



Financial Policies

The Town of Frisco (“the Town”) is a Colorado home rule municipality operating under its Town Charter. The town government operates under the council-manager form of government. Policymaking and legislative authority are vested in the Town Council, which consists of a mayor plus a six-member council. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council and for overseeing day-to-day operations.

The purpose of these policies is to help frame resource allocation decisions and establish objectives, standards, and internal controls for the funds of the Town. The financial policies have been adopted and used to frame major policy initiatives. This policy was endorsed and adopted by Frisco’s Town Council and is effective as of the ~~14th day of February 2023~~ 8th day of April, 2025 and replaces any previous versions.

The following policies are included:

Section

- Section 1 - Financial Management Overview
- Section 2 - General Financial Policy
- Section 3 - Budget Policy
- Section 4 - Debt Policy
- Section 5 - Cash Handling Policy
- Section 6 - Investment Policy
- Section 7 - Fund Balance Policy
- Section 8 - Capital Improvement Program Policy
- Section 9 - Revenue Policy
- Section 10 - Expenditure Policy
- Section 11 - Grants Policy
- Section 12 - Procurement Policy
- Section 13 - Purchasing Card Policy

Several source documents provide the financial policies for the Town. The State Constitution and the Town Charter provide the basic legal requirements and timelines for policies; while Town Council approves ordinances and resolutions that provide more specific direction that responds to the needs of the Town.

Section 1 – Financial Management Overview

The following financial policies establish the framework for the Town’s overall fiscal planning and management. It is the intent of the Town that these policies demonstrate to residents, the credit rating industry, municipal bond investors, auditors, and the State that the Town is committed to sound financial management and fiscal integrity.

The goals of the Town’s financial policies are:

- I. To support sustainable municipal services
- II. To have a capital improvement program that identifies the financial resources needed to adequately maintain and enhance the public’s assets over their useful life
- III. To provide cost-effective services to citizens and visitors
- IV. To provide financial and other service information to enable citizens to assess the costs and results of town services

- V. To follow prudent and professional financial management practices to assure the Town of Frisco community that our Town government is well managed and annual spending plans are sound financial plans given the available resources

Detailed Town department policies provide more specific direction on how to achieve identified goals and are the basis for consistent actions that move the community and organization toward sound financial management decisions. If the material in this document does not answer a specific question, please contact the Finance Department.

Section 2 – General Financial Policy

I. Fund Accounting

A fund is a separate, self-balancing set of accounts used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations.

The separation of the Town’s activities into funds allows the Town to maintain the appropriate (required) controls over expenditures for each activity and to report on specific activities to interested citizens.

Fund Types: Town of Frisco funds are classified into four (4) fund types. These fund types, and the purpose of each are:

- a. General Fund – To account for the administrative, police protection, parks, recreation, community development, infrastructure, and technology functions of the Town. Principal sources of revenue consist of sales taxes, property taxes, franchise fees, licenses and permits, grants, charges for services, intergovernmental revenue, interest earnings, and operating transfers from other funds. Major expenditures are for personnel costs, materials and supplies, purchased services, capital outlay, and transfers to other funds.
- b. Special Revenue Funds – To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. One or more specific restricted or committed revenues should comprise a substantial portion of the fund’s resources but may also include other restricted, committed, and assigned resources. The Town’s special revenue funds include the Historic Preservation Fund, Conservation Trust Fund, Open Space Fund, Housing Fund, Nicotine Tax Fund, and Lodging Tax Fund.
- c. Capital Projects Fund – To account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Outflows financed by proprietary funds and assets held in trust are excluded. Sources of revenue include transfers from other funds, Real Estate Investment Fees (REIF), and interest earnings.
- d. Enterprise Funds – To account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user determination of revenues earned, expenses incurred, and/or net income as appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town’s Water Fund and the Marina Fund are classified as Enterprise Funds, as their expenses are paid for by user fees.
- e. Internal Service Funds - The Town utilizes the Insurance Reserve Fund as an internal service funds. Their purpose is to handle operational expenses associated with the Town’s self-funded health insurance plan. The funds charge an annual allocation to each department that covers these expenses. The goal is to charge each department a similar amount each year so as to avoid budgeting for large variable expenses on the department level.

II. Accounting and Auditing Policies

The Town maintains a system for financial monitoring, control and reporting for all operations, funds and agencies in

order to provide effective means to ensure that overall Town goals and objectives are met and to instill confidence in the Town's partners and investors that the Town is well-managed and fiscally sound.

The Town maintains its accounting records and reports on its financial condition and results of operations in accordance with state and federal law and regulations and generally accepted accounting principles in the United States (GAAP), which are set by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Annually, an independent firm of certified public accountants performs a financial and compliance audit of the Town's financial statements. Their opinions are included in the Town's Annual Comprehensive Financial Report (ACFR).

III. Basis of Accounting and Reporting Focus

Basis of Accounting – This term refers to when revenues, and expenses/expenditures (and the related assets and liabilities) are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made. The following are the basis of accounting available for use by the Town:

- a. **Cash Basis** – Transactions are recognized only when cash is received or disbursed.
- b. **Accrual Basis** – Transactions are recognized when the economic event occurs, regardless of whether or not cash is received or paid. Proprietary funds, which encompass the enterprise funds, use the accrual basis of accounting. These funds have an income measurement/capital maintenance focus. The accrual basis of accounting is used by private enterprises as well.
- c. **Modified Accrual Basis** – Expenditure transactions are recognized when incurred. Revenues are recognized when they are both measurable and available to finance the expenditures of the current period. Governmental funds, including general, special revenue, debt service, and capital projects, use the modified accrual basis of accounting. For a revenue to be recognized in a governmental fund, it must be “measurable” (the amount must be known or be reasonably estimated), and it must be “available” to finance the expenditures of the same fiscal period for which the revenue is recorded. “Available,” in this case, means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. For purposes of consistency, that time-frame shall be ~~thirty (30) days for all sales tax transactions or within sixty (60) days for all other transactions.~~

Reporting Focus (Budget vs. GAAP) – This concept is used to refer to the way transactions are recorded and reported for compliance with Colorado Budget Law as opposed to financial statement presentation in conformance with GAAP.

- a. **Budget Basis** – The Town's monthly statement of revenues and expenditures are reported during the fiscal year on what is informally called a “budget basis.” The Town's transactions are recorded throughout the year in accordance with the financial statement requirements as set forth within the Colorado Revised Statutes. By recording the transactions in general compliance with this law, the revenues and expenditures can be more easily monitored on a monthly basis to ensure compliance with the legal requirements as set forth within the Colorado Revised Statutes. While the annual budgets for the proprietary (enterprise) funds are prepared using the modified accrual basis of accounting, when preparing the annual financial statements for the enterprise funds we convert to the full accrual basis meaning that revenues and expenses are recognized when they are earned and incurred.
- b. **GAAP** – At the end of the fiscal year, adjustments are made to present the financial information in a format that is comparable to that used by other local government units around the country. The standards for this reporting are referred to as “generally accepted accounting principles” (or GAAP basis). The adjustments to convert the Town's financial records from “budget basis” to “GAAP basis” are made to ensure that the Town's financial statements are fairly and consistently presented in conformance with GAAP.

IV. Internal Control Structure

The Town maintains an internal control structure consisting of the following three elements:

- a. Control Environment – An overall attitude and awareness of actions as they influence the Town.
- b. Accounting System – An effective accounting system that results in identification and recording of all valid transactions, description on a timely basis of the type of transaction in sufficient detail to permit proper classification of the transaction for reporting purposes, recording of the transaction in the correct time period, and proper presentation of all transactions and related disclosures in the financial statements.
- c. Control Procedures – Proper authorization of transactions and activities, adequate segregation of duties, adequate documentation and records, adequate safeguards regarding access and use of assets and records, and independent checks on performance.

Funds are categorized by standard GAAP functional classifications. The development of new funds, departments, programs, and accounts shall be approved by the Finance Department.

Each fund in the Town's budget will have an introductory statement of purpose which shall consist of the intent of the fund, sources of revenue and restricted revenues, if any, and required reserves.

V. Financial Monitoring

The Finance Director is charged with the primary responsibility for monitoring the fiscal implementation of the approved budget. In addition, the Finance Department will work closely with other departments to apprise them of their financial status and of any potential issues that may affect their budgets. The Finance Department may review fiscal issues affecting any part of the Town organization. This activity supports the monitoring role and focuses on the protection of Town assets and the legal, efficient, and effective use of Town resources. The Finance Department will provide various reports on a monthly basis to Town Council, the Town Manager and Department Directors in order to provide direction and guidance on the Town's financial condition. These reports shall contain information to allow users to compare actual financial results to budget, assess changes in fund balances; assist with evaluating efficiency and effectiveness; and determine compliance with laws, rules, and regulations.

Individual departments are responsible for monitoring and managing their resources to ensure that the legal and administrative appropriation to the department is not overspent and that all expenditures and uses of Town resources are in conformity with Town, state, and federal ordinances, statutes, policies, and regulations.

- a. Legal Appropriation – The objective of budgetary controls is to ensure compliance with legal provisions in the annual appropriated budget approved by the Town Council. Expenditures may not legally exceed appropriations at the Fund level. The Town Council is required to adopt a final budget by no later than thirty (30) days prior to the beginning of the fiscal year. This annual budget serves as the foundation for the Town of Frisco's financial planning and control. The budget is prepared by fund, function, and department. Department Directors may transfer resources within a department. Transfers between departments require the Town Manager or Finance Director's approval while transfers between funds must be approved by Town Council. Adjustments to the budget may be conducted during the fiscal year after Town Council review and approval via ordinance. Primary responsibility for fiscal analysis of the budget to actual cash flows and overall fiscal standing rests with the operating departments.
- b. Revenues – Each department is responsible for monitoring revenues that are collected as a result of programs administered. If a significant change in the estimate for the current or future fiscal year's results, the department must contact the Finance Department to advise of the change.

VI. Audit

The Charter and Code of the Town of Frisco, State of Colorado statutes, and federal laws and regulations will be

followed wherever they apply to the financial activities of the Town. The source of historical financial information about the Town will be the central accounting system as operated and maintained by the Finance Department. The source of all current and future budget information, including spending plans, revenues, and expenditures, is the annual budget document.

- a. External Audit – In accordance with Town Charter §3-160, an annual external audit will be performed by an independent public accounting firm with the subsequent issuance of a financial report and opinion.
- b. Single Audit –The Town contracts with an external firm to conduct a single audit on an annual basis when required.

Section 3 – Budget Policy

I. Overview

The annual budget is an operational plan that provides the Mayor and Town Council with the financial information necessary to guide resource allocation to accomplish the goals and objectives of the Town. The budget details how municipal services will be provided. The budget, along with the annual appropriation ordinance and any supplemental appropriations, provide the basis for the control of expenditures and set the financial guidelines for the Town. The basic legal requirements and budget process are defined by the State Constitution and Town Charter.

II. Budget Philosophy

Town staff is responsible for preparing, monitoring, and reporting on the Town’s annual budget. This function is fulfilled in compliance with the Home Rule Charter and direction of the Council. The Town is committed to developing a sound financial plan for the operations and capital improvements that meet the Town’s Strategic Plan goals. The Town provides a wide variety of services to residents and visitors. It is the responsibility of the Town Council to adopt a budget to manage the available resources to best meet the service needs for the overall good of the community. To achieve this, the Town:

- a. Utilizes conservative growth and revenue forecasts
- b. Prepares plans for operations and capital improvements
- c. Allows staff to manage the operating and capital budgets, with Town Council approving the allocations for both
- d. Adopts financial policies
- e. Establishes budgets for all funds based on adopted policies
- f. Appropriates the budget in accordance with the Town Charter and State Constitution
- g. Develops a budget that minimizes adverse impacts to the community

III. General Budgeting Policies

- a. The Town’s fiscal year is January 1 through December 31 and the Town legally appropriates its budget on an annual basis.
- b. The Town will present a balanced budget to Council; the Town will pay for all current expenditures with current revenues and appropriated fund balances and present and administer a balanced budget.
- c. Staff will identify programs to increase efficiency in order to provide long- term cost savings to the Town.

- d. Town staff will view investments in people and resources as long-term to encourage productivity for today and the future.
- e. Town staff will explore ways to share staff, training resources, equipment, and supplies in order to utilize current resources in a more efficient manner.
- f. The budget will provide adequate maintenance and orderly replacement of capital plant and equipment. Each year the Staff will prepare the annual budget using Council direction and goals as set forth in the Town's Community Plan, Town Council Strategic Plan, and other plans as they become adopted.

IV. Budget Preparation Policies

- a. The Finance Director shall be responsible for preparing a budget schedule in order to present the proposed budget to Council by the first regular Council meeting in September, as required by Town Charter.
- b. The Town Manager shall review details of each department/fund proposed budget for efficiency and compliance with Council direction.
- c. Town Council shall review all new full time position requests and requested expenditures from each department and fund for approval.
- d. The budget document shall be prepared based on guidelines identified by the Government Finance Officers Association (GFOA), beginning with an introduction to the budget and followed by more detailed information presented by fund and department.
- e. The budget process shall encourage full participation of the public and ensure opportunities for public hearings and community participation.
- f. To provide the community additional opportunities for input regarding the proposed budget, open public hearings shall be held at regularly scheduled Town Council meetings and work sessions as required by the Town's Home Rule Charter.
- g. The Town shall adopt the budget in accordance with State, Home Rule Charter and other requirements and certify the mill levy to the County by the required date.
- h. Groups requesting grants from the Town shall provide a copy of their approved 501(c)3 status, in addition to other information requested, as determined by Town Staff and Council. Council will approve specific grants for qualified applicants.
- i. The Town shall maintain an accounting system to monitor the budget throughout the year. This system shall provide reports and inquiry access to be used by Staff.
- j. The Finance Department will prepare monthly reports for Council which will include information comparing actual to budgeted expenditures.
- k. The Mayor or Town Manager may approve expenditures in excess of the approved budget in the case of an emergency such as a natural disaster, accident or unforeseen event. If possible, the Mayor and Council will be notified of major incidents before emergency expenditures are approved.
- l. Town staff may present requests to amend the approved budget throughout the year. Departments may expend amended amounts after Town Council approval and before adoption of the supplemental appropriation

ordinance.

V. Budget Preparation Process

The Town of Frisco’s Charter (Article VIII) requires that “The proposed budget shall provide a financial plan for all Town funds and activities for at least the next fiscal year...” and that “the total of the proposed expenditures and provisions for contingencies in the adopted budget shall not exceed the total of estimated revenues.” The initial planning stage of budget preparation involves evaluating the outside forces that affect funding decisions: national, state, and local economic conditions; federal and state mandates; political environment; social environment; community concerns and outside agency collaboration opportunities. Town Council provides general direction for preparation of the operating and capital budgets, particularly through adopted plans, policies, and ongoing input. Additionally, the process includes discussions regarding long-range financial planning and five-year capital expenditure projections for all operating funds. The Town Manager, Department Directors, and the Finance Department assume the major role of preparing both the preliminary budget and the long-range financial plan. Budget policies, like all financial policies, are adhered to and provide the framework for the process. Detailed documentation for revenues, personnel expenditures, and operating expenditures are prepared by the Department Directors based on the line-item budgeting method. The Town Manager then formulates a draft budget proposal, which is presented to Council in September. Shortly thereafter, a work session is held to discuss this upcoming budget.

Per Home Rule Charter, Council is responsible for review and adoption of the budget by ordinance. The Town encourages community participation at all work sessions and the public hearing by publishing notices. The final budget document is available on the Town’s website (www.frisco.gov) and at Town Hall.

The budgeting process is continuous throughout the entire year. Once the document has been approved, each department is responsible for monitoring activity. The Town’s accounting software and financial policies and procedures provide reporting on expenditures of funds. Additionally, Council is required to approve large purchases and contracts associated with budget implementation in accordance with the Town’s purchasing procedures, which are included in the Procurement Policy section of this document.

It should also be noted that the Home Rule Charter authorizes the increase or reduction of budgeted amounts through the appropriations process. After adoption of the budget ordinance, the Town may make the following changes: a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Section 4 – Debt Policy

I. Overview

The Town recognizes the primary purpose of facilities is to support provision of services to its residents. The Town must balance debt financing and “pay-as-you-go” methods to meet the capital needs of the community. The Town realizes failure to meet the demands of growth may inhibit its continued economic viability but also realizes too much debt has detrimental effects. Historically, the Town’s total bonded indebtedness as a percentage of total general obligation debt limits has been minimal.

The Town uses lease purchase financing for several purposes, which include the acquisition of real property and the replacement of equipment. Lease purchases decrease the impact of the cost to a department by spreading the costs over several years and are subject to annual appropriation by Town Council.

Long-term debt is a liability that places a future contractual or other obligation against future revenues of the Town. The Town of Frisco has established the following debt policies:

- a. The Town will confine long-term borrowing to capital improvements or projects that cannot be

financed from current revenues.

- b. The Town will not use long term-debt for current or annual operations.
- c. The Town will maintain good communications with bond rating agencies regarding its financial condition, following a policy of full disclosure on every financial report and bond prospectus. The Town will maintain a strong bond rating that is consistent with other Town goals.
- d. The Town will review its legal debt limitation established by the State and Town Charter at least annually. Debt limits will be included in the statistical section of the Town's Annual Comprehensive Financial Report. Any decisions will take into consideration current market rates and future cash flows.

II. Security and Exchange Commission (SEC) Rule 15c2-12 "Municipal Securities Disclosure" Requirements

As a means reasonably designed to prevent fraudulent, deceptive, or manipulative acts or practices, it shall be unlawful for any participating underwriter (broker, dealer, or municipal securities dealer) to act as an underwriter in a primary offering of municipal securities with an aggregate principal amount of \$1 million or more unless the participating underwriter complies with SEC Rule 15c2-12 requirements or is exempted from the provisions of the Rule.

The Town is committed to providing timely and consistent dissemination of financial information with SEC regulatory requirements. It is imperative that disclosure be accomplished in a timely fashion in accordance SEC required SEC Rule 15c2-12 compliance and the Town's Disclosure Dissemination Agent Agreement (DDAA).

This disclosure policy confirms the Town's commitment to fair disclosure. Its goal is to develop and maintain guidelines for presenting related financial reports and events to interested third parties, financial institutions, and the general public.

This policy covers all Town employees and elected officials of the Town. It covers disclosure documents filed with the SEC, statements made in the Town's ACFR, and any unaudited interim reports.

The Town's primary spokesperson related to Audited Financial Statements, other financial reports, and events is the Finance Director. The Mayor, Town Manager, and Town Attorney are designated alternative spokespersons and will be fully apprised of Town's financial developments. Others within the Town or its agencies may, from time to time, be designated by the Finance Director as spokespersons on behalf of the Town and respond to specific inquiries.

The Town or its designated agent must provide continuing disclosure documents and related information to the Municipal Securities Rulemaking Board's EMMA (a regulator) website at <http://dataport.emma.msrb.org>.

Section 5 – Cash Handling Policy

I. Overview

The purpose of this policy is to assist all Town departments by defining and communicating what is an acceptable level of control for cash-handling operations and to provide rules and guidance. Due to the decentralized nature of revenue collection within the Town, procedures may vary from location to location.

The objectives of this policy are to set forth minimum standards to ensure clear and consistent practice within the Town for the handling of cash and for limiting not only the Town's losses but also the Town's involvement in investigations of losses of funds. This policy will serve to standardize a sound system of cash controls within the Town as well as to provide guidance to departments on cash handler procedures and accountability. Compliance with this

policy will allow the Town to prevent or detect losses related to cash handling and to minimize losses.

Specifically, this policy is designed to avoid the following types of circumstances:

- a. A loss of funds
- b. An inability to detect missing funds
- c. Detection of missing funds when recovery is no longer possible
- d. An inability to determine who is responsible for a loss or losses
- e. An inability to investigate losses

II. Responsibilities

Cash received by the Town should be guarded carefully. Each employee, from a front-line cash handler to a department director, is expected to demonstrate due diligence in protecting the assets of the Town. A clear responsibility lies with management to install and maintain a cash-handling control system that will prevent, detect, or deter fraud.

a. Department Directors Have the Responsibility To:

- i. Ensure the safeguarding of Town funds.
- ii. Ensure that procedures in place in their departments comply with this policy.
- iii. In the event of a loss, assure appropriate reporting to the Finance Department for adjusting the general ledger, as well as the Human Resources Department and Police Department regarding a potential fraud or theft investigation.
- iv. The Finance Department will set forth general cash handling procedures to be followed for all Town departments. Department Directors may have more restrictive policies but will not have less restrictive policies as set forth from the Finance Department.

b. Cash Handlers Have the Responsibility To:

- i. Use diligence in handling Town assets to that reasonable protection is provided to those assets at all times.
- ii. Report to their departmental management, or to the Finance Department, any instance which, in the cash handler's judgement, could be deemed to be a serious failure to give proper care to cash, securities, or other valuables whether or not such failure has resulted in a loss.
- iii. Report to their departmental management, or to the Finance Department, any instance when a Town employee has knowledge or suspicion of defalcation or dishonest act by another Town employee.
- iv. Departments collecting cash receipts, whether in cash or other forms of payment, must turn in such funds to the Finance Department on a daily basis together with records required to verify accuracy of such collections. If this cannot be accomplished, cash handlers must report to the departmental management and the Finance Department if there is a reason this cannot be accomplished, with the reason and date the deposit can be made, then store the cash in a safe and locked location.

c. Finance Department Has the Responsibility To:

- i. Conduct whatever investigations or cash control reviews are necessary.
- ii. Coordinate and collaborate with Frisco Police Department and/or Human Resources when appropriate.
- iii. Upon request, assist departments with developing controls and providing periodic training and onsite audit to mitigate the potential effects of exceptions or deviations from this policy.

III. Definitions

- a. Cash Handling - As used in this policy statement, describes the receiving, transmitting, safeguarding, and depositing of all funds of any type received by the Town.
- b. Cash Handler - As used in this policy statement, denotes any employee whose job description includes responsibility for receiving, transmitting, safeguarding, and/or depositing Town funds of any type.
- c. Cash Over/Short - A cash handler is short when an unintentional collection error is made, i.e., does not obtain physical custody of money or a change-making error. A cash handler is over when too much money is collected, and the excess cannot immediately be returned to the customer.
- d. Loss of Town Money - Results when a cash handler obtains physical custody of money and then, due to negligence, an act of God (such as fire or flood), or theft cannot deposit that money with the Town. Leaving Town money unattended and not properly safeguarded is an example of a cash handler's negligence that could result in a loss.
- e. Dual Control – Describes processes in which individuals have responsibility for funds. The underlying theory is that the two individuals can vouch for each other's actions. Theft is less likely in operations with dual control since it would require the complicity of two individuals.
- f. Single Control - Occurs when an individual is solely responsible for funds. Since only one person has access to the funds, that one individual can be held accountable in the event of a loss.

If funds are under single control, they must not be accessible to others. Therefore, if a safe accessed by multiple cash handlers is used for overnight storage of funds under single control, those funds must be secured separately within the safe. This ensures that individuals with access to the safe do not also have access to the single-controlled funds.

- g. Segregation of Duties - Ensures that no single person handles a transaction from beginning to end. If possible, the following four basic functional categories should be performed by different people within a cash-handling operation:
 - i. Recording of transactions
 - ii. Approval or end of day review of transactions
 - iii. Depositing of funds
 - iv. Reconciliation or monitoring to ensure compliance with control procedures

If one person does perform two or more of these functions, there is no independent check for mistakes, and errors and /or irregularities are very likely to go undiscovered for long periods. If it's not practical to maintain

strict segregation of duties due to limited staff size, then add other control measures. Additional control measures could include rotation of duties among personnel and stricter supervision to include special spot-checking of a cash handler's work.

IV. Control Standards

- a. Procedures should be in place which will ensure that all payments received are processed and that any payment may be traced from initial receipt to final disposition. Each cash-handling operation shall include the following controls, as appropriate:
 - i. Maintain strict control over all receipts.
 - ii. Use revenue reports, either manual or computer-generated, for all intakes of money, in order to provide a comparison against funds collected.
 - iii. Maintain strict control over access to funds. Never leave cash or checks unsecured.
 - iv. Place a restrictive endorsement on checks at the time of receipt.
 - v. Use change funds for making change only. No checks of any type may be substituted for cash, except when appropriately authorized based on Town policy. The only exception to this policy is for Town of Frisco checks issued to replenish petty cash funds may be substituted for cash in a deposit to replenish the petty cash fund.
 - vi. In an environment where a cash register is used, the supervisor should understand register capabilities and limitations. Cash registers should be in good repair with all mechanical controls fully functional.
 - vii. Mail Processing Controls - Proper management of mail collection is particularly important because the person making the payment is not present, and no receipt is issued at the time of collection. At a minimum:
 - Mail should be worked independently of over-the-counter receipts.
 - Checks should be restrictively endorsed as soon as possible after being opened.
- b. Safeguarding Funds - Strict control must be maintained over the access to funds at all times. Dual control over the processing and storage of all cash funds should be used, where practical. It is the Town's policy that access to vaults and safes shall be limited, and the following controls over the processing and storage of all cash funds should be used where practical.
 - i. Individuals handling cash should be provided separate and secure work areas. When single control over cash is expected, each individual should be provided space to achieve single control.
 - ii. Each cash handler is responsible to see that their cash drawer, cash bag, or cash box is locked when they leave their station. No funds are to be left unattended and unsecured.
 - iii. During non-business hours and during business periods where access to cash is not required, all funds are required to be stored in a locked vault, safe, or approved cash storage drawer.
 - iv. Safes, vaults, or storage drawers should be positioned so that they are not visible to the general public. Partitions, rugs, or barriers should be positioned to hide cash storage receptacles where practical.
 - v. Vault combinations should be limited to the smallest number of individuals practicable, given the business

needs of the work unit.

- vi. Cash handlers are to be in sole possession of their cash drawer, cash bag, or cash box key.
- vii. Duplicate keys will be placed in a locked key box under dual control.
- viii. It is the cash handler's responsibility to immediately notify their supervisor in the event a key is lost. No replacement key will be made, but the lock on the cash receptacle in question is to be promptly replaced.

c. Transferring and/or Transporting Funds

It is the Town's policy to require reconciliations whenever Town funds change hands. Whether transferring funds between cash handlers within a work unit or transporting funds between locations, individual accountability can only be maintained by protecting the chain of custody.

- i. A cash count and reconciliation will occur whenever Town funds change hands.
- ii. Transfer of cash over \$1000 between locations or units should be performed under appropriate security.
- iii. All transports of cash between locations will be made in appropriate bank bags.

d. Reconciling and Depositing Funds and Recording Transactions

- a. Any daily funds must be deposited weekly, at a minimum.
- b. Each cash handler should reconcile daily when practical. A formal reconciliation should be prepared by the cashier and then approved by a lead or supervisor. A lead/supervisor's review should confirm that the amount of cash indicated on the reconciliation is accurate. Furthermore, the lead/supervisor should ensure that the total receipts equal the cash totals. Finally, the lead/supervisor should review and approve voids.
- c. Independent of the cash-handling operation, periodic reconciliation of bank accounts should be performed, and reconciling items should be identified. All reconciling items must be appropriately resolved with the supervisor of the cash handler.
- d. Cash receipts documents should be prepared promptly and should be dated the same day as the funds are deposited in the bank. Additionally, the documents should be included in a monthly recording to the general ledger, at a minimum.

V. Hiring, Training, And Evaluating Cash-Handling Position

a. Minimum Hiring Qualifications:

An individual may not serve in a Town cash-handling capacity who has a criminal record that includes a conviction for any theft offense within the last five years immediately preceding the commencement of Town employment. A deferred judgment and sentence (but not a deferred prosecution) is a conviction.

- b. Cash-Handling Training - All individuals required to handle Town funds should be properly trained to do so.

VI. Written Robbery Procedures

- a. Cash handlers should be instructed in how to act during and after a robbery to ensure their safety and that of co-workers.
- b. Each department should consult with the Frisco Police Department on the development of robbery procedures for their cash-handling environment.

Section 6 – Investment Policy

I. Overview

The following Investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the Town’s funds. This Investment Policy shall apply to the investment management of all financial assets and funds under control of the Town, except for the retirement and pension funds of the Town. All cash, except for certain restricted funds, shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the General Fund and to those Town accounts that have contributed to the pooled funds based on the proportion of their respective average balances relative to the total pooled balance.

This Investment Policy complies with the various regulatory requirements under which the Town operates. It was endorsed and adopted by Resolution No. 5-32 of the Town of Frisco’s Town Council on April 26, 2005 and revised on June 26, 2007; April 28, 2009; July 26, 2011; April 8, 2014; and May 23, 2017.

II. Investment Objectives

All funds which are held for future disbursement shall be deposited and invested by the Town in accordance with Colorado State Statutes, the Home Rule Charter, Chapter 25 “Investments” of the Code of the Town of Frisco and any ordinances and resolutions enacted by the Town Council in a manner to accomplish the following objectives:

- a. Safety. Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the Town of Frisco will diversify its investments by investing funds among a variety of securities with independent returns.
- b. Liquidity. The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- c. Return on Investments. 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 for safety and liquidity needs.

III. Delegation of Authority

Under Section 25-8 of the Code of the Town of Frisco, Colorado, the Town Manager and Finance Director have the authority to conduct investment transactions. The Town Finance Director has the responsibility of administering this investment policy. Other members of the Town’s finance staff may be appointed to assist the Finance Director in the cash management, treasury or investment function. The Town’s external auditors will periodically review the compliance of the cash, treasury, and investment management practices with this Investment Policy.

The Finance Director may engage the support services of outside professionals, so long as it can be demonstrated that these

services produce a net financial advantage and necessary financial protection of the Town's resources. Such services may include engagement of financial advisors in conjunction with debt issuance, portfolio management support, special legal representation, third party custodial services, and appraisal of independent rating services.

IV. Prudence

The standard of prudence to be used for managing the Town's assets is the "prudent person standard" which states, "fiduciaries [...] shall exercise the judgment and care, under the circumstances then prevailing, which [a person] of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital." (C.R.S. § 15-1-304, Standard for Investments).

The Town's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. Frisco shall recognize that no investment is totally riskless and that the investment activities of Frisco are a matter of public record. Accordingly, Frisco recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the Town.

The Town's Finance Director or other authorized investment personnel acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to Frisco's Town Manager and appropriate action is taken to control adverse developments.

V. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall adhere to the Town's Code of Ethics and shall not engage in personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Town Manager any material financial interest in financial institutions that conduct business with the Town, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Town particularly with regard to the timing of purchases and sales. The Town's current Code of Ethics is on file in the Town Clerk's office.

VI. Eligible Investments and Transactions

All investments will be made in accordance with the Colorado Revised Statutes, as amended: C.R.S. § 11-10.5-101, et seq., Public Deposit Protection Act; C.R.S. § 11-47-101, et seq., Savings and Loan Association Public Deposit Protection Act; C.R.S. § 24-75-601, et seq., Funds-Legal Investments; C.R.S. § 24-75-603, Depositories, and C.R.S. § 24-75-702, Local governments-authority to pool surplus funds. Any revisions or extensions of these sections of the Colorado Revised Statutes will be assumed to be part of this Investment Policy immediately upon the effective date thereof.

The Town Council has further defined the following types of securities and transactions as eligible for use by the Town:

- a. U.S. Treasury Obligations including Treasury Bills, Treasury Notes, Treasury Bonds and Treasury Strips with maturities not exceeding five years from the date of trade settlement.
- b. Federal Instrumentality Securities including debentures, discount notes, callable securities, step-up securities and stripped principal or coupons with maturities not exceeding five years from the date of trade settlement issued by the following only: Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC). To be approved, Federal Instrumentality Securities must be rated AAA by either Moody's or Standard & Poor's. The Town will not invest in any of the subordinated debentures issued by the federal instrumentality issuers.

- c. Prime Commercial Paper issued by U.S. companies and denominated in U.S. currency with a maturity not exceeding 270 days from the date of purchase. Commercial Paper shall be rated in its highest rating category at the time of purchase by at least two Nationally Recognized Statistical Rating Organizations (NRSROs), and by all NRSROs that rate the obligations. If the commercial paper issuer has senior debt outstanding, the senior debt must be rated not less than A+, A1 or the equivalent by at least two NRSROs, and by all NRSROs that rate the debt. The aggregate amount of securities purchased from any one Commercial Paper issuer shall not exceed 20% of the Town's portfolio.

Any issuer whose short-term ratings are placed on negative watch list by any of the rating agencies will be put on "Hold" status. Issuers on "Hold" status will be ineligible for purchase until a final decision on ratings is made.

- d. Eligible Bankers Acceptances with an original maximum maturity not exceeding 90 days, issued by FDIC insured domestic banks or branches of foreign banks domiciled in the U.S. and operating under U.S. banking laws with a minimum of \$250,000 combined capital and surplus. Banker's Acceptances shall be rated at least A1, P-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the instrument. If the issuing bank has senior debt outstanding, it shall be rated at the time of purchase AA, Aa2 or the equivalent by at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the bank. The aggregate amount of Bankers Acceptances issued by any one bank shall not exceed 20% of the Town's portfolio.
- e. Repurchase Agreements with a defined termination date of 180 days or less collateralized by U.S. Treasury and Federal Instrumentality securities listed in items a and b above with a maturity not exceeding 10 years. Title must transfer to the Town of Frisco or the Town must have a perfected security interest. For the purpose of this section, the term "collateral" shall mean "purchased securities" under the terms of the Town's approved Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102 percent of the dollar value of the transaction. Collateral shall be held in the Town's custodial bank as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily.

Repurchase Agreements shall be entered into only with dealers who have executed a Master Repurchase Agreement with the Town and who are recognized as Primary Dealers by the Federal Reserve Bank of New York or have a Primary Dealer within their holding company structure. Approved counterparties to repurchase agreements shall have at least a short-term debt rating of A-1 or the equivalent and a long-term debt rating of A or the equivalent from one or more NRSROs that regularly rate such obligations.

- f. Local Government Investment Pools authorized under CRS 24-75-702 that: 1) are "no-load" (i.e., no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value per share of \$1.00; 3) limit assets of the fund to those authorized by State Statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAAM by Standard & Poor's, AAA by Moody's or AAA/V-1+ by Fitch.
- g. Non-Negotiable Certificates of Deposit in FDIC insured state or national banks or savings banks that are eligible public depositories in Colorado as defined in CRS 11-10.5-103 and that meet the criteria set forth in the section of this Investment Policy, "Selection of Banks." Certificates of Deposit exceeding the FDIC insured amount shall be collateralized in accordance with the Colorado Public Deposit Protection Act.
- h. Money Market Mutual Funds registered under the Investment Company Act of 1940 that: 1) are "no-load" (i.e. no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value per share of \$1.00; 3) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 4) are rated either AAAM by Standard & Poor's, AAA by Moody's or AAA/V-1+ by Fitch.
- i. Negotiable Certificates of Deposit authorized under CRS 24-75-601.1 with an opinion provided by the Colorado Division of Securities, it is legal to invest public funds in negotiable CDs at any FDIC insured bank up to the \$250,000 with maturities no longer than five years from date of settlement and that meet the criteria set forth in the section of this

Investment Policy, "Selection of Banks." Negotiable Certificates of Deposit exceeding the FDIC insured amount shall be collateralized in accordance with the Colorado Public Deposit Protection Act.

- j. Municipal Securities of state or local governments with a maturity not exceeding five years from the date of trade settlement. General obligation and revenue obligation securities of this state or any political subdivision of this state must be rated at the time of purchase at least "A" or its equivalent by at least two NRSROs. General obligation and revenue obligation securities of any other state or political subdivision of any other state must be rated at the time of purchase at least "AA" or its equivalent by at least two NRSROs.

The Town may, from time-to-time issue bonds, the proceeds of which must be invested to meet specific cash flow requirements. In such circumstances and notwithstanding the paragraph immediately above, the reinvestment of debt issuance or related reserve funds may, upon the advice of Bond Counsel or financial advisors, deviate from the provisions of this Investment Policy with the written approval of the Finance Director.

VII. Environmental, Social and Governance (ESG)

Investment of funds should be guided by the following environmental, social, and governance (ESG) investment goals. Investments should be made in compliance with these goals to the extent that such investments achieve substantially equivalent safety, liquidity and return when compared to similar investments permitted by Colorado Revised Statutes and the Investment Policy. Investments are encouraged in companies that have a positive impact on the environment, human rights, and fair workplace practice and that support equality of rights, regardless of sex, race, religion, age, disability, or sexual orientation. Investments are discouraged in entities that receive a significant portion of their revenues from the manufacturer of tobacco products, firearms, or weapons not used in our national defense.

VIII. Investment Diversification

The Town shall diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy, the securities market, and the Town's anticipated cash flow needs.

A minimum of 50% of the investable assets of the Town will be maintained in U.S. Treasury Obligations, Federal Instrumentality Securities, Repurchase Agreements and Local Government Investment Pools.

IX. Investment Maturity and Liquidity

Investments shall be limited to maturities not exceeding five years from the date of trade settlement. The weighted average maturity of the total portfolio shall at no time exceed twenty-four months, and the Town shall maintain at least 10% of its total investment portfolio in instruments maturing in 90 days or less.

For purposes of calculating the portfolio's weighted average maturity, in the case of callable securities, the first call date shall be used as the maturity date for investment purposes in this section if, in the opinion of the Finance Director, there is little doubt that the security will be called prior to maturity. If, in the opinion of the Finance Director, the callable security will go full term to maturity, then that date will be used as the final maturity. In all cases for accounting purposes, however, the final maturity date of the callable securities shall be used as the maturity of the security in order to disclose the maximum maturity liability in the Town's financial reports.

X. Selection of Broker/Dealers

The Finance Director shall maintain a list of broker/dealers approved to conduct security transactions with the Town. To be eligible, a firm must meet at least one of the following criteria:

- a. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York, or have a Primary Dealer within its holding company structure

- b. Report voluntarily to the Federal Reserve Bank of New York
- c. Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule)

Broker/dealers will be selected by the Finance Director on the basis of their expertise in public cash management and their ability to provide service to the Town's account. Each authorized broker/dealer shall be required to submit and annually update a Town approved Broker/Dealer Information Request Form which includes the firm's most recent financial statements and proof of state registration. The Finance Director shall maintain a file of the most recent Broker/Dealer Information Forms submitted by each firm approved for investment purposes. Broker/Dealers shall also confirm in writing that they have received and reviewed a copy of this Investment Policy.

XI. Selection of Banks

To be eligible for designation to provide depository and other banking services, or for a bank's certificates of deposit to be eligible for purchase, a bank must be a member of the Federal Deposit Insurance Corporation and must qualify as an eligible public depository in Colorado as defined in CRS 11-10.5-103.

Additionally, the bank must meet a minimum requirement of 3 ½ stars under the Bauer Financial bank star rating system.

XII. Safekeeping and Custody

- a. All fixed term investment securities purchased under this policy shall be held by the Investment Officer or in third-party safekeeping by a custodial institution eligible under CRS 24-75-601. The custodian shall issue a safekeeping receipt listing the specific instrument, rate, maturity, and other pertinent information.
- b. Deposit-type securities (such as certificates of deposit) shall be collateralized as required by PDPA for any amount exceeding FDIC or FSLIC coverage. Other investments requiring collateral including repurchase agreements will be secured by the actual security held in safekeeping by a third-party custodian. At a minimum all collateral shall meet the Level 2 category as defined by the Governmental Accounting Standards Board (GASB).
- c. Money market instruments such as SEC registered money market mutual funds qualified under CRS 24-75-601 and state pools under CRS 24-75-701 shall be collateralized as required by law.

XIII. Performance Benchmarks

The Town's investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities and cash flow requirements.

The performance of the portfolio shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the weighted average maturity of the portfolio. All fees involved with managing the portfolio should be included in the computation of the portfolio's rate of return.

The Finance Director shall present to the Town Council, at least annually, a review of the Town's portfolio, to include the portfolio's total return and the established investment objectives and goals.

XIV. Reporting

At least annually, the Finance Director shall prepare and submit to the Town Council a report listing the investments held by the Town and the market value of those investments. The report shall include a summary of investment earnings and performance results during the period.

Section 7 – Fund Balance Policy

I. Overview

The Town’s Fund Balance is the accumulated difference between assets and liabilities within governmental funds. A sufficient fund balance allows the Town to meet its contractual obligations, provide funds for new and existing programs established by Town Council, mitigate negative revenue implications of federal or state budget actions, mitigate economic downturns, fund disaster or emergency costs, provide funds for cash flow timing discrepancies, and fund non-recurring expenses identified as necessary by Town Council.

II. Governmental Fund Balance Type Definitions

The Governmental Accounting Standards Board (GASB) issued Statement Number 54, “Fund Balance Reporting and Governmental Fund Type Definitions” effective for periods after June 15, 2010. The objective of this Statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes limitations on the purposes for which fund balances can be used.

- a. Non-spendable Fund Balance– Some assets reported in governmental funds may be inherently non- spendable from the vantage point of the current period.
 - i. Assets that will never convert to cash such as prepaid items or inventories
 - ii. Assets that will not convert to cash soon enough to affect the current period such as non- financial assets held for resale
 - iii. Resources that must be maintained intact pursuant to legal or contractual requirements such as capital of a revolving loan fund
- b. Restricted Fund Balance – This represents the portion of fund balance that is subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties altogether outside the Town such as creditors, grantors, contributors, or other governments. Restrictions can also arise when the authorization to raise revenues is conditioned upon the revenue being used for a particular purpose.
- c. Committed Fund Balance – This represents the portion of fund balance whose use is constrained by limitations that the Town imposes on itself through formal action by Town Council (highest decision-making level) and remains binding unless removed in the same manner.
 - i. ~~Requires action by Town Council to commit fund balance~~
 - ii. ~~Formal Town Council action is necessary to impose, remove, or modify a constraint reflected in the committed fund balance.~~
- d. Assigned Fund Balance – This describes the portion of fund balance that reflects the Town’s intended use of resources. This authority rests with the mayor and is delegated to staff through the use of encumbrances.

III. General Fund Unrestricted Fund Balance

A top priority goal of the Finance Director is to maintain the long-term fiscal health of the Town. Revenue projections are conservative and authorized expenditures are closely monitored. In stable economic times, the combination of these two strategies leads to revenue collections higher than actual expenditures.

Net revenue (actual revenue collections less actual expenditures) is available to first fund the Taxpayer’s Bill of Rights (TABOR) reserve for emergencies required under Article X, §20 of the Colorado State Constitution and then to the designated reserves. Year-end balances in the undesignated reserves may be used as a funding source in the next budget year.

The Town’s policy is to accumulate adequate reserves to protect the Town during economic downturns or large-scale emergencies. The Town also maintains reserves that are required by law or contract and that serve a specific purpose. These types of reserves are considered restricted and are not available for other uses. Within specific funds, additional reserves may be maintained according to adopted policies.

The Government Finance Officers Association (GFOA) is a professional association of state and local finance officers in the US and Canada whose members are dedicated to the sound management of government financial resources. GFOA recommends that “governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.”

The GFOA recommends, at a minimum, that general-purpose governments, regardless of size, incorporate in its financial policies that unrestricted fund balance in their general fund be no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

The Town’s goal target range for General Fund Reserve – Unrestricted Fund Balance is 7 months (58.3%) of the expenditure budget. For this purpose, the staff will utilize an average of the current year budgeted expenditures, prior year projected expenditures, and 2 years prior audited expenditures. The target for the unrestricted General Fund balance would exclude the TABOR emergency reserves but include other categories of fund balance that are committed, assigned, or unassigned.

IV. The Taxpayer’s Bill of Rights Town Charter §7-90(e) – Emergency Reserves

For use in declared emergencies only, the Town shall reserve in 1991 one percent (1%) or more, in 1992 two percent (2%) or more, and in all later years three percent (3%) or more of fiscal year spending. An unused reserve shall apply to the next year’s reserve. (1991)

“Emergency” is defined to exclude economic conditions, revenue shortfalls, or Town salary or fringe benefit increases.

V. Other Funds

- a. Enterprise and some Special Revenue Funds – These reserves provide for unexpected revenue losses or unanticipated expenditures during the year. A portion of these reserves may be appropriated as part of the annual budget and may be utilized at the end of the fiscal year if necessary.
- b. Internal Services Funds – Internal Services Funds are expressly designed to function on a cost- reimbursement basis and should not accumulate a significant reserve. A small reserve is appropriate to allow for differences in timing of revenues and expenditures over multiple years.
- c. Self-Insured Fund Reserves – As required by the State of Colorado Self Insurer’s Reserve Trust Agreement, the Town maintains a fund balance reserve for liability and workers’ compensation. The Town also maintains a reserve for the Town’s self-insured health plan to maintain the Town’s ability to pay for claims in a high claim year.

VI. Debt Reserves

Debt reserves are established to protect bond holders from payment defaults. Adequate debt reserves are essential in maintaining good bond ratings and the marketability of bonds. The amount of debt reserves is established by bond ordinance for each fund in association with each bond issuance. At times, it may be desirable to use bond insurance rather than debt reserves. This is usually based on the recommendation from the Town’s Financial Advisor.

VII. Reserve Policies

The Town of Frisco recognizes the potential for revenue shortfalls in a tourist-based economy and the need for stability in operations during times of economic downturns or emergency situations. For those reasons, the Town has resolved to maintain the following reserves, based upon operating expenditures:

- a. General Fund: 7-month reserve
- b. Insurance Reserve Fund: 6-month reserve
- c. Marina Fund: 4-month reserve
- d. Water Fund: 4-month reserve

Amounts in excess of the 7-month reserve in the General Fund, if any, are required to be transferred to the Capital Improvement Fund. The Town places a priority on maintaining these reserves. Should a deficit exist in a fund with a required reserve, Town Council will identify a specific fund to offset the deficit and establish a plan to increase the reserve in that fund. Town Council may require additional reserves on an individual fund basis or may temporarily suspend reserve requirements, should economic conditions dictate such action.

VIII. Use of Fund Balances

Available fund balances shall not be used for ongoing operating expenditures.

Section 8 – Capital Improvement Program Policy

I. Overview

The Town has a significant investment in its streets, facilities, parks, natural areas, and other capital improvements. In past years, the Town Council and the Frisco community have demonstrated a firm commitment to and investment in Town capital projects.

II. Five-Year Capital Improvement Program (CIP) Plan

The purpose of long-range capital improvement plans is to allow the Council and community an opportunity to evaluate the impact of the financial needs of requested programs on the regional economy and to coordinate funding needs with all funds. In order to engage in strategic financial and management planning, the Town will closely evaluate and monitor both regional and national economic changes. To meet these needs, it shall be Town policy to prepare 5-year long range capital improvement plans. The Capital Improvement ~~Plan~~Program (CIP) should incorporate the goals of the Strategic Plan and the ~~Community~~Comprehensive Plan addressing municipal needs.

III. Definitions

Capital Improvements shall be defined as major projects undertaken by the Town of Frisco that are generally not recurring on a yearly basis and will fit within one or more of the following categories:

- a. All projects requiring debt obligation or borrowing
- b. Any acquisition or lease of land
- c. Purchase of major equipment, vehicles, or artwork valued in excess of \$25,000 with a life expectancy of

five years or more

- d. Construction of new buildings or facilities including engineering, design, and other pre-construction costs with an estimated value of \$25,000 or more
- e. Major building improvements that are not routine expense and substantially enhance the value of the structure beyond its original condition

IV. Policies

The planning, funding, and maintenance of all capital projects shall be based on the following policies:

- a. The Town will maintain a strong bond rating that is consistent with other Town goals.
- b. As part of the annual Capital Improvement Fund budget, the Town will identify and describe costs of future maintenance needs and operating costs of new capital facilities and equipment prior to funding. All capital projects will identify the maintenance requirements in terms of staffing, supplies, and services.
- c. Town staff will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to Council for approval; this will include capital construction as well as ongoing maintenance.
- d. The Town will identify the ongoing costs and benefits that may be associated with each capital project to determine its effect on other Town policies and the community as a whole.

V. Content

The five-year capital program will contain a concise summary of proposed capital improvements, equipment, and associated maintenance and/or operating costs. The plan must disclose revenue and expenditure assumptions, identify required project staffing levels and have appropriate supporting information as to its necessity and impact.

VI. Responsibilities and Reporting

Department heads and the Finance Department will share responsibility for the preparation of the five-year financial plans for capital improvements. The Town Manager will review and approve detailed worksheets used to generate the long-range plans.

The Finance Department will assist in developing appropriate systems to monitor and update the long-range plans. Town staff will continually update the long-range plans when any significant change is anticipated. The Town Manager may distribute the long-range plans to the Town Council at any time. The long-range plans will be submitted to the Council for approval concurrent with the proposed annual budget.

VII. Funding Sources and Requirements

- a. All Town capital improvements will be constructed and expenditures incurred for the purpose as approved by Town Council, with funds rolled over from year to year until a project is deemed complete.
- b. The Town will use a variety of different sources to fund capital projects, with an emphasis on the “pay- as-you-go” philosophy when feasible.
- c. Funding for operating and maintenance costs for approved capital projects must be identified at the time projects are approved.

Section 9 – Revenue Policy

The Town will consider its revenues as a group rather than in isolation. The Town is sensitive to the balance between the need for services and the Town’s ability to raise fees, charges, and taxes to support Town services. Revenues and rates in the annual budget and the long-range plans will be based on the following policies:

- a. Charges for services that benefit specific users should recover full costs, although competing Town policies may dictate a subsidy for a portion of the costs of such services.
- b. The Town shall strive to diversify its revenues in order to maintain needed services during periods of declining economic activity.
- c. The Town will use as efficiently as possible the resources that it already collects.
- d. The Town will collect as efficiently as possible the resources to which it is already entitled by minimizing receivables and following an aggressive collection policy.
- e. The Town will seek new resources consistent with the policies in this document and other Town goals.
- f. The Town will estimate its annual revenues by objective and analytical processes.
- g. The Town will maintain compliance with legal revenue restrictions, as identified by voters.

Non-recurring revenues and other financing sources will not be used to finance ongoing operations with the exception of the use of approved grants or the use of fund balance in accordance with fund balance policies. Federal aid, state aid, gifts, and grants will be accepted only after an assessment is made of potential cost implications.

- a. Grants will be spent for the purposes intended.
- b. The Town will review grants for operating programs on an individual basis to determine suitability of accepting the grants from a sustainable long-term financial perspective.
- c. The Town will vigorously pursue grants for capital projects that fit long-range community improvement goals.
- d. All potential grants will be carefully examined for matching requirements; both dollar and level-of-effort matches.

The Town will review its fees and other charges for services annually to ensure that revenues are meeting intended program goals and are keeping pace with inflation, other cost increases and any applicable competitive rate. The Town will evaluate cost recovery and align fees with cost recovery goals.

Section 10 – Expenditure Policy

The Town will pursue goals of efficiency and effectiveness by balancing short-term and long-term community needs.

Current operating expenditures will be funded with current operating revenues, approved grants, or the use of fund balance in accordance with fund balance policies. Departments will monitor revenues and expenditures during the year to provide an opportunity for actions to be taken to bring expenditures in line with revenues received.

The Town will undertake periodic reviews of Town programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to services delivery when appropriate.

Section 11 – Grants Policy

The Town will follow all terms and conditions included in a grant agreement. Town Departments and staff that occupy positions of responsibility with respect to grant activity will be designated as the grant’s administrator and have specific roles and responsibilities that they shall perform and uphold both ethically and in the best interests of the Town. Town Council has responsibility for approving spending of grant funds through approval of the annual budget, which includes an amount appropriated for grant awards received throughout the fiscal year.

I. Conflict of Interest

No employee or official of the Town shall have any interest, financial or otherwise, direct or indirect, or have any arrangement concerning prospective employment that will, or may be reasonably expected to, bias the design, conduct, or reporting of a grant funded project on which he or she is working.

It shall be the responsibility of the Grant Administrator for each particular grant-funded project to ensure that in the use of sponsored funds, officials or employees of the Town, and nongovernmental recipients or sub-recipients shall avoid any action that might result in, or create the appearance of:

- a. Using ~~his or her~~their official position for private gain
- b. Giving preferential treatment to any person or organization
- c. Losing complete independence or impartiality
- d. Making an official decision outside official channels
- e. Adversely affecting public confidence in the grant funded program and the Town in general

II. Accounting and Reporting

- a. The accounting system will separate revenues and expenditures by funding source for all grants. The accounting system will break down revenues and expenditures for each individual grant via the project system and supporting documentation will be maintained in the financial system for all grant expenditures, as is required of all expenditures.
- b. The accounting system has a project system that tracks all revenues and expenditures by the specific grant or project by line item or by broad category as may be included in a grant application budget. Grant administrators will reconcile on a regular basis to ensure all revenues and expenditures are being appropriately coded to the correct grant. Project system reports can be run to accommodate different grant time periods that may differ from calendar year reporting.
- c. Federal grant funds will not be commingled with funds from other Federal grants or other local match money. When applicable, any matching funds for a grant will be tracked by the department who is responsible for the grant and will only include items that directly correlate to an approved activity identified in the grant proposal.
- d. Capital assets are tracked through the fixed asset system and, if a grant has purchased a capital asset, will be noted in the fixed asset system. The Town also tracks related award information as required per 2 CFR 200, §200.313(d), Management Requirements.
- e. Only allowable costs will be allocated to a grant.
- f. Town departments are responsible for all aspects of the grant process including planning for grant acquisition, preparing and submitting grant proposals, preparing Resolution requests to accept funds, developing grant

implementation plans, managing grant programs, preparing and submitting reports to grantors, and properly closing out grant projects. Department and Finance staff will maintain a close working relationship with respect to any grant activity to ensure a clear understanding of the project status.

III. Documentation

All grant expenses must comply with the terms set forth in the grant application, grant award letter, Town procurement policies and the guidelines in the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR 200.

- a. Documentation for all expenditures must be retained by the department for audit purposes and should include:
 - i. Timesheets certified or signed by the employee and approved by their supervisor for all payroll expenses
 - ii. Purchasing documents for expenditures (if necessary, based on dollar amount of purchase)
 - iii. Town, state, or governmental agreement number
 - iv. Formal bids for all purchases requiring such a process per Town or Federal regulation, and price or rate quotation documentation for all purchases that do not exceed the Simplified Acquisition Threshold on Federally funded grants per 2 CFR 200, §200.320(b)
 - v. Detailed receipts or invoices
 - vi. General Ledger detail showing revenue and expenditure activity, reviewed on a regular basis, and reconciled to detail provided to granting agencies
- b. The Town's Finance Department, with the assistance of specific grantee Town departments, shall maintain the following information:
 - i. Identify, through a project and account structure, all federal awards received and expended and the federal programs under which they were received. All awards should be identifiable by the Catalog of Federal Domestic Assistance (CFDA) title and number, award number, award year, name of federal agency, and the name of the pass-through agency (if applicable);
 - ii. Maintain internal control over federal programs that provides reasonable assurance that the grantee is managing the award in compliance with the laws, regulations, and the provisions of the contract or grant agreement;
 - iii. Comply with laws, regulations and the provisions of contract or grant agreements related to each grant award; and
 - iv. Prepare required financial statements, including financial statements that reflect the entity's financial position, results of operations or changes in net assets, and where appropriate, cash flows for the fiscal year audited. In addition, a schedule of federal assistance will be prepared for the external auditors which include all federal grants.
- c. Grant documents should be read carefully to ensure compliance with all grant requirements. Additional documentation may be required under the terms and conditions of the specific grant award to include, but not limited to, procurement justification, grant reconciliation frequency, cash match calculation and tracking, and records retention.
- d. Grant administrators are responsible for confirming that the information in the financial system is accurate as outlined above.

IV. Audit

Per OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200 §200.501, all non-federal entities that expend \$750,000 or more in a year on Federal awards, either as the grantee or the sub-grantee, shall have a single or program-specific audit conducted for that year in accordance with the provisions of the Uniform Guidance. The single audit encompasses both the entity's financial statements and the Federal awards received by the entity; whereas a program-specific audit will audit one Federal program and can only be used when the grantee receives grant awards only from one Federal program. The Town contracts with an external firm to conduct a single audit on an annual basis. The awarding agency may also specify additional audit requirements in the grant award letter or grant guidance.

The Finance Department, with the assistance of the specific grantee Town departments, shall follow up and take corrective action on all audit findings.

Section 12 – Procurement Policy

I. Overview

The Town of Frisco recognizes the need to use outside sources for providing professional services, constructing capital projects, procuring supplies and equipment, and providing services for day-to-day operations and maintenance. The Town will follow the below listed policies in making purchasing decisions.

- a. The Town encourages use of Town issued purchasing cards whenever possible.
- b. Chapter 9 of the Town of Frisco Code of Ordinances specifies bidding procedures and contract formation.
- c. The Town shall take advantage of payment discounts whenever possible.
- d. The Finance Department will provide a monthly warrant list to Town Council for approval.

The purpose of this policy is to provide guidance to the Town Council and staff in an effort to set forth a standard of integrity when purchasing goods and services on behalf of the Town, provide for the most efficient use of taxpayer's dollars, provide for timely purchases and project contracting, and follow common sense and good business practices. The intent of this document is to provide guidance and shall not be interpreted as an absolute policy.

II. Procurement Decisions - General Policy

All procurements shall be made from/with the vendor who provides the best value to the Town based on all applicable criteria and the requirements of this Policy. "Best value" is determined by the combination of the priorities set for the particular procurement and this Policy, including, but not limited to price, quality, customer service, availability of services, project schedule, past experience with the Town and region, sustainable practices, and competition. Notwithstanding the foregoing, the Town shall not be obligated to make any procurement when doing so is determined not to be in the best interest of the Town. This criterion is described in 9-2, 9-7, and 9-8 of the Town Code.

III. Definitions

For this policy, these words and phrases shall have the following meaning:

Competitive Sealed Bidding means all documents, whether attached or incorporated by reference, issued and used by the Town for soliciting sealed bids.

Purchasing Agent means the Town Manager or person designated to act on ~~his or her~~their behalf.

Request for Proposals means all documents, whether attached or incorporated by reference, issued and used by the Town for soliciting proposals.

Town means the Town of Frisco, Colorado.

IV. Process

The Town recognizes the need to use outside sources for providing professional services, constructing capital projects, procuring supplies and equipment, and providing services for day-to-day operations and maintenance. Except as otherwise set forth in subsection 9-3(F) and 9-9 of the Town Code, contracts for such services, supplies and equipment in excess of seventy thousand dollars (\$70,000) shall be awarded through the formal competitive bid process as set forth in the Town Code.

- a. Sole Source. Town Council is authorized to approve contracts for any amount, without a competitive bidding process, for goods or services that, in the opinion of Council, are best obtained from a single or sole source due to one (1) or more factors including, but not limited to, specialized skills, special knowledge and/or experience, unique and relevant experience, knowledge of the Town and geographic region, or exceptional qualifications or reputation in the field. When authorizing such contracts, Council shall by motion, resolution or ordinance describe the factors that cause it to approve such contract without a competitive bidding process.
- b. Coordinated Government Purchases. In lieu of any verbal quote, written quote or competitive bid that is required by section 9-3 of the Town Code, department managers may use bids to the State of Colorado, coordination with other government agencies, or bids obtained through the cooperative purchasing programs to get the benefit of the pricing available through those procurement systems, as described in 9-9 of the Town Code.
- c. Open Market. Open market purchases involve an informal evaluation of price, quality, convenience, and service from any source, and the exercise of sound decision-making by the Purchasing Agent based on such information.
- d. Comparative Pricing. For purchases based on comparative pricing, the Purchasing Agent shall solicit quotes from three (3) vendors/suppliers, unless it is impracticable under the circumstances to obtain three (3) quotes. Quotes may be solicited by telephone, by internet research, or in writing, within the discretion of the Purchasing Agent.
- e. Requests for Proposals (RFPs). RFPs must be in writing, should be distributed to a minimum of three (3) firms or individuals and/or posted on a reputable website or professional or municipal journal or magazine and the Purchasing Agent shall reserve the right to reject any and all proposals.
- f. Competitive Sealed Bidding. Where competitive sealed bidding is the selected procurement method, the Town shall follow state law for bid bond requirements.

V. Selection Process

Selection of vendors, contractors or consultants will be based on one or more of the following criteria:

- a. Past experience with the Town
- b. Knowledge of the Town and region
- c. Philosophy regarding the nature of the project
- d. Availability of time

- e. Quality of product, service, material, maintenance and/or warranties
- f. Price
- g. Such other criteria as provided in the invitation for bids, if applicable

VI. Coordinated Government Purchases.

In the event the Town of Frisco can coordinate budgeted purchases for providing professional services, constructing capital projects, or procuring supplies and equipment in conjunction with other Summit County government agencies, and such coordination results in lower costs and furthering the intergovernmental relationship, the bidding requirements set forth herein may be waived by the Town Manager.

VII. Emergency Purchases

In the event of a natural disaster, accident, or other emergency during which the health, safety or welfare of the community is at risk, the bidding requirements set forth herein may be waived by the Town Manager.

VIII. Competitive Bids

If a formal or competitive solicitation does not result in award due to lack of qualified responses, the Department Director or designee may utilize an alternative solicitation and negotiation method if approved by the Town Manager.

When substantially similar bids are received from different bidders for identical services or products, the Town will offer those bidders the opportunity to re-bid. When two or more bids are substantially similar, and the bidders have had the opportunity to re-bid, the Town will give preference in awarding the contract either to a local bidder (as such term is defined in section 9-7 of the Town Code) or to a bidder with whom the Town has previously contracted.

IX. Rejection of Bids; Waiver of Formalities

The Town of Frisco reserves the right to reject any or all bids or waive any formalities in whole or in part. In the event that the contract is awarded to other than the lowest qualified bidder, written justification shall be supplied.

X. Local Preference

At the Town Manager's discretion, based upon the vendor criteria set forth in Section 9-2 of the Town Code, bids solicited from local bidders pursuant to this Chapter may receive preference. In order for a local bidder to be awarded a contract pursuant to section 9-7 of the Town Code, the bid, if received from a Frisco-based bidder, shall not be more than ten percent (10%) higher than that of the lowest qualified bidder, and if received from a Summit County, Silverthorne, Dillon or Frisco-based bidder, shall not be more than five percent (5%) higher than that of the lowest qualified bidder. "Local Bidder" is defined as any person, partnership, limited liability company, corporation or association who has been a bona fide resident of Summit County, Silverthorne, Dillon, or Frisco for one (1) year or more immediately prior to submitting a bid. In addition to price, other criteria is considered in the selection process, which may result in the selection of a bidder outside of this criteria.

XI. Recycled Product Purchases

The Town encourages recycling and supports environmental concerns. When all other factors are the same, the department managers are encouraged to purchase recycled products provided the cost is within 10% of other bids.

XII. Publication Requirements

When competitive bids are required as set forth in Section 9-3 of the Town Code, an "invitation to bid" shall be published in a local newspaper of general circulation at least fifteen (15) days but not more than forty-five (45) days from the bid deadline. The invitation to bid shall include an adequate description of the services, supplies and/or equipment to be purchased. Bids shall be opened publicly at the time and place designated in the invitation for bids. The amount of each bid and such other relevant information as may be specified by Town policy, together with the name of each bidder, shall be entered on a record and open for public inspection. The Town shall not be obligated to select the lowest bidder but shall select based on the criteria established in this Chapter and in the invitation to bid.

XIII. Federal/State Requirements

The procurement requirements of any external agency, under which the Town has entered into an agreement, that are more restrictive than those of the Town's shall take precedence if required by the agreement.

XIV. Contracting Methods

The Purchasing Agent may utilize as many alternative methods of contracting management as determined to be feasible. This may include unit price contracts, design/build, lump sum, time and materials, Construction Manager General Contractor (CM/CG), Construction Manager at Risk (CMAR), or any other delivery method deemed appropriate for the project.

XV. Approving Authority

The Purchasing Agent shall be responsible for all contracts and purchases within the limits of the annual budget approved by Town Council, per the Frisco Home Rule Charter.

XVI. Retention Schedule

All solicitations and responses, and resulting contract documents, shall be retained in accordance with the Town's retention schedule and must be available for the Town's annual audit.

XVII. Other Ethics Laws & Policies

Laws and policies regarding ethics established by the Town Charter, Code, Council Policies, Employee Policies, and state law shall apply to this Policy. Additional Federal policy may be adopted on a per project basis as required by agreement.

XVIII. Confidentiality of Information

Under the Town's Charter, it shall be the policy of the Town that all public records of the Town shall be open for inspection at reasonable times, except as otherwise provided by Colorado statute. The Town shall comply with all laws, regulations, and policies defined in the Town's Charter, Municipal Code, Administration regulations and memorandums concerning open records and the exceptions regarding confidentiality of information including, but not limited to the Health Insurance Portability and Accountability Act of 1996, Colorado Children's Code and the Criminal Justice Records Act. Confidential information includes but is not necessarily limited to personnel records and information concerning individuals.

Section 13 – Purchasing Card Policy

I. Overview

The Procurement Card (P-Card) is a purchasing method whereby approved users in a department are issued a commercial Visa. Each Visa is printed with the Town of Frisco name/logo, the name of the individual cardholder (employee) and Town's State of Colorado tax exemption number. Interested departments should contact the Procurement Specialist within the Finance Department.

II. Cardholder Responsibilities

- a. Purchasing authorized goods within the Town's procurement policies and the guidelines set forth in this document and any subsequent revisions.
- b. Ensure proper budget authority and authorization, as needed, from supervisor.
- c. Taking advantage of all discounts, rebates, store coupons.
- d. Ensuring that all eligible purchases are tax exempt.
- e. Confirming that original merchant documentation is complete and available for every transaction. If cardholder has lost original documentation, cardholder must contact the merchant directly to acquire duplicate documentation. If the merchant will not provide the documentation, cardholder must provide the following information in addition to justification for the purchase and reason for loss of documentation:
 - i. Description and quantity of each item purchased
 - ii. Total cost of the order
 - iii. Per item cost if available from the merchant
 - iv. Cardholder name and/or card number

Lack of original documentation is considered to be a cardholder violation.

III. Department Head Responsibilities for Cardholders Under their Supervision

- a. Setting cardholder monthly limits
- b. Reviewing and approving the monthly Statement of Account for each cardholder
- c. Recording any violations in the P-Card program
- d. Taking appropriate action for such violations
- e. Informing the Procurement Specialist of cardholder transfer or terminations

IV. Purchasing Limits

- a. Each Cardholder will have a monthly spending limit assigned by their Department Head.
- b. Cardholders are responsible for ensuring that funds are available to pay for all requested purchases.
- c. Should the Cardholder require a higher spending limit for a particular time period, a request should be sent to the

Procurement Specialist.

- d. Supplies purchased must be immediately available for delivery from the merchant. No backordering is allowed. The merchant must deliver all items purchased by telephone within the 30-day billing cycle. The order should not be placed without this assurance.

V. Security of Cards

To prevent unauthorized P-Card use:

- a. Cardholder must safeguard cards and card numbers.
- b. Cardholder must prohibit others from using their individual P-Card.
- c. Town P-Card has a unique design and color and was selected as a safeguard against accidental use for personal purchases.

VI. Authorized Purchases

The P-Card may be used to purchase authorized supplies and equipment from authorized sources up to the individual cardholder's monthly limit.

Education and Travel Related Authorized Purchases

Authorized purchases include registration fees, airline reservations, ground transportation, tolls, parking expenses, lodging and meals. Registrations, hotel and air travel may be paid once all documentation is signed and approved by the department head. Detailed receipts for all registrations, lodging and travel expenses must be retained and submitted with the P-Card statement. Cardholders are responsible for ensuring that all eligible in-state travel expenses are tax exempt.

Meal Expenses

Whenever possible, Town cardholders should use their P-Cards to purchase meals while traveling on Town business. The Town provides a per diem meal allowance based on the rates set annually by the U.S. General Services Administration ([GSA](#)).

The meal allowance amount includes any gratuities. Cardholders are responsible for ensuring that the Town's tax-exempt status is honored for meals purchased. Cardholders are expected to adjust the per diem for individual meals based on their travel schedule and the time of departure and return. In addition, cardholders are expected to adjust the per diem for any meals that are included in education registration fees. If unable to use the P-Card for any meal expenses, cardholders must retain all itemized receipts and submit these for reimbursement up to the per diem amount per meal.

Meal purchases include food and non-alcoholic beverages only. The purchase of alcoholic beverages is prohibited. Detailed receipts for all meal purchases must be retained and submitted with the P-Card statement.

VII. Ghost Card Best Practices

- a. Card information should be kept secure at all times.
- b. If card information may have been compromised the card administrator must be notified immediately.
- c. Cardholder must follow all guidelines of a physical card.

VIII. Unauthorized Purchases

- a. Cash advances are strictly prohibited.
- b. Personal ~~Services~~Purchases.
- c. Purchases of tobacco and alcoholic beverages (exceptions may be approved by the Town Manager, based upon departmental events and needs).

IX. Selecting a Merchant

- a. Priority should be given to merchants that offer discounts to the Town.
- b. Local vendors should be selected whenever possible if pricing is comparable.
- c. When all other factors are the same, purchases are encouraged to be of recycled materials provided the cost is within 10% of other similar products. Be sure to look for the following:
 - i. Products with recycled content (“post-consumer” recycled content is preferable)
 - ii. Products with the Energy Star label
 - iii. Products with reduced packaging
 - iv. Products that can be reused
 - v. Energy efficiency
 - vi. Products that are biobased/organic based (versus petroleum-based solvents, etc.)
 - vii. Products are labeled “compostable”

If vendor does not accept Town’s P-card, cardholder will need to choose different merchant or choose another payment method. If cardholder frequently does business with this merchant, the Procurement Specialist should be contacted for assistance.

X. Placing an Order

- a. Cardholder may place order in person, by phone, fax, computer, or mail.
- b. Cardholder must inform merchant that the purchase is tax exempt. The Town’s tax-exempt number is printed on each purchasing card.
- c. Cardholder must remind the merchant that the purchase is for local government and should be accorded any applicable discounts.
- d. Cardholder will give name as it appears on the card.
- e. Cardholder must request documentation showing description and cost of items.
- f. Cardholder will notify vendors not to submit invoices to accounts payable.
- g. COD deliveries are not allowed.
- h. If the vendor needs an official tax-exempt certificate, contact the Procurement Specialist to have this information sent to the vendor.

XI. Returns and/or Exchanges

- a. Make arrangements with the merchant before shipping an item for return.
- b. The merchant must credit a return and charge a new transaction. Exchange of like items (e.g., different color) may not require a credit transaction.
- c. It is a merchant violation to refund cash for a credit return. Do not allow merchants to do this. It is a cardholder violation to accept cash instead of a credit to the account.
- d. Document all returns and exchanges. This information may be needed for a formal dispute.

XII. Receive and Inspect Good and Services

Inspect all goods and services immediately upon receipt or completion of service. If there is a problem with the order or the service conducted, contact the merchant immediately. Keep notes on problems and their resolution including names, dates, and conversation results.

XIII. Documenting Each Transaction

Every transaction must have valid and complete source documentation from the merchant, including Internet purchases.

Valid source documentation may be:

- a. A receipt and card transaction slip from the merchant
- b. Order forms for dues, registrations or similar items
- c. An invoice showing credit card payment

All documentation must include the following information:

- i. Vendor Identification (Merchant name)
- ii. Date the purchase was made
- iii. Pricing for each item
- iv. Order total including shipping/handling costs

XIV. Cardholder Statement of Account and Reconciliation

A Statement of Account will be available to each Cardholder who has transactions during the billing cycle on the UMB website. The Cardholder or assigned designee must reconcile the statement charges in UMB prior to the 9th day of the following month. The electronic approval of each charge should include a detailed description of the purchase and assignment of the appropriate general ledger line item. UMB training for new cardholders is available on the Town's Intranet.

XV. Disputes

- a. Vendors are not permitted to bill a purchasing account until the goods or services are delivered.
- b. The cardholder is responsible for contacting and following up with the vendor on any erroneous charges, disputed items or returns as soon as possible. Most issues can be resolved this way.
- c. If the cardholder is unable to reach an agreement with the vendor, the next step is to contact UMB Bank directly to

file a Dispute.

- d. UMB will provide the cardholder Vendor Dispute Form to complete. The dispute form will then be forwarded to UMB Bank for resolution with the vendor.
- e. UMB Bank must be notified of any disputed items within 60 days of the last cycle in which the item was purchased.
- f. Disputed billing can result from the following:
 - i. Failure to receive goods or materials
 - ii. Fraud or misuse
 - iii. Altered charges, incorrect amounts, duplicate charges
 - iv. Defective merchandise credits not processed, etc.

In the event of fraud, notify the Procurement Specialist immediately.

XVI. Violations and Consequences

The purchasing card that a cardholder receives has ~~his or her~~their name embossed on it. No other individual may use this card. It has been specifically designed so that it will not be confused with personal credit cards. This card must not be used for personal purchases. In the event a violation occurs:

- a. The Town of Frisco must be reimbursed immediately.
- b. The Town of Frisco may cancel the P-card.
- c. Violation of this policy may be investigated and could result in termination and/or criminal prosecution. In the event of willful or negligent default of this obligation, the Town will take any recovery action deemed appropriate, as permitted by law.

XVII. Inappropriate Purchases/Failure to Provide Original Documentation

- a. A written warning and an investigation may be conducted for inappropriate purchases.
- b. Cardholders will be required to obtain additional training on use of the program.
- c. Continued misuse will result in cancellation of the card.

XVIII. Lost or Stolen Card Reporting

Cardholders shall report a lost or stolen card immediately to UMB Bank at (800) 821-5184 and the Procurement Specialist at (970) 668-4576.