay fines and costs or remain in jail to serve the appropriate amount of time for the offense.

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Voided Tickets

Voided tickets must be approved by the police officer's shift supervisor. The voided tickets are then forwarded to the court.

Court Fines, Costs, and Fees at Violations Bureau Window.

A violations bureau schedule of fines is approved by the Judge and posted outside of the violations bureau office and on the City's website. Defendants may pay fines and court costs on certain violations before their scheduled court date. These payments can be made at the violations bureau office window or over the phone with credit card.

Method of Payment

The court accepts cash, local check, money orders, cashier's checks, and credit cards. The majority of transactions are of credit card form.

Flow of Money and Responsibility

There is one cash drawer in the violations bureau office used by all court clerks. It is kept in a cabinet that is unlocked each morning and locked each evening. The key is kept in the violations bureau and all court clerks know its location. A total of \$100.00 is kept in the cash drawer for change. All cash, checks, and credit card receipts are kept in this cash drawer until time of deposit, generally multiple times per week and sometimes daily (when funds exceed \$750). All checks are immediately stamped with the City's deposit stamp and the IMDS receipt number is written on them. Credit card receipts have the defendants name written on them.

When payment is received, the court clerk enters the payment into IMDS and a numbered receipt is generated and given to the defendant at the window. A duplicate receipt is attached to the case file. If payment is received by mail, a receipt is attached to the case file, unless a self-addressed stamped envelope is provided by the defendant for their copy. If payment is received by phone, a receipt is attached to the case file and a verbal IMDS receipt number is given to the defendant over the phone.

Pre-numbered, sequential, manual receipts are used in the violations bureau when tickets have not yet uploaded to the IMDS system or the IMDS system is down (*identified control procedure*). These receipts are 3-ply. The white copy is given to the customer, the yellow copy is stapled to the IMDS receipt on the case file, and the pink copy is entered into a computer receipt log which shows the manual receipt number, the date of transaction, the defendant, the ticket numbers, the IMDS receipt, and form of payment. The Accounting Clerk – Business License Specialist reviews these manual receipts and initials (*identified control procedure*).

On court night, all payments are taken at the Violations Bureau window. Credit card payments are taken at the violations bureau window. The court clerks rotate duties of pulling case files, inputting disposition, and entering payments into IMDS. The Court Administrator assists the Judge and defendants.

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Deposits

Each court clerk is trained to make bank deposits. The court administrator makes the majority of bank deposits. The other court clerks substitute only on court night or when the court administrator is out of the office. A daily balance report, both detailed and summary, is run from IMDS from the last deposit date. Checks, cash, and credit cards are totaled and compared to the summary deposit sheet (*identified control procedure*). The deposit is verified in IMDS. A 2-ply deposit slip is filled out by the court clerk. The white copy along with all monies is placed in a sealed bank envelope and given to the Accounting Clerk - Business License Specialist. Each day, a Police Officer will pick up the deposits from the Accounting Clerk - Business License Specialist and take them to the bank. The pink copy is attached to the summary daily balance report. When the bank receipt is returned to the court clerk, it is verified against the summary daily balance report deposit slip, initialed by the court administrator, and given to the Accounting Clerk - Business License Specialist for entry into Fundware. The detailed daily balance report is kept in the violations bureau and the sequence of receipts is reviewed and initialed by the Accounting Clerk - Business License Specialist. Both the detailed and summary daily balance reports have copies of the credit card receipts attached to them.

A deposit, as described above, is made court night and the deposit is given to the police officer/bailiff on duty for a night deposit.

Deposits of payments of fines, costs, and fees are made into the General Fund. The monthly bank reconciliation is prepared by the Accounting Clerk - Business License Specialist and reviewed/approved by the Finance Director (*identified control procedure*).

Bond of Appearance, Payment of Fines and Costs at Police Department and Violations Bureau

A generic, unnumbered bond form is used by both the police department and violations bureau. This bond form can be completed either on the computer or handwritten. The police officers will take bond and payments of fines and costs on outstanding warrants when the violations bureau office is closed. Bond and payments may be posted at the window with cash, money order, or credit card. Bond and payments may be taken over the phone with credit card. The police officers complete the bond form, sign it, and give a copy to the person.

The police officers use a 3-ply pre-numbered, sequential, manual receipt book when accepting bond or payments. The white copy is given to the person posting bond or payment, the yellow copy is packaged with the bond form or payment and placed in a secure lock box for delivery to the violations bureau office and the pink copy is retained in the receipt book. Once a day the police clerk collects the bond and payment envelopes, places them in a locked bank bag, and has them delivered to the violations bureau office via a police officer with all other correspondence for City Hall. Only the police clerk and court clerks have a key to the secured lock box and bank bag.

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The court clerk opens the bond and payment envelopes and compares the monies received to the receipt written. The court clerk in return writes a manual receipt to the police officer for monies received from a pre-numbered, sequential, manual receipt book (*identified control procedure*). The white copy is sent back to the police clerk for attachment to their pink receipt, the yellow copy is attached to the bond form or IMDS receipt, the pink copy is retained in the receipt book. The bond information is entered into IMDS. The bond bank deposit slips are 3-ply. The white copy goes to the bank, the yellow copy is attached to an IMDS posted bonds report that is sent to the Accounting Clerk - Business License Specialist for entry into Fundware after the deposit slip has been returned from the bank, and the pink copy is attached to the bond paper work along with the police receipt and court receipt and filed away in the violations bureau.

At the violations bureau office, the court clerk takes bond at the window or over the phone. Bond paperwork is completed either manually or on the computer. A copy of the signed bond paperwork is given to the person posting and the bond is entered into IMDS. A bond deposit slip is completed as stated above.

All bond received is entered manually into two ledgers by the court clerks. One showing the person's name, date, date of court, type of bond, and surety. The other is by the person's name and month when bond was returned.

The court maintains the bond checkbook. It is kept in a drawer in the violation bureau. Checks are written manually and only one signature is required. A court clerk writes these checks and signs. Authorized signatories on the account are the court clerk, court administrator, Finance Director, and the city administrator. The check information is written on the pre-numbered, sequential check stub that is retained in the checkbook. Checks written on the bond account are entered into IMDS for both the surety and City (if applicable). A 2-ply form is completed for the Accounting Clerk - Business License Specialist including date, check numbers, names, totals. The white copy is for the Accounting Clerk - Business License Specialist and the yellow copy is attached to the bond paperwork and filed away.

Bond is accepted on occasion for other jurisdictions. This bond money "passes through" the bond account without being entered into IMDS. A separate file is kept in the violations bureau for these cases. The money is deposited into the bail bond account and a bank deposit slip along with explanation is sent to the Accounting Clerk - Business License Specialist. The bond paperwork is mailed with the City's check by certified mail. A 2-ply form is completed including date, check number, name, jurisdiction, and amount. The white copy is sent to the Accounting Clerk - Business License Specialist and the yellow copy is attached to the copies of the bond paper work.

Bond forfeitures are handled by the court administrator. After proper notice and lack of response by defendant, their bond is forfeited to the City. A check is written from the bail bond account and deposited into the general fund of the City. A 2-ply manual form is completed. The white copy is sent to the Accounting Clerk - Business License Specialist and the yellow copy is attached to the bond forfeiture paper work.

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Deposits of bond payments are made into the bond account. For the bond account, the Accounting Clerk - Business License Specialist completes the monthly bank reconciliation and the Finance Director reviews and approves it (*identified control procedure*). At the end of each month, the court administrator prints out an open bond report from IMDS and compares it to what the Accounting Clerk - Business License Specialist has on record.

Expenditure Procedures

Invoices are received by each department directly or through internal mail from the Accounting Clerk - Business License Specialist. Each department head or designee is responsible for signing off on the invoice, providing the account number to be charged and recording a description.

On a weekly basis, each department head or designee presents their departmental invoices to Finance for payment. Department heads will review the invoices with the Finance Director answering questions as needed. The Finance Director reviews the invoice for proper account coding, proper supporting documentation and approves the invoice for payment (*identified control procedure*). The invoices are presented to the Accounting Clerk - Payroll Specialist for payment.

Capital Asset Procedures

Each department is responsible for implementing measures to safeguard all city assets within their control. The Administration Department is responsible for insuring compliance with the City's Capitalization Policy and conducting annual physical inventory procedures for all assets meeting the capitalization threshold of \$5,000 (*identified control procedure*).

Each department is responsible for identifying small and attractive assets within their department. These assets are below the capitalization threshold of \$5,000 but are particularly at risk or vulnerable to loss. Each department shall have internal procedures for managing these assets. These procedures should include a method of tracking the assets and periodic inventory procedures to insure that the assets have not been lost or stolen (*identified control procedure*).

Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately (*identified control procedure*).

Other Financial Procedures

None.

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Legislative Department Procedures

Revenue Procedures

None

Expenditure Procedures

None

Capital Asset Procedures

None

Other Financial Procedures

None

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Parks and Recreation Department Procedures

Revenue Procedures

The City of Brentwood Parks and Recreation Department has developed cash handling procedures to clearly define employee responsibilities in the cash handling process and prevent mishandling of funds.

Payments are collected for facility rentals, program registration (for example, to attend classes/lessons or participate in a sport) and various other point-of-sale purchases such as daily passes and concessions. Customers may pay for services with cash, check or credit card. Receipts are set to print for all transactions. The department uses Rec-Trac software. The department occasionally receives payment for miscellaneous items such as sponsorships.

There is a Manager on-duty at all times. Building Managers are responsible for cash handling at the end of day along with giving refunds in the rink. There are cash drawers in the following areas of the facility:

- Ice Rink Front Desk
- Recreation Office Front Desk

The Rink office contains \$100 starting cash and the Recreation office has \$100 in the drawer. Each drawer is counted at the start of each day either by a full time staff member or a part-time staff member, depending upon the day and shift. The cash drawers are counted again at each shift change (*identified control procedure*). At each shift change, the drawer is counted and matched to the cash journal.

At the end of the each day, each register is closed out and information from the journal tape is recorded onto the daily register report by the building managers, and rec-aids staff. The Business Manager takes information from all reports and transfers it to the master recap and also completes a deposit slip (*identified control procedure*). All money is sent with a police officer to the bank to be deposited (Monday-Friday). Monies and recaps collected from Friday-Sunday are kept in the Rink Office Safe until picked up by a Police Officer on Monday. Master recaps are sent to the Accounting Clerk - Business License Specialist. All back-up information including daily register reports, journal tapes, and registration forms are filed at the Parks and Recreation office. The deposits are then reconciled by the Accounting Clerk - Business License Specialist (*identified control procedure*). Any discrepancies or changes to the recaps and subsequent funds are handled by the Accounting Clerk - Business License Specialist and the Business Manager. The Accounting Clerk - Business License Specialist also completes monthly bank reconciliation for the general fund in which deposits are made (*identified control procedure*).

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There are two safes within the Recreation Department – one in the Rink Office and the other in the Recreation Office. The following staff members have access to both safes:

- Director of Parks and Recreation
- Business Manager
- Recreation Supervisor
- Facility Supervisor
- Program Coordinators
- Assistant Program Coordinators
- Building Managers

The Rec Aides have access only to the Recreation Office safe, while skate guards do not have access to any safe. The Ice Rink safe has a \$420 working fund in it that is counted each day at open and close. There is a log in each safe to document each time the safe is opened and closed. During the rink's annual maintenance shut down (mid-April through May) there is a transfer of \$200 from the Ice Rink office to the Recreation office so staff has access to change during evening and weekend hours.

Please refer to the following Parks and Recreation documents for further clarification:

- Parks and Recreation Cash on Hand Policy
- Parks and Recreation Revenue Policy

Expenditure Procedures

Invoices are received by each department directly or through internal mail from the Accounting Clerk - Business License Specialist. Each department head or designee is responsible for signing off on the invoice, providing the account number to be charged and recording a description.

On a weekly basis, each department head or designee presents their departmental invoices to Finance for payment. Department heads will review the invoices with the Finance Director answering questions as needed. The Finance Director reviews the invoice for proper account coding, proper supporting documentation and approves the invoice for payment (*identified control procedure*). The invoices are presented to the Accounting Clerk - Payroll License Specialist for payment.

Capital Asset Procedures

Each department is responsible for implementing measures to safeguard all city assets within their control. The Administration Department is responsible for insuring compliance with the City's Capital Asset Management Policy and conducting annual physical inventory procedures for all assets meeting the capitalization threshold of \$5,000 (*identified control procedure*).

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Each department is responsible for identifying small and attractive assets within their department. These assets are below the capitalization threshold of \$5,000 but are particularly at risk or vulnerable to loss. Each department shall have internal procedures for managing these assets. These procedures should include a method of tracking the assets and periodic inventory procedures to insure that the assets have not been lost or stolen (*identified control procedure*).

Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately (*identified control procedure*).

Other Financial Procedures

Petty Cash Fund

Often, there is a need for immediate availability of funds. A petty cash fund in the amount of \$100 is issued to the Parks and Recreation Department.

Petty cash funds should be used to avoid the time and expense of processing invoices for items totaling fifty dollars or less (\$50.00). Petty Cash Requests are to be completed by the person responsible for the petty cash fund in the department. These should include the amount, description of item, budget account number, and signatures of the persons receiving the funds, and the person issuing the funds. A vendor receipt must be attached to the Request documenting the transaction. Each Petty Cash Request must be submitted to the Finance Department along with the Petty Cash reconciliation in order for the fund to be replenished (*identified control procedure*). A check will then be prepared, made payable to Petty Cash, and it will be the Custodian's responsibility to cash the check and assure that the funds are placed into the departmental petty cash fund. The Finance Department will conduct unannounced audits of petty cash funds to assure that monies are being accounted for properly (*identified control procedure*). The use of petty cash funds for personal use, even for very short periods of time, is contrary to City policy and grounds for disciplinary action up to and including termination.

City of Brentwood Financial Policies & Procedures Manual

Planning and Development Department Procedures

Revenue Procedures

Building permit receipts are handled by the Planning and Development Department.

There are two types of permits, residential and commercial. Both are initiated and recorded the same way. An applicant must fill out and submit an Application for Building Permit form along with two or three sets of their plans, depending on type of permit. A permit number is assigned by the Planning & Development Clerk (P&D Clerk) and entered in the permit tracking spreadsheet. This permit number is printed on the application and the refund request form.

Building and fire permit applications are reviewed by the Building Official.

Once permits are approved they are picked up by the applicant who then pays a deposit and fee. Fees are listed on the “Building Permits/Zoning Review Permit/Deposit Schedule.” The P&D Clerk enters the deposit and fee information into Fundware and a summary revenue report is generated. Three copies of the permit are printed. One copy is given to the applicant, a second one is kept on file in the Planning & Development office and the third one is placed in the permit binder in the Planning & Development office.

Checks received for payment are kept in a locked drawer in the Planning & Development Office. Every day the P&D Clerk makes a count of the checks. Once the checks total over \$200 they are entered into Fundware and given to the Accounting Clerk - Business License Specialist who then makes the deposit. The Accounting Clerk - Business License Specialist gives the P&D Clerk the white copy of the receipts. The yellow copy of the receipt is attached and kept in the deposit book for that month. The pink copy remains in the receipt book. The Accounting Clerk - Business License Specialist reconciles the totals to the bank statement each month.

A final inspection is made by the Building Official after the project is completed. The Building Official then signs the inspection report card, indicating the project is approved. This card is given to the P&D Clerk who initiates a refund of the escrow deposit, who then mails the check and cover letter to the applicant.

Expenditure Procedures

Invoices are received by each department directly or through internal mail from the Accounting Clerk - Business License Specialist. Each department head or designee is responsible for signing off on the invoice, providing the account number to be charged and recording a description.

On a weekly basis, each department head or designee presents their departmental invoices to Finance for payment. Department heads will review the invoices with the Finance Director answering questions as needed. The Finance Director reviews the invoice for proper account coding, proper supporting documentation and approves the invoice for payment (*identified control procedure*). The invoices are presented to the Accounting Clerk - Payroll Specialist for payment.

City of Brentwood

Financial Policies & Procedures Manual

Capital Asset Procedures

Each department is responsible for implementing measures to safeguard all city assets within their control. The Administration Department is responsible for insuring compliance with the City's Capital Asset Management Policy and conducting annual physical inventory procedures for all assets meeting the capitalization threshold of \$5,000 (*identified control procedure*).

Each department is responsible for identifying small and attractive assets within their department. These assets are below the capitalization threshold of \$5,000 but are particularly at risk or vulnerable to loss. Each department shall have internal procedures for managing these assets. These procedures should include a method of tracking the assets and periodic inventory procedures to insure that the assets have not been lost or stolen (*identified control procedure*).

Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately (*identified control procedure*).

Other Financial Procedures

Construction Escrow Account

The City maintains a construction escrow account where monies are held on deposit for items such as temporary certificates of occupancy, grading review deposits, street excavation deposits, grading deposits and memorandums of understanding for development projects. The Planning and Development Clerk is responsible for accurately posting deposits, payments and refunds to this account on a daily basis and completes a detailed reconciliation that is submitted to the Finance Director on a monthly basis.

City of Brentwood Financial Policies & Procedures Manual

Police Department Procedures

Revenue Procedures

Ticketing/Bond Receipting

The department utilizes tickets issued by the Missouri State Highway Patrol (MSHP) to the Municipal Court. Most tickets utilized are electronic and are issued in sequential order which is controlled by MSHP. The MSHP's computer system will not allow a number to be skipped (*identified control procedure*).

When the system is down, the department utilizes paper tickets issued by the MSHP. The sequence for these tickets is maintained by the Municipal Court (*identified control procedure*).

Bond receipts are received and processed by the police department utilizing the MSHP electronic ticketing process. Receipts are held in a locked box maintained by the police department and are deposited by an officer to the municipal court daily via a locked bank bag the key for which is held by the court (*identified control procedure*).

Police Reports

The Police Department receives payments for copies of police reports. Fees range from \$4.00 - \$6.00 per report. Cash and checks are accepted at the receipt window. A pre-numbered receipt book is used for all amounts received (*identified control procedure*). The method of payment is documented on the receipt, and the original receipt is provided to the customer, yellow copy is sent with payments to the Accounting Clerk - Business License Specialist and the pink copy is retained in the Police Department. The receipt book is kept on a shelf in the police department. Periodically, the amounts per the receipt book with the cash and checks on hand are reconciled. The payments are then placed in a separate envelope and forwarded via a police officer to the Accounting Clerk - Business License Specialist (*identified control procedure*). They are then entered into Fundware and deposited the next day.

Expenditure Procedures

Invoices are received by each department directly or through internal mail from the Accounting Clerk - Business License Specialist. Each department head or designee is responsible for signing off on the invoice, providing the account number to be charged and recording a description.

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City of Brentwood

Financial Policies & Procedures Manual

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Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately (*identified control procedure*).

Other Financial Procedures

None.

City of Brentwood Financial Policies & Procedures Manual

Public Works Department Procedures

Revenue Procedures

None

Expenditure Procedures

Invoices are received by each department directly or through internal mail from the Accounting Clerk - Business License Specialist. Each department head or designee is responsible for signing off on the invoice, providing the account number to be charged and recording a description.

On a weekly basis, each department head or designee presents their departmental invoices to Finance for payment. Department heads will review the invoices with the Finance Director answering questions as needed. The Finance Director reviews the invoice for proper account coding, proper supporting documentation and approves the invoice for payment (*identified control procedure*). The invoices are presented to the Accounting Clerk - Payroll Specialist for payment.

Capital Asset Procedures

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Each department is responsible for identifying small and attractive assets within their department. These assets are below the capitalization threshold of \$5,000 but are particularly at risk or vulnerable to loss. Each department shall have internal procedures for managing these assets. These procedures should include a method of tracking the assets and periodic inventory procedures to insure that the assets have not been lost or stolen (*identified control procedure*).

Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately (*identified control procedure*).

Other Financial Procedures

The Public Works Department is responsible for the disposition of city assets with the exception of IT equipment (*identified control procedure*). Each department will notify the Public Works Department when they have an asset they are no longer using. Public Works will determine if the asset can be utilized elsewhere in the City or if the item should be disposed of. Surplus or obsolete equipment may be disposed of by discarding/scraping, trading-in, donating or selling the asset. Public Works will notify the Finance Director in writing when an asset is scheduled for disposition so that the disposition may be properly documented in the accounting records (*identified control procedure*).