

**CITY OF NORTH BONNEVILLE
RESOLUTION NO. 446**

**A RESOLUTION OF THE CITY OF NORTH BONNEVILLE, WASHINGTON,
ADOPTING POLICIES FOR ACCOUNTING, FINANCIAL REPORTING, AND
AUDITING.**

WHEREAS, the city has already adopted procedures for accepting donations through Ordinance 990; and

WHEREAS, the city council feels it is in the best interests of the city to develop a system of financial policies that will guide the city's employees in their daily duties; and

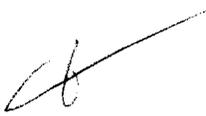
WHEREAS, in their 2009/2010 financial audit of the city, the State Auditor's office found the city's "internal controls are inadequate to ensure accurate accounting and reliable financial reporting" and they recommended the establishment of better internal controls; and

WHEREAS, failing to comply in a timely manner with the Auditor's findings may result in additional findings in the next audit; and

WHEREAS, the city council recognizes that these policies will likely require refinement over time;

NOW, THEREFORE, BE IT RESOLVED THAT the city council of the City of North Bonneville adopts the attached Accounting, Financial Reporting and Auditing policies.

PASSED IN REGULAR SESSION this 24th day of July, 2012



Mayor

ATTEST: 

Clerk / Treasurer

200 ACCOUNTING, FINANCIAL REPORTING, & AUDITING

201 Purpose

The City will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will conform to Generally Accepted Accounting Principles (GAAP), the State of Washington Budgeting Accounting Reporting System (BARS) and local ordinances and resolutions.

202 Policy

- A. A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.
- B. The City will meet the financial reporting standards set by the Governmental Accounting Standards Board (GASB) for cash-basis entities, and required standards set by the Office of Management and Budget (OMB).
- C. Full disclosure will be provided in all City financial reports and bond representations.
- D. An annual audit by the State Auditor's Office will be requested. At least one Finance/Audit Committee member along with the Mayor will attend the exit conference of each audit. Audit reports will be distributed to each Council member.
- E. Internal audits of departments will be performed routinely by the Clerk/Treasurer to assure Internal Control Policies and Procedures are being met.
- F. Each month the Treasurer shall provide to the Council a summary of revenues, expenditures, and fund balances for the previous month.
- G. Each month the Treasurer shall complete bank and investment reconciliations, a cash reconciliation for the previous month, and provide a summary of the reconciliation to Council.
- H. At each Council meeting the Treasurer shall provide to the Council an accounting of all checks, electronic payments, and interfund payments made since the last Council meeting. Except as provided for under City code, no payments may be made without prior authorization of Council.
- I. The treasurer shall provide to the Council quarterly summaries of revenues and expenditures to date, along with yearend estimates.

203 Donations (per Ordinance 990)

Ordinance 990 sets forth the rules under which donations shall be administered and is codified under North Bonneville Municipal Code chapter 3.60 (NBMC 3.60). The following language is quoted from NBMC 3.60.

- A. The City of North Bonneville City Administrator is responsible for providing for the deposit and financial administration of any donation to the City. If necessary, s/he shall track the proposed use of any such donation and shall maintain separate records of accounts showing receipts and disbursements. The City administrator may establish further rules and regulations for the accounting and administration of donations, consistent with this chapter, as deemed necessary by the City administrator.

- B. General. The City has the discretion to accept or decline any proposed donation, whether conditioned or not, subject to the provisions of this chapter. In the event a department head has reason to believe a donation could cause or result in an appearance of impropriety, the department head shall consult with the City attorney prior to accepting the donation. Conditioned donations shall be assigned to a project or existing fund consistent with the donor's desired use, as long as such condition(s) do not conflict with City, state or federal law, in which case the City shall ask that the condition(s) be removed or decline the donation.

- C. Monetary Donations.
Donations Under \$5,000. The City administrator or department heads are hereby authorized to accept any monetary donation of less than \$5,000 on behalf of the City, and shall deposit such monies with the finance department.

Donations Greater than \$5,000. Donations of any amount greater than \$5,000 must first be approved by the City Council, so that the City can evaluate any policy implications associated with the donation.

Conditioned Donations. In the event that a monetary donation is conditioned or donated for a special purpose, prior to acceptance, the City administrator, department heads or City Council (depending on who is accepting the donation under subsections A and B of this section) should consider the long-term impacts of the donation, particularly where there could be significant future or ongoing operations and maintenance or capital costs associated with the donation. Where the proposed donation is conditioned on the contribution to a City program, purpose or activity that has not first been approved by Council, the City administrator or department heads shall defer to the City Council for any such decisions.

- E. Council Notification. Staff should notify Council of all accepted donations so that the donor's generosity can be officially acknowledged by Council.

F. Nonmonetary Donations.

Donations of Personal Property Valued at \$5.00 to \$5,000. All donations of personal property with a current value greater than \$5.00 and less than \$5,000 may be accepted by the mayor or the City administrator or department heads, except as follows. In the event of a donation of personal property which could require future maintenance or repair (e.g., office equipment), the department head should first assess all related future costs and submit the assessment of expenses to the City administrator for approval prior to acceptance of the donation. In addition, if a conditioned donation could have long-term impacts, such as significant operations and maintenance or capital costs, the department head or City administrator shall consult with the City Council prior to accepting the donation.

Donation of Personal Property Valued at Over \$5,000. All donations of personal property with a current value of \$5,000 or more must first be approved by the City Council. If the personal property could require future maintenance or repair, the City administrator should first assess all related future costs and submit the assessment of expenses to the City Council. For conditioned donations, the City administrator should also provide the City Council with an assessment of long-term impacts, such as significant operations and maintenance or capital costs.

G. Donations of Real Property. All donations of real property, whether conditioned or unconditioned, must first be approved by the City Council by resolution.

204 *Small and Attractive Assets*

- A. A small and attractive asset is an item that is priced under the \$5,000 criteria for fixed assets and has a life expectancy of more than one year. This item also is not likely to be missed immediately upon disappearance and could be replaced without suspicion during voucher audits. Examples include, but are not limited to: cameras, guns, shop tools, etc.
- B. Each department will prepare a list at least annually of their small and attractive items. This list will be provided to the City Treasurer by January 31st each year for monitoring. If an item is deleted, the Department Head will note the reason and/or means of disposal.
- C. Whenever feasible, each piece of property will be engraved or marked with the City's name. Such markings will be removed or obliterated only when the item is sold, scrapped, cannibalized, or otherwise disposed of.

Only department heads may remove an item from the small and attractive list. If a small and attractive asset cannot be accounted for, an investigation should be undertaken and may be reported the police, Mayor, and Insurance Company. G.

205 Claim Vouchers

Claims (invoices, payroll, etc.) made against the city shall be processed in compliance with regulations promulgated by the state auditor's office. The Treasurer shall pre-audit the claims vouchers before each council meeting and shall present a packet describing all claims to the council for approval. Official approval shall conferred by majority vote. At least three council members must sign the voucher packet to confirm that they have reviewed it, but payments may be made prior to these signatures so long as they have been approved by council vote.