

Fiscal Procedures Manual

Summit County Service Area #3 STATE OF UTAH

Adopted Fiscal Procedures Manual 5/13/2013

INTRODUCTION

Summit County Service Area #3 Fiscal Procedures Manual has been developed to serve as a central reference and handbook for all activities, which have a fiscal impact on the Area. The manual serves as the Area's authoritative source of fiscal procedures. The Finance Officer is ultimately responsible for all fiscal activity within the Area.

All of the procedures in this Manual are designed to best serve the Area's needs in regards to fiscal matters. The effectiveness of the Manual ultimately depends on the accounting procedures being followed.

ORGANIZATION AND PURPOSE

The Summit County Service Area #3 was organized on September 7, 1964 by the original developer of the Silver Creek Estates Subdivision. Its boundaries and services were expanded by resolution on November of 1982 and approved by the Summit County Commissioners. The Service Area operates under the direction of the Board of Trustees. The Service Area provided snow removal, road maintenance and culinary water services.

ACCOUNTING POLICY

The Service Area #3 will establish and maintain the accounting systems according to the State of Utah Fiscal Procedures Act.

An annual audit will be performed by an independent public accounting firm, which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement, if required.

Full disclosure will be provided in the financial statements and bond representations. Financial systems will be maintained to monitor revenues and expenditures on a monthly basis. All revenue collections will be consolidated under the Finance Officer and be audited at least annually.

BILLING POLICY

Water customers will be billed on a monthly basis for services. Water meters will be read weather permitting.

Default on Obligations - If a customer fails to make payment of its water charges on the date due, interest shall be assessed on the delinquent balance at a rate of 1.5 percent per month, or 18 percent per annum

BUDGETING PROCESS

1. Budget Adoption

The Service Area #3 adopts its annual operating budget in accordance with the State of Utah Fiscal Procedures Act. The Finance officer must submit a tentative balanced budget, which stipulates that estimated revenues and appropriated fund balances equal expenditures. This tentative balanced budget must be submitted to the Board of Trustees in November of each year. A formal public hearing is required to obtain public comment before the Board of Trustees adopts the budget. The public hearing is held in December and the budget is adopted following the public hearing with any changes from the submitted tentative budget. By state law, the budget must be adopted prior to January 1, which is the beginning of a new Fiscal Year; fiscal years operate from January 1 to December 31st. The final budget must be submitted to the State Auditor within thirty days following the adoption of the final budget by the Board of Trustees.

2. Amending Current Budget

The Service Area #3 can amend its current budget at any time during the fiscal year. The State of Utah Fiscal Procedures Act specifies that in order to amend your budget (Increase or decrease total revenues or expenditures) a public hearing must be held prior to amending the budget. The Finance Officer can make budget adjustments within Service Area #3s budget and the Board of Trustees makes amendments to increase or decrease the overall budget.

3. Basis of Budgeting

As required by the State of Utah Fiscal Procedures Act, the budget is prepared and adopted using the modified accrual basis of budgeting. Briefly, this means that the obligations of the Service Area #3 are budgeted as expenditures, but revenues are recognized only when they are measurable and available. The Service Area #3 considers all revenues available if they are collected within 60 days after year-end. Those revenues susceptible to accrual include: investment earnings, property taxes and water service charges.

During the year, the Service Area #3's accounting system is maintained on the same basis as the adopted budget. This enables cost Service Area #3 budgets to be easily monitored via monthly accounting system reports. At year-end, the Service Area #3's financial statements are prepared on a basis consistent with "generally accepted accounting principles" (GAAP).

CHART OF ACCOUNTS

The Service Area #3 will use the suggested chart of accounts specified by the State of Utah,

DAILY DEPOSITS

All monies collected or received by Service Area #3 Treasure shall be deposited in accordance with this section. Deposits are to be made at least every third day. In any event, a deposit shall be made on the last business day of the month. All deposits shall be made with the official depository. Deposits in an official depository shall be immediately reported to the finance officer by means of a duplicate deposit slip.

DEBT

The objective of the Service Area #3 Debt Management Policy is to maintain the Service Area #3 ability to incur present and future debt at the most beneficial interest rate without adversely affecting the Service Area #3 ability to finance essential services.

Capital projects financed shall be financed for a period not to exceed the expected useful life of the project.

Interest, operating, and/or maintenance expenses will be capitalized only for facilities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.

The Service Area #3 debt policy will not knowingly enter into any contracts creating significant unfounded liabilities.

Debt or bond financing will not be used to finance current expenditures.

GENERAL FIXED ASSETS

A fixed asset will be recorded with a cost of more than \$5,000. The physical control of fixed assets is the responsibility of the Finance Officer. Responsibility for the ongoing administration, control and monitoring of fixed asset activities is that of the Finance Officer. The Finance Officer will monitor the fixed assets of the Service Area #3.

A fixed asset is any acquisition by the Service Area #3 through any means (purchase, donation, construction, etc.) that has a useful life of more than one year. Examples of fixed assets are land, buildings, vehicles, equipment, and major repairs.

Only property that has been declared surplus by the Board of Trustees on a public meeting agenda will be disposed of or released to other ownership through a public sale.

Notice of a public sale shall be posted at three public places at least 10 days but not earlier than 30 days prior to such public sale or opening of bids. If the surplus item is subjected to the highest bidder at a public sale and remains unsold, the Board of Trustees Chairperson may sell the surplus item to any person for such price as the Chairperson deems appropriate. Monetary proceeds for the sale shall be credited to the miscellaneous revenue account.

GRANTS

The Service Area # 3 will pursue all applicable grants it deems financially viable.

Procedures for handling the grant, both fiscal and operational, must be established on a grant per grant basis.

PETTY CASH

The Service Area #3 Treasurer or his/her designee will handle petty cash of \$200.00.

Each time an amount of petty cash is used, a receipt or other form of proof of the expenditure must be entered in its place. Therefore, at all times, the amount of cash plus the amount of documentation should equal \$200.00. Under no circumstances should personal funds or items be intermingled with petty cash funds.

A purchase order with receipts and a summary of expenditures by line item attached should be turned in for reimbursement when necessary to replenish the petty cash fund.

PURCHASING

1. **Purpose** The underlying purposes of this policy are:

- a. To ensure fair and equitable treatment of all persons who wish to, or do conduct business with the Service Area #3.
- b. To provide for the greatest possible economy in the Service Area #3s procurement activities.
- c. To foster effective broad-based competition within the free enterprise system to ensure that all parties are treated equally.

2. **Compliance - Exemptions from this policy.**

- a. This policy shall not prevent the Service Area #3 from complying with terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.
- b. When procurement involves the expenditure of federal assistance funds, the Service Area #3 shall comply with applicable federal law and regulations.

3. **Definitions**

- a. Business means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
- b. Change order means a written order signed by the purchasing agent, directing the contractor to suspend work or make changes, which the appropriate clauses of the contract authorize the purchasing agent to order without the consent of the contractor or any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.
- c. Contract means any Service Area #3 agreement for the procurement or disposal of supplies, services, or construction.
- d. Invitation for bids means all documents, whether attached or incorporated by reference, used for soliciting bids.
- e. Person means any business, individual, union, committee, club, other organization, or group of individuals.
- f. Procurement means buying, purchasing, renting, leasing, leasing with an option to purchase, or otherwise acquiring any supplies, services, or construction.

- g. Purchasing agents means the persons duly authorized by the Board Chairperson of the Service Area #3 to enter into and administer contracts and make written determinations with respect thereto.
- h. Purchase description means the words used in a solicitation to describe the supplies, services or construction to be purchased, and includes specifications attached to or made part of the solicitation.
- i. Request proposals mean all documents, whether attached or incorporated by reference, used for soliciting purposes.

4. Purchasing Agents

The Chairperson of the Service Area #3 shall authorize various board members or employees to have the authority to make purchases on behalf of the Service Area #3. All board members and employees are responsible to follow the provisions of the purchasing policy.

5. Source Selections and Contract Formation

- a. Purchases not requiring sealed bids.
 - 1) Purchases costing less than \$5,000 in total shall not require bids of any type. (Purchases shall not be artificially divided so as to constitute a small purchase under this section.)
 - 2) Purchases costing more than \$5,000 but less than \$50,000 in total shall require 2 to 3 telephone bids.
 - 3) Purchases made through the cooperative purchasing contracts administered by the State Division of Purchasing.
 - 4) Purchases made from a single-source provider.
 - 5) Purchases or rentals required during an emergency, i.e., an eminent threat to public health, welfare or safety. However, as much competition as practical should be obtained and such purchases should be limited to amounts necessary to the resolution of the emergency. An emergency meeting of the Board of Trustees is required for appropriation of supplemental or emergency funds.

B. Purchases requiring sealed bids.

- 1) Contracts shall be awarded by competitive sealed bidding except as otherwise provided by this policy.
- 2) An invitation for bids shall be issued when a contract is to be awarded by competitive sealed bidding. The invitation shall include a purchase description and all contractual terms and conditions applicable to the procurement. Public notice of the invitation to bid shall be given at least 7 days prior to the date set forth therein for the opening of bids. The notice may include publication in a newspaper of general circulation.
- 3) Any procurement in excess of \$50,000 shall require a legal notice in a local newspaper of general circulation.
- 4) Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. The amount of each bid and any other relevant information, together with the name of each bidder, shall be recorded. The record and each bid shall be open to public inspection.
- 5) Bids shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids.
- 6) Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards or contracts based on such bid mistakes, shall be permitted. After bid opening, no change in bid prices or other provisions of bids prejudicial to the interest of the Service Area #3 or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids or to cancel awards or contracts based on bid mistakes shall be supported by a written determination made by the purchasing agent.
- 7) The contracts shall be awarded with reasonable promptness, by written notice, to the lowest responsible bidder whose bid meets the requirements and criteria set forth in the invitation for bids.

C. Cancellation and rejection of bids.

An invitation for bids, a request for proposals, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or in part, as may be specified in the solicitation, when it is in the best interests of the Service Area #3. The reasons shall be made part of the contract file.

D. Use of competitive sealed proposals in lieu of bids.

When the purchasing agent determines in writing that the use of competitive sealed bidding is either not practical or not advantageous to the Service Area #3, a contract may be entered into by competitive sealed proposals. Competitive sealed proposals are most appropriately used for professional service-type contracts.

1. Proposals shall be solicited through a request for proposals. Public notice of the request for proposals shall be given at least 7 days prior to the advertised date of the opening of the proposals.
2. Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation. A register of proposals shall be prepared and shall be open for public inspection after contract award.
3. The request for proposals shall state the relative importance of price and other evaluating factors.
4. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revisions of proposals, and revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors.
5. Award shall be made to the person whose proposal is determined in writing, to be the most advantageous to the Service Area #3, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

E. Architect-Engineer Services

Architect-Engineer services are qualification-based procurements. Requests for such services should be publicly announced. Contracts should be negotiated by the Service Area #3 based on demonstrated competence at fair and reasonable prices. See Utah Code Section 63-56-42 through 44.

F. Determination of non-responsibility of bidder.

Determination of non-responsibility of a bidder or offeror shall be made in writing. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to the bidder or offeror. Information furnished by a bidder or offeror pursuant to this section shall not be disclosed outside of the purchasing division without prior written consent by the bidder or offeror.

G. Cost-plus-a-percentage-of-cost contracts prohibited.

Subject to the limitations of this section, any type of contract, which will promote the best interest of the Service Area #3, may be used, provided that the use of cost-plus-percentage-of-cost contract is prohibited. A cost-reimbursement contract may be used only when a determination is made in writing that such a contract is likely to be less costly to the Service Area #3 than any other type or that it is impractical to obtain the supplies, services, or construction required under such a contract.

H. Required contract clauses.

1. The unilateral right of the Service Area #3 to order, in writing, changes in the work within the scope of the contract and changes in the time of performance of the contract that do not alter the scope of the contract work.

2. Variations occurring between estimated quantities of work in a contract and actual quantities.

1. Suspensions of work ordered by the Service Area #3.

Specifications

All specifications shall seek to promote overall economy and best use for the purpose intended and encourages competition in satisfying the Service Area #3s needs, and shall not be unduly restrictive. Where practical and reasonable, and within the scope of this article, Utah products shall be given preference.

Appeals

A. Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may appeal to the purchasing agent. An appeal shall be submitted in writing within 5 working days after the aggrieved person knows or should have known of the facts.

B. The purchasing agent shall promptly issue a written decision regarding any appeal, if it is not settled by a mutual agreement. The decision shall state the reasons for the action taken and inform the protestor, contractor, or prospective contractor of the right to appeal to governing board.

C. The Service Area #3's governing board shall be the final appeal on the Service Area #3s level.

D. All further appeals shall be handled as provided in the Utah Code Section 63-56-58 through 64.

Ethics in Public Contracting

A. No person involved in making procurement decisions may have personal investments in any business entity, which will create a substantial conflict between their private interests and their public duties.

B. Any person involved in making procurement decisions is guilty of a felony if the person asks, receives, or offers to receive any emolument, gratuity, contribution, loan, or reward, or any promise thereof, either for the person's own use or the use or benefit of any other person or organization from any person or organization interested in selling to the Service Area #3.

TRAVEL REINBURSEMENT

All travel requires the approval of the Chairperson.

2. All travel beyond ninety miles or including an overnight stay requires a "Request Authorization" form.

3. The Service Area #3 receives corporate rates on airline tickets from the State of Utah Travel Office. Please contact them at 538-3359 at least 30 days prior to your departure. If you're national organization can get a greater discount, or another travel agency; please feel free to purchase your airline ticket with the best possible savings in mind for the Service Area #3.

4. Travel for the Service Area #3 at its expense may be approved for the following reasons.

To conduct official Service Area #3 business.

An Official Service Area #3 representative on a board, committee or official body.

To attend a professional development or national conference.

To attend educational and training seminars.

5. Employees and board members are encouraged to be active in professional organizations and to seek leadership positions. Prior to committing to a leadership position involving travel, the employee shall obtain approval from the Chairperson.

6. Employees and board members are welcome to travel with a spouse or other guest. The Service Area #3 will only reimburse the costs of the employee traveling alone.

7. Employees exempt from overtime requirements of the Fair Labor Standards Act (FLSA) will not receive overtime or compensatory time off for travel time. Other employees shall be paid overtime or compensatory time for travel as required by FLSA.

8. Violations of this policy or making false statements on any travel forms shall constitute grounds for disciplinary action.

Definitions

1. "Travel" means any trip to a destination, which is more than 90 miles from the Service Area #3, which requires an overnight stay.
2. "Per Diem" means the amount provided to the employee who is traveling to cover the costs of meals and minor expenses without the necessity of supporting receipts.
3. "Local Travel" means the amount of reimbursement per mile by IRS rates, for attending meetings by employees or board members that do not receive a car allowance.

Reimbursable Expenses

1. Registration fees for conferences and seminars shall be paid directly with a Service Area #3 check whenever practical. Fees for social events and tours will not be paid by the Service Area #3.
2. The least costly mode of transportation shall be used for calculating the reimbursement for travel. If an employee chooses to drive their private vehicle rather than fly to a distant destination, they will be reimbursed for all travel expenses based upon flying to that destination.
3. Employees and board members will be reimbursed at the amount per mile allowed by the Internal Revenue Service for travel for the Service Area #3 in their private vehicle. Those employees and board members receiving car allowances, who meet the definition of travel, will be reimbursed at one half the Internal Revenue Service Rate.
4. Employees and board members may choose either an excursion class fare, which requires a Saturday night stay or a State of Utah contract rate. All airline tickets should be booked 60 days before the departure date, except in emergency travel.
5. Per Diem shall be the following fixed amounts, with no receipts required:
In state travel \$ 30.00 per day.
Out of state travel \$ 40.00 per day.

11

6. Incidental costs such as ground transportation, business call, one personal phone call up to 10 minutes per day, and parking expenses at airports.
7. "Local Travel" will be calculated from the Service Area #3 to the meeting place and back to the Service Area #3. Meetings held at the Service Area #3 will not be reimbursed.

Procedures

1. A request for Reimbursement of Expense/Travel Authorization must be completed and signed by the Chairperson, then forwarded to accounts payable for payment of authorized expenses. The employee and board members will make reconciliation at the end of the business trip and any advanced money or additional expenses will be reconciled and settled.

TREASURER BOND

A designated board member will serve as the treasurer for the Service Area #3. The treasurer is responsible for depositing and transferring cash for the Service Area #3. All public treasurers are required to be bonded in accordance with Rule Number 4 of the Utah State Money Management Council. The Service Area #3 should bond the public treasurer for an amount of \$70,000.

A corporate surety licensed to do business in the State of Utah and rated XII or better must issue bonds by the latest issue of Best's Rating Guide.

Bonds should be effective as of the date the treasurer assumes the duties of the office.

Resources

www.sao.utah.gov

Master Chart of Accounts

Fiscal Procedures Act for Special Service Districts