

Magna Fiscal Procedures



A MUNICIPAL CORPORATION – STATE OF UTAH

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INTRODUCTION

Magna Fiscal Procedures Manual has been developed to serve as a central reference for all activities which have a fiscal impact on the Magna Metro Township (“City”). The procedures serve as the city’s authoritative source of fiscal procedures.

The Finance Manager is ultimately responsible for all fiscal activity within the city.

All the procedures are designed to best serve the city's needs regarding fiscal matters. The effectiveness of the procedures ultimately depends on the city’s personnel understanding the procedures, their application in various circumstances, and problems that occur when they are not followed.

PURPOSE OF FISCAL PROCEDURES

The purpose of establishing this document is to describe all accounting policies and procedures currently in use in the city, and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All city staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures as outlined.

These policies will be reviewed annually and revised as needed by the staff and approved by the Council.

DEFINITIONS

- A. “Administrator” means the person contracted or employed by the city to perform and direct the administrative management of city services for Magna.
- B. “Attorney” means the person independently contracted or employed by the city to provide legal services.
- C. “Auditor” means the contracted entity that conducts periodic audits of all finances pursuant to the requirements under state law. May also include the State Auditor’s Office under certain circumstances.
- D. “Council” means the Magna Council.
- E. “Finance Manager” means the person contracted or employed by the city who, under the direction of the Treasurer, prepares all disbursements for payment and accounting reports for the Council.
- F. “Greater Salt Lake Municipal Services District” (“MSD”) is a provider of certain municipal-type services that is statutorily obligated to collect the City’s sales and use tax, telecommunications franchise tax (“Cable TV Tax”) and Class “C” road tax (“Fuel Tax” and “Transportation Sales Tax”) from the State Tax Commission and Utah Department of Transportation; and to collect all other

finances, fees and charges imposed by the city pursuant to UCA § 17B-2a-1108 and UCA § 10-3c-205, respectively.

- G. “Independent Audit” means a contracted firm, external to the daily city financial processes, reviews all budgets, accounting, and financial procedures to insure compliance with federal law, state law, city ordinance, and other city financial policies.
- H. “Mayor” means the Mayor of Magna.
- I. “Treasurer” means the member of the Council assigned to fulfill the duties of Treasurer pursuant to state law, or designee.

BUDGETING PROCESS

1. Budget Preparation Overview

Budget preparation affords the City the opportunity to reassess their goals and objectives and the strategies for accomplishing them.

2. Financial Forecasting

The annual budget process begins with the establishment of estimated revenues and expenditures. The contractual financial staff will provide the Administrator with revenue projections that serve as the framework of the budget.

3. Administrator Review of Proposed Budget

The Administrator will review the proposed budget and present to the Council a tentative budget in November of each year.

4. Budget Adoption

Magna will adopt its annual operating budget in accordance with the Uniform Fiscal Procedures Act for Cities (Utah Code Title 10 Chapter 6). The Administrator 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 Council in November of each year. A formal public hearing is required to obtain public comment on the tentative 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 December 31, 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 council.

5. Amending Current Budget

The city can amend its current budget at any time during the fiscal year. The Uniform Fiscal Procedures Act for Cities specifies that in order to amend the budget (Increase or decrease total revenues or expenditures) a public hearing must be held prior to amending the budget. The Administrator can make budget adjustments within departments and the council makes amendments overall fund.

CHART OF ACCOUNTS

1. Purpose

The purpose of establishing a chart of accounts is to provide the public with a transparent framework for the budgeting the accounting of the expenditure of funds by the city.

2. Procedure

The City will use the suggested chart of accounts specified by the State of Utah, i.e. the standard twelve-digit account number. As an example: 10-4271-110-000. The 10 is the fund designation, the 4271 is the division or cost center. In regards to assets the number will be 1000 for liabilities and fund equity, 3000 for revenues, and 4000 for expenditures.

DAILY DEPOSITS

1. Purpose

To establish a process by which monies are collected and deposited into the city's bank accounts.

2. Procedure

Pursuant to State Law, as cited in the definitions, all taxes, fines, fees and charges assessed by the city are collected and deposited into the accounts of the Greater Salt Lake Municipal Services District and processed based on the MSD's fiscal procedures, unless a future council amends this procedure. To fund the legislative and administrative work of the city, the MSD shall annually deposit funds in the city's accounts to fund its general needs based on the Adopted City Budget for the current fiscal year.

Except as otherwise provided by law the city shall deposit all monies collected or received by the Treasurer and deposited in accordance with this section. Only those who are designated whose duty is to collect monies shall do so. Deposits must be made every third business day to meet state law requirements. All deposits shall be made with the official depository. Deposits in an official depository shall be immediately reported to the contacted finance manager by means of a duplicate deposit slip. The finance manager may at any time audit the accounts of an employee collecting monies, and may prescribe the form and detail of these accounts.

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 city.
- b. To provide for the greatest possible economy in the city's procurement activities.
- c. To foster effective broad-based competition within the free enterprise system to ensure that all parties are treated equally.

2. Procedure

All city purchases shall be performed in accordance with State Law and Magna Ordinance Chapter 3.15 – PURCHASING, CONTRACTING, AND PROCUREMENT, and Magna Policy #2 – Purchasing, Contracting and Procurement.

GENERAL FIXED ASSETS

1. Purpose

The City's fixed asset control program is established to comply with the requirements of the State of Utah statutes and the annual audit requirements to properly manage the fixed assets of the City.

2. Procedure

All fixed asset will be recorded with a cost of more than \$500. The physical control of fixed assets is the responsibility of the Administrator. Responsibility for the ongoing administration, control and monitoring of fixed asset activities is that of the Finance Manager. The Finance Manager will monitor the fixed assets in that cost center.

A fixed asset is any acquisition by the city 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.

Assets are assigned a cost center number and a location number if applicable. Records are kept by asset description and location.

Only property that has been declared surplus by the Council by a motion by a will be disposed of or released to other ownership through a public sale process.

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 Administrator may sell the surplus item to any person for such price as the Administrator deems appropriate. Monetary proceeds for the sale shall be credited to the miscellaneous revenue account.

GRANTS

1. Purpose

Grants are an important part of funding certain projects for the city to achieve a need or a timely result. The grants procedure will allow for the effective and efficient processing, and provision of oversight for all grant applications funds usage.

2. Procedure

The Administrator is responsible for managing MSD staff in the process of knowing and obtaining possible grant funds for the city.

All grant requests filed on behalf of the City must receive authorization from the Council prior to applying for the grant.

Administrator collaborates with MSD to complete grant application; and if grant is awarded, the Council executes the grant agreement.

RECORD RETENTION

1. Purpose

The purpose of a records procedure is to insure all records are kept in accordance with state law.

2. Procedure

Public record or public records shall mean all documents, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic data-processing records, artifacts, or other documentary material, regardless of the physical form or characteristics.

Although public records belong to the people, not all official public records are open to the public. For various reasons, many records can only be seen by court order. The custodian of public records is

responsible for knowing which records are confidential. The Governmental Records Access Management Act (GRAMA), see specific form, may obtain records for request for various records and prices to obtain these records.

Refer to the Utah Municipal General Records Retention schedule produced by Utah State Archives and Records Service for specific date of retention schedules for various public records.

TRAVEL REIMBURSEMENT

1. Purpose

The purpose of establishing a travel reimbursement procedure is to ensure all travel costs incurred by elected officials and employees, in the performance of work on behalf of the city, are requested and approved in a transparent way.

2. Procedure

Policy

1. All travel requires the approval of the Administrator or the Mayor, subject to the budget.
2. All travel beyond ninety miles or including an overnight stay requires a "Request Authorization" form.
3. The city 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 a 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 city.
4. Travel for the city at its expense may be approved for the following reasons:
 - a. To conduct official city business as an official representative on a board, committee or other official body.
 - b. To attend a professional development or national conference.
 - c. To attend educational and training seminars.
5. Employees 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 Council.
6. Employees are welcome to travel with a spouse or other guest. The city 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.

9. Definitions
 - a. "Travel" means any trip to a destination, which is more than 90 miles from the city, which requires an overnight stay.
 - b. "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.
 - c. "Local Travel" means the amount of reimbursement per mile by IRS rates, for attending meetings by employees that do not receive a car allowance.
10. Reimbursable Expenses
 - a. Registration fees for conferences and seminars shall be paid directly with a city check, or other approved form of payment whenever practical.
 - b. Fees for social events and tours will not be paid by the city.
 - c. 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.
 - d. Employees will be reimbursed at the amount per mile allowed by the Internal Revenue Service for travel for the city in their private vehicle. Those employees receiving car allowances, who meet the definition of travel, will be reimbursed at one half the Internal Revenue Service Rate.
 - e. Employees 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.
 - f. Per Diem shall be the following fixed amounts, with no receipts required:
 - i. In state travel \$ 30.00 per day
 - ii. Out of state travel \$ 40.00 per day.
 - g. Incidental costs such as ground transportation, business call, one personal phone call up to 10 minutes per day, and parking expenses at airports.
 - h. "Local Travel" will be calculated from the city to the meeting place and back to the city. Meetings held at the city, or location within the boundaries of the city, will not be reimbursed.

Procedures

A request for Reimbursement of Expense/Travel Authorization must be completed and signed by the Mayor, then forwarded to accounts payable for payment of authorized expenses.

The employee will make reconciliation at the end of the business trip and any advanced money or additional expenses will be reconciled and settled.

ACCOUNTING

1. Purpose

The purpose of establishing accounting procedures is to provide the public with a clear and transparent accounting of the revenues and expenditures of the city.

2. Procedure

- A. The city will establish and maintain the accounting systems according to the Uniform Fiscal Procedures Act for Cities (Utah Code Title 10, Chapter 6).
- B. 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.
- C. Full disclosure will be provided in the financial statements and bond representations.
- D. Financial systems will be maintained to monitor revenues and expenditures on a monthly basis.
- E. All revenue collections will be consolidated under the Finance Manager and be audited at least annually.
- F. All revenues passed through to the MSD for expenses will be accounted for by the MSD and reported to the city.

DEBT/DEBT SERVICE

1. Purpose

The purpose of establishing a debt/debt service procedure is to provide the city with a process for incurring, amortizing and funding debt for capital projects.

2. Procedure

Due to the limited taxing authority allowed to current municipal entity structure pursuant to Utah Code § 10-3c-204, debt and its service costs shall not be incurred by the city.