ACCOUNTING MANUAL

Revised March 2015

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INTRODUCTION AND PURPOSE

This Accounting Manual (the "manual") provides a means for formalized, systematic documentation and communication of accounting policies and procedures established by the Village of Wellington's Office of Financial Management and Budget ("OFMB"). This manual provides guidance on how to record, maintain, monitor and report on Wellington's assets and liabilities, as well as revenue collections and expenditure disbursements. This manual also demonstrates the Village's commitment to strong financial operations and to providing a strong precedent for future policy makers and financial managers on the Village's financial goals and strategies. The manual has been divided into a number of sections representing the key financial processes / classes of transaction, with specific policies and procedures developed for each.

The manual should be reviewed on an annual basis for any revisions that may be required. The revisions are to be approved by the Director of Financial Management & Budget and should be communicated to employees responsible for performing the appropriate functions.

Employees should use the manual to ensure their understanding and compliance with Wellington's finance policies and procedures. It is also intended for use in training new employees, as well as temporary assignments (covering functions in the absence of the responsible employee). Finance and Administration staff shall:

- perform their duties in accordance with the appropriate recognized ethical and legal standards and comply with Wellington's Code of Ethics;
- practice honesty and integrity in all aspects of their work;
- exhibit professionalism in the workplace, and conduct themselves in a way that will continue to promote the public's confidence in the integrity of the Village;
- fulfill their assigned responsibilities, and be proactive in developing the skills necessary to provide high job performance;
- exercise fiduciary responsibility with respect to safeguarding the Village's assets;
- exercise custodial responsibility with respect to the use of Village property and resources;
- take action to mitigate any real or perceived conflicts of interest; and
- comply with Federal and State laws and regulations and Wellington policies and procedures.

Generally Accepted Accounting Principles, Basis of Accounting, and Measurement Focus

The Financial Statements of the Village of Wellington are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). The Village applies all applicable GASB pronouncements and Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. Wellington has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 as permitted by Statement No. 20 of the Governmental Accounting Standard Board, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. Wellington's financial statements include all the operations for which the Village is responsible.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized in the period in which they become susceptible to accrual, i.e., when they become measurable and available to pay liabilities of the current period. Ad valorem taxes, special assessments and charges for services are susceptible to accrual when collected in the current year or within 60 days subsequent to year end, provided that amounts received pertain to billings through the fiscal year just ended. Intergovernmental revenues, which include state revenue sharing allotments, local government one-half cent sales tax and county shared revenue, among other sources, are recorded in accordance with their legal or contractual requirements if collected in the current period or within 60 days after year end. Interest is recorded when earned. Other miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which is recognized when due.

The enterprise funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Unbilled utility service receivables are estimated and recorded at year-end. Fees collected in advance of the period to which they apply are recorded as unearned revenue.

Wellington's transactions are recorded in individual funds. The operations of each fund are accounted for using a separate self-balancing set of accounts, which comprise its assets, deferred outflows, liabilities, deferred inflows, fund equities, revenues, and expenditures or expenses. The creation or elimination/consolidation of a fund is traditionally approved during the annual budget adoption process but may be approved by Council at any other time of the year.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

The enterprise funds are accounted for on the flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with the activity is included on the balance sheet. The enterprise funds operating statements present increases (revenues) and decreases (expenses) in net total position.

Chart of Accounts

Florida Statutes require local governments to follow uniform accounting practices and procedures and a uniform chart of accounts as established by the Florida Department of Financial Services. As of October 1, 1995, the Village incorporated the Uniform Accounting System Chart of Accounts developed by the State of Florida Department of Financial Services as an integral part of its accounting system. The general ledger account classification structure, as defined by the Village, consists of 14 digits. The position of each digit in the account number defines its meaning as follows:

	DESCRIPTION
FFF	Fund
VV	Division
DD	Department
AAA	Basic Activity
EE	Element
OO	Object

The structure of the Chart of Accounts will be modified as needed to accommodate each year's budget.

Description of Funds

General Fund

General Fund - used to account for all financial resources and related expenditures applicable to all Wellington general operations. Funding basis is ad valorem taxes to be assessed against all taxable properties within the Village boundaries, plus other municipal revenue sources. Additionally, the General Fund includes all recreational programs and events, which had previously been reported in a separate Special Revenue Fund, due to the implementation of Governmental Accounting Standard No. 54 which clarified the use of special revenue funds.

The following Sub-Funds are components of the General Fund (self-balancing set of accounts used to control moneys that have been earmarked but not restricted for specific activities or objectives but are solely funded through General Fund revenues). For budgetary and financial statement reporting purposes, these funds are rolled up into and reported as part of the General Fund.

Public Safety – used to track all financial activity applicable to the operations of Public Safety. Currently, this fund tracks expenditures for police services as contracted from Palm Beach County Sheriff's Office funded by the General Fund through an operating transfer. Public Safety is consolidated into the General Fund for budgeting and reporting purposes.

Emergency Operations – used to segregate all financial activity applicable to emergency preparation and response. Currently, this fund tracks expenditures for emergency materials and equipment.

Lake Wellington Professional Centre – used to segregate all financial activity applicable to the Lake Wellington Professional Centre. Currently this fund tracks revenue and expenditures for the leasing of professional office space.

Special Revenue Funds

Acme Improvement Fund - used to account for all financial resources and expenditures applicable to the operations of the Acme Improvement District, a dependent district of the Village, in accordance with the Plan of Reclamation and Water Control Plan, and existing operations, construction of capital facilities, and maintenance of same. Funding basis is non-ad valorem assessment against all taxable units within the District.

Building Fund - used to account for all financial resources and expenditures applicable to Building operations. The purpose of this fund is to segregate various permitting and inspection services pertaining to Building and to insure that the fee structure for such activities is accurate. Pursuant to Florida Statute, Building revenues should fund all and only building expenditures.

Gas Tax Maintenance Fund - used to segregate gas tax revenues which are restricted for transportation operations and related expenditures. (Gas tax revenues are split into two main functions: transportation maintenance and transportation capital). Any shortfall may be funded by the General Fund through operating transfers.

Wellington Community Foundation – used to account for the financial activity related to this blended component unit of the Village.

Capital Projects Funds

Recreation and Transportation Impact Funds - used to ensure that impact fees be accounted for separately. All impact fee revenues are restricted to fund recreation and transportation construction projects relating to the impact of growth. The use of these separate funds enables Wellington to demonstrate not only the separate accounting of impact fee revenue, but also to account for expenditures of impact fees for specific projects.

Gas Tax Capital Fund - used to segregate gas tax revenues which are restricted for transportation construction projects. (Gas tax revenues are split into two main functions: transportation maintenance and transportation capital).

Capital Project Fund - used to segregate all financial activity applicable to governmental capital expenditures from governmental operating expenditures. These expenditures are primarily funded by Wellington's General Fund and Acme Improvement Fund through operating transfers and grant proceeds.

Debt Service Funds

General Debt Service Fund - used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs for debt collateralized by a pledge to covenant to budget and appropriate from legally available non-ad valorem sources on an annual basis sufficient to make the annual debt service payments.

Proprietary Fund Type

Enterprise Funds - used to account for operations which provide services on a user charge basis to the public and for activities where the period measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes. Proprietary fund activities and basis of accounting are similar to those often found in the private sector. The Village's proprietary activities are water and wastewater utility services and solid waste collection and recycling services.

Fiduciary Fund Type

Employee Retirement Healthcare Trust Fund - used to account for the trust fund established to receive and invest Wellington healthcare contributions in a defined benefit other postemployment benefit plan and disburse these monies to cover retirees' health insurance in accordance with the trust document. Since these assets are held for the benefit of third parties and cannot be used to finance Wellington activities or obligations, there is no associated budget, nor is this fund included in Wellington's government wide financials.

References:
Section 218.33, F.S.; Local Government Entities; Establishment of Uniform Fiscal Years and Accounting Practices and Procedures
Florida Department of Financial Services Local Government Section (includes current Chart of Accounts): http://www.myfloridacfo.com/aadir/localgov/

EFFECTIVE SYSTEM OF INTERNAL CONTROLS

Internal controls, which are an integral part of any organization, are put into place largely to allow management to monitor operations, identify business risks and generate pertinent information, both financial and nonfinancial, to drive needed action.

The nature of controls put into place depends on transaction size and complexity, the impact on the financial statements as a whole, the regulatory environment, as applicable, and the related risk of fraud, loss, or material misstatement. Although having an effective system of internal control does not guarantee accuracy or absolute assurance of misstatements, they can reduce the risk of significant misstatements.

Wellington's system of internal control can be divided into two areas: accounting controls and administrative controls. Administrative controls deal with the operations of the business, whereas the accounting controls deal with accounting for such operations. This manual focuses on internal accounting controls (although there may be some overlap between the two). Accounting controls should be designed to achieve the five basic objectives:

Validation – Validation is the examination of documentation, by someone with an understanding of the accounting system, for evidence that a recorded transaction actually took place and that it occurred in accordance with the prescribed procedures.

Completeness – Completeness of control tasks ensures that all transactions are initially recorded on a control document or record and accepted for processing once and once only. Completeness controls are needed to ensure proper summarization of information and proper preparation of financial reports.

Accuracy – The accuracy of amounts and account classification is achieved by establishing control tasks to check calculations, extensions, additions, and account classifications. The control objective is to be certain that each transaction is recorded at the correct amount, in the appropriate account, in the right time period.

Maintenance – The objective of the maintenance controls is to monitor accounting records after the entry of transactions to ensure that they continue to reflect accurately the operations of the business. These will include bank and other account reconciliation and subsequent review by responsible authorized individuals as well as supervision and segregation of duties also ensure that the internal control system is operating as planned.

Physical Security –Physical security of assets requires that access to assets be limited to authorized personnel. Protection include restriction unauthorized personnel from obtaining direct access to assets or indirect access through accounting records which could be used to misappropriate assets.

The procedures provided below are *general* in nature to maintain an effective internal control system. Procedures *specific* to each key financial process / class of transaction are provided in the sections throughout this manual. Additionally, a complete Risk Assessment is performed annually to ensure that Wellington internal control procedures meet the objectives mentioned below.

1. Determination of Validity: All transactions are reviewed and validity of each is determined (e.g., appropriate approvals have been obtained and/or comparisons have been made to the underlying documentation).

2. Check for Completeness: Review the numerical control of items that have not been matched with supporting documentation (if required) or are not complete. Check statements and ledgers for unprocessed transactions.

3. Check for Accuracy: Check the mathematical accuracy of all supporting documents. The extent of checking can be either: (1) 100% recalculation; or (2) a check of amounts above (or below) a specified amount.

4. Segregation of Duties: Establish a separate control to account for the completed items, which should be performed by an individual independent of the custodian of the journals or registers.

5. Performance of Reconciliations: Perform monthly and/or quarterly reconciliations between subsidiary records and control accounts to ensure that postings are correct and adjustments have been properly processed. Investigate all differences on a timely basis.

6. Control of Documents: If a document is internally generated it should be pre-numbered and physical control should be maintained over unissued documents (e.g. checks).

7. Safeguarding of Accounting Records: Perform periodic review of IT access and ensure appropriate access to accounting records.

Information Technology

OFMB utilizes Sungard Naviline to record the financial transactions of the Village within the Fiscal Services module of the software. The Fiscal Services module contains the following components:

Accounts receivable
Cash receipts
Fleet management
Global financial services
Government management and budgetary accounting ("GMBA")
Payroll
Purchasing/Inventory
Work order/Facility
Asset management
Contract management
Procurement card

Budget

Purpose

To establish a budget process that incorporates the development, implementation, and evaluation of the strategic plan for the provision of municipal services and capital assets. Through this process the annual budget is developed to establish financial allocations that integrate priorities and short and long term goals as established by Council in order to meet the needs and goals of Wellington.

Responsibility

The Office of Financial Management and Budget (OFMB) communicates with and receives relevant information from all departments to present to the Village Manager and Council a budget that serves as a management and control tool. Mandatory compliance with State deadlines for Truth in Millage necessitates the development and strict adherence to a structured schedule of tasks and the planning steps and meetings to timely complete the assigned process.

Policy

State of Florida Statutes requires that all municipal governments establish budgetary systems and approve annual operating budgets. The Council annually adopts an operating budget and appropriates funds for the general, special revenue, capital and debt service funds. ***The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level.***

The budget is a financial plan and a balance of revenues and expenditures, prepared according to Florida Statutes and Generally Accepted Accounting Principles. Budget development results from strategic planning that supports the mission, vision and council initiatives. Budgeting is an essential element of the financial planning, control and evaluation processes of governments.

Chapter 200, F.S., and the Truth in Millage (TRIM) guidelines promulgated by the Florida Department of Revenue outline specific requirements that local governments must follow with respect to adopting property tax rates and budgets. Some of the key requirements are as follows:

- Specific timetables with respect to the noticing of the local Property Appraiser's office for the adoption of the ad valorem millage rate and budget; the scheduling of the Tentative and Final Millage Rate/Budget public hearings and the respective advertising of the public hearings.
- The preparation of specific forms which must be sent to the local Property Appraiser's and Tax Collector's offices and the Florida Department of Revenue.
- The placement of specific advertisements which are uniform throughout the state based on the local government's situation.

Wellington prepares an annual comprehensive budget for each fiscal year, beginning October 1 and ending September 30. Wellington adopts its annual budget in September after two public hearings are held for input from residents. Separate budgets are prepared for governmental and enterprise funds.

The budget serves as a management and control tool by measuring actual performance against budget standards, focus attention on future operations and plans and improve communication of goals, objectives and plans. The following provides an overview of the budget process.

The adopted budget may be amended at any time during the fiscal year or within sixty (60) days following the end of the fiscal year. If the amendment increases the total amount of expenditures by fund or department, the budget amendment must be adopted in the same manner as the original budget; that is, it must be approved by Council.

Authority (Budget Officials)

The Village Manager acts as the Chief Budget Officer. The Director of Financial Management and Budget has overall responsibility for budget functions, including developing, implementing, and monitoring the overall budget, with assigned staff having responsibility for compiling the budget with input from department managers and directors. Each director has ultimate responsibility for their departmental budget including development of goals, preparation of their departmental budget, and the monitoring of their accounts.

Budget Process

The Village's budget includes the expenditure budget and the means of financing them, or the revenue budget. The expenditure budget is comprised of operating, capital and debt service expenditures. The revenue budget consists of ad valorem assessment, non-ad valorem assessments, and other revenue or financing sources.

The budget resource decisions address the desired quality of service, staffing levels, technology and equipment needs, capital projects, and programs considered to be priorities by Council.

Wellington's budget process relies on a timetable of tasks and the planning of steps and meetings that must be maintained in order to comply with state requirements for Truth in Millage as well as internal requirements for sound planning and fiscal responsibility. The budget process begins with setting a calendar of tasks for the coming months that meets all requirements.

Annually, the service priorities and objectives for each fiscal year are evaluated and the long-term financial plan is monitored and updated in order to set direction for the development of the budget that is properly aligned with the broad goals and strategic directives. This includes an assessment of services, capital needs, issues and challenges, opportunities as well as a review of economic trends, upcoming legislative or political decisions, and financial forecasts.

The following sample calendar summarizes the general budgetary timeline; these dates are approximate and are not specifically bound by policy but are used for training purposes.

Village of Wellington
BUDGET CALENDAR

Task	Date
Develop budget process and identify issues	January - First Week
Financial Services prepares budget module, advanced analyses, budget request packages and guidance materials	January - First Week
Budget Kickoff with department heads	February - First Week
Department Action Plans due	February - Third Week
Departmental Business Plan & budget requests due	March - First Week
Departmental TPP replacement & new fixed asset requests due	March - First Week
Departmental Budget Review Meetings	Mar - First/Second Week
Draft budget and departmental presentations, review requests of departmental overviews with Directors	Mar - First/Second Week
CIP Development	Mar - Third/Fourth Week
Draft recommended CIP to senior managers	March - Final Week
Recommended CIP to City Manager	April - Second Week
Preliminary Taxable Value and state shared revenue estimates	June - First three weeks
Budget & CIP Workshop	June - Third Week
Budget Workshop - TRIM & Preliminary Budget Document available	July - Second Week
Preliminary TRIM approval	July - Second Week
Maximum TRIM rates due to Palm Beach County	July - Final Week
Budget Workshop - NAV, Utilities, Solid Waste	August - Final Week
Approve resolutions for non-ad valorem assessments & related fund budgets and approve resolution for enterprise fund budgets	August - Final Week
First public hearing on proposed budget: · Announce percentage by which computed millage exceeds roll back rate · Adopt tentative budget · Amendments (if any) · Re-compute proposed millage (if amended)	September - First Week
Advertise notice of tax increase and proposed operating budget within 15 days of Public Hearing	September - Second Week
Second public hearing on proposed budget and approval of resolutions for final adoption of ad valorem millage rates and budget 2-5 days after advertisement	September - Third Week
Certification of "TRIM" compliance signed by Village Manager and submitted to Tax Collector	September - Final Week

Note: That the above timetable meets the requirements of the State of Florida, Palm Beach County and existing bond covenants

Procedures

As part of the budget process, departments evaluate performance towards meeting current and past goals and objectives and assess current conditions, programs and needs. Various financial analyses, as well as productivity and staffing analyses, are performed. Additionally, analyses are performed to consider economic and legislative factors and their potential impact on the budget and to determine any changes or updates to the original assessment. Programs and services are also reviewed thoroughly to assess their value and the subsequent priority to the residents of Wellington. These internal analyses are necessary to determine service needs and delivery improvements, cost savings and opportunities, and required staffing levels. Additionally, departments identify possible trade-offs in an attempt to provide the "best fit" of resources between service and workload estimates.

A separate package is devoted solely to capital improvement projects. The capital improvement budget development begins with updating the five-year Capital Improvement Program (CIP) with input from each department. Capital improvement needs are identified for the next five years and projects in progress or otherwise previously approved are updated based on current information.

Departments submit justification for each new project proposal and include the estimated source of funding and operating budget impact, net of cost savings and potential new revenues. A combined updated CIP is presented to senior staff for review; each project is evaluated individually and as part of the whole and the plan is submitted to Council for approval. Projects proposed for the first year are included in the annual budget development process.

The Office of Financial Management & Budget performs an administrative review of the entire proposed budget (operations, capital and debt) for consistency, reasonableness, accuracy and compliance with policies. The proposed document is compiled for presentation to the Village Manager who hears department presentations, evaluates selected departments/ divisions/ issues/ operations, and performs an overall review. The review also includes a broader assessment of whether the departmental proposals and CIP address the Council's goals, strategic directives, and program service needs while maintaining a city-wide perspective ensuring fiscal integrity.

After review, a Manager-recommended budget is formulated for Council presentations. Budget presentations are distributed to Council, the press, and posted on Wellington's website. Through budget workshops, the Council reviews the budget alternatives and considers the Manager's recommendations to arrive at the selected level of service and the corresponding budget which includes all proposed operating and capital expenditures and the financing sources.

The budget is adopted in compliance with the Wellington Charter and the Truth in Millage (TRIM) Act, which include strict requirements and timetables for notice of budget hearings and ensuring resident input before final action. The Florida Department of Revenue sets a schedule for governments to follow in adopting tax roll information in accordance with the county property appraiser offices. Accordingly, there are three public hearings scheduled, conducted to obtain residents' comments. Revisions are made as appropriate, and the final budget is adopted by a resolution of the Council. Upon completion of the process, a copy of the final adopted budget is furnished to the Office of the Clerk of the Board of County Commissioners and to the State of Florida to certify compliance with all statutory requirements.

The Enterprise Funds Budget is often approved separately from the Governmental Funds Budget as part of the ACME budget approved in August, but in no case later than September 30 each year in accordance with existing interlocal agreements as well as with utility revenue bond issue requirements.

Budget Implementation, Monitoring & Controls

Policy

Upon the final adoption of the budget, staff implements the new fiscal year budget and begins the process of continuous monitoring and ensuring budgetary control throughout the fiscal year. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Village's governing body.

While budgetary controls are established at the total departmental level, Department Directors and Managers also monitor revenues and expenditures at various other levels in order to achieve effective control over departmental budgets.

A budget amendment or line item transfer within funds or departments is approved at the department level, any budget amendment increasing the total budget or the fund or department level is approved by Council and is posted on the Village's website.

Line item budget transfers:

1. Funds are permitted to be transferred between accounts within the same department and fund.
2. Line item transfer amounts are in whole dollars
3. Total transfer is not required for single account overages under $500
4. Total transfer amounts in and out must equal zero
5. Transfer will generally be kept within expense categories (personnel, operating and capital) except where noted:
    a. Vacancy coverage: Budgeted positions that are unfilled and may be covered by contract services may be approved for transfer from personnel to operating expenses.
    b. Budgeted capital expenditure is below capital threshold: fixed asset replacement budgeted higher than $5,000 may cost less. The funds may be transferred from a fixed asset account line to tangible personal property under $5,000.
6. Capital project amendments may not be made without Council approval except from fund contingency. Capital project transfers from contingency are limited to the approved Change Order authorization threshold.
7. New general ledger account and project codes should be requested when necessary to maintain ease of expense tracking and ensure proper coding of expenditures.

Wellington also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end; however, encumbrances for one-time purchases roll forward to the new fiscal year. Recurring purchases are generally re-appropriated as part of the following year's budget. All expenditures, other than personal services, are controlled by a procurement system which encumbers purchase orders against the budget prior to issuance to vendors. Purchase orders are not issued until appropriations are made available.

Procedures

Reports are prepared monthly to assist Directors and Managers in monitoring their department's revenues and expenditures and determine their over/under expenditures. In addition, these reports (available on Wellington's intranet and internet) can be generated daily or at any time by authorized employees.

Department Directors and Managers are accountable for over/under expenditures. At any time during the fiscal year, the Department Director may request to transfer part or all of any unencumbered budget balance among divisions or programs within a department. All transfers must be approved by the Department Director and Director of Financial Management & Budget. Transfers between departments must be approved by both affected Department Directors. All other transfers, including those from the overall Village contingency funds, as well as amendments to increase the total budget or to use reserves must be approved by the Council.

Department Directors complete the budget transfer/amendment request with the following information:

- Account Numbers and Descriptions
- Current Budget Amounts (making sure they agree with financial records)
- Increases/Decreases (must equal)
- Amended Budget Amounts
- Totals of Each Column
- Explanation or Justification

The Budget Office will review the transfer request for accounting accuracy and adherence to policies, sign and submit to the Director of Financial Management & Budget for approval. OFMB will assign transfer numbers, enter the approved transfer into the accounting system and maintain records of signed documentation and system entry.

Quarterly, OFMB reviews economic and financial trends as part of the financial reporting process. Year-to-date totals are compared to the budget, revenue and expenditure patterns are examined and compared to provide forecasts and recommend corrective action as needed.

Year-End Procedures

Policy

Unused appropriations for annually budgeted funds lapse at the end of the year. If a net surplus exists, a portion of this amount may be carried forward to the subsequent year and allocated to specific expenditure accounts or contingency. The carryover balance shall be determined subsequent to the start of the fiscal year and may be approved during the annual budget process. Changes in economic condition, priorities, scope of projects and operating procedures may occur during the period from budget planning to implementation and carry-forwards can be adjusted accordingly.

Procedure

At the end of each fiscal year, OFMB prepares annual analytical review and compares budget (and expected or projected results) to actual results by department, division, and account. Open purchase orders are generated by using year-end Naviline reports. The types of accounts that are eligible to be classified as a carry –forward include: Encumbrances, Other expenses, Fixed Assets, and Capital Improvement Projects. A summary of open carry-forwards by department is created and forwarded to senior staff for their input and final approval. Council receives the carry forward summary by fund and department for approval. Once approved by Council, the budget office performs a final review prior to input into the budget and accounting system. Non-encumbrance items are entered as budget amendments while encumbrance items are generated by Naviline.

References:
Section 129.03, F.S.; Preparation and Adoption of Budget
Section 129.06, F.S.; Execution and Amendment of Budget
Section 166.241, F.S.; Fiscal Years, Appropriations, Budgets, and Budget Amendments
Chapter 200, F.S.; Determination of Millage
Florida Department of Revenue TRIM Guidelines – dor.myflorida.com/dor/

Millage Rate Adoption Procedure

VILLAGE OF WELLINGTON	
Subject:	Millage Rate Adoption Procedure
Effective Date:	**October 1, 2013**

I. Purpose

To establish the procedure for adoption of the annual millage rate under Florida Department of Revenue Truth-in-Millage (TRIM) requirements in accordance with FS Ch. 200.065

II. Responsibility

It shall be the responsibility of the Chief Financial Officer to identify Council meeting dates and provide agenda documents to the Clerk's office to meet TRIM scheduling requirements

III. Policy

The millage rate shall be adopted according to the timetable and procedures set forth in Florida Statutes 200.065 (Method of fixing millage) and administered by the Florida Department of Revenue.

Adoption of the preliminary TRIM rates in July will take place during a noticed Council meeting and open to public comment. Final adoption of ad valorem and non-ad valorem rates will take place according to the TRIM timetable during legally noticed public hearings and open for public comment.

IV. Procedure

The Florida Department of Revenue publishes a TRIM Manual for reference each year which is retained in Village files. The manual provides the statutory guidelines, procedures and timetables for adoption of the millage rate for all taxing authorities.

Paul Schofield

Approval Signature

Chapter 200, F.S. (2009)
1200.065 Method of fixing millage.—
(1) Upon completion of the assessment of all property pursuant to s. 193.023, the property appraiser shall certify to each taxing authority the taxable value within the jurisdiction of the taxing authority. This certification shall include a copy of the statement required to be submitted under s.195.073(3), as applicable to that taxing authority. The form on which the certification is made shall include instructions to each taxing authority describing the proper method of computing a millage rate which, exclusive of new construction, additions to structures, deletions, increases in the value of improvements that have undergone a substantial rehabilitation which increased the assessed value of such improvements by at least 100 percent, property added due to geographic boundary changes, total taxable value of tangible personal property within the jurisdiction in excess of 115 percent of the previous year's total taxable value, and any dedicated increment value, will provide the same ad valorem tax revenue for each taxing authority as was levied during the prior year less the amount, if any, paid or applied as a consequence of an obligation measured by the dedicated increment value. That millage rate shall be known as the "rolled-back rate." The property appraiser shall also include instructions, as prescribed by the Department of Revenue, to each county and municipality, each special district dependent to a county or municipality, each municipal service taxing unit, and each independent special district describing the proper method of computing the millage rates and taxes levied as specified in subsection (5). The Department of Revenue shall prescribe the instructions and forms that are necessary to administer this subsection and subsection (5). The information provided pursuant to this subsection shall also be sent to the tax collector by the property appraiser at the time it is sent to each taxing authority.

(2) No millage shall be levied until a resolution or ordinance has been approved by the governing board of the taxing authority which resolution or ordinance must be approved by the taxing authority according to the following procedure:

(a) 1. Upon preparation of a tentative budget, but prior to adoption thereof, each taxing authority shall compute a proposed millage rate necessary to fund the tentative budget other than the portion of the budget to be funded from sources other than ad valorem taxes. In computing proposed or final millage rates, each taxing authority shall utilize not less than 95 percent of the taxable value certified pursuant to subsection (1).

2. The tentative budget of the county commission shall be prepared and submitted in accordance with s. 129.03.

3. The tentative budget of the school district shall be prepared and submitted in accordance with chapter 1011, provided that the date of submission shall not be later than 24 days after certification of value pursuant to subsection (1).

4. Taxing authorities other than the county and school district shall prepare and consider tentative and final budgets in accordance with this section and applicable provisions of law, including budget procedures applicable to the taxing authority, provided such procedures do not conflict with general law

(b) Within 35 days of certification of value pursuant to subsection (1), each taxing authority shall advise the property appraiser of its proposed millage rate, of its rolled-back rate computed pursuant to subsection (1), and of the date, time, and place at which a public hearing will be held to consider the proposed millage rate and the tentative budget. The property appraiser shall utilize this information in preparing the notice of proposed property taxes pursuant to s. 200.069. The deadline for mailing the notice shall be the later of 55 days after certification of value pursuant to subsection (1) or 10 days after either the date the tax roll is approved or the interim roll procedures under s. 193.1145 are instituted. If the deadline for mailing the notice of proposed property taxes is 10 days after the date the tax roll is approved or the interim roll procedures are instituted, all subsequent deadlines provided in this section shall be extended. The number of days by which the deadlines shall be extended shall equal the number of days by which the deadline for mailing the 189 notice of proposed taxes is extended beyond 55 days after certification. If any taxing authority fails to provide the information required in this paragraph to the property appraiser in a timely fashion, the taxing authority shall be prohibited from levying a millage rate greater than the rolledback rate computed pursuant to subsection (1) for the upcoming fiscal year, which rate shall be computed by the property appraiser and used in preparing the notice of proposed property taxes.

(c) Within 80 days of the certification of value pursuant to subsection (1), but not earlier than 65 days after certification, the governing body of each taxing authority shall hold a public hearing on the tentative budget and proposed millage rate. Prior to the conclusion of the hearing, the governing body of the taxing authority shall amend the tentative budget as it sees fit, adopt the amended tentative budget, recompute its proposed millage rate, and publicly announce the percent, if any, by which the recomputed proposed millage rate exceeds the rolled-back rate computed pursuant to subsection (1). That percent shall be characterized as the percentage increase in property taxes tentatively adopted by the governing body.

(d) Within 15 days after the meeting adopting the tentative budget, the taxing authority shall advertise in a newspaper of general circulation in the county as provided in subsection (3), its intent to finally adopt a millage rate and budget. A public hearing to finalize the budget and adopt a millage rate shall be held not less than 2 days nor more than 5 days after the day that the advertisement is first published. During the hearing, the governing body of the taxing authority shall amend the adopted tentative budget as it sees fit, adopt a final budget, and adopt a resolution or ordinance stating the millage rate to be levied. The resolution or ordinance shall state the percent, if any, by which the millage rate to be levied exceeds the rolled back rate computed pursuant to subsection (1), which shall be characterized as the percentage increase in property taxes adopted by the governing body. The adoption of the budget and the millage levy resolution or ordinance shall be by separate votes. For each taxing authority levying millage, the name of the taxing authority, the rolled-back rate, the percentage increase, and the millage rate to be levied shall be publicly announced prior to the adoption of the millage-levy resolution or ordinance. In no event may the millage rate adopted pursuant to this paragraph exceed the millage rate tentatively adopted pursuant to paragraph (c). If the rate tentatively adopted pursuant to paragraph (c) exceeds the proposed rate provided to the property appraiser pursuant to paragraph (b), or as subsequently adjusted pursuant to subsection (11), each taxpayer within the jurisdiction of the taxing authority shall be sent notice by first-class mail of his or her taxes under the

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tentatively adopted millage rate and his or her taxes under the previously proposed rate. The notice must be prepared by the property appraiser, at the expense of the taxing authority, and must generally conform to the requirements of s.200.069. If such additional notice is necessary, its mailing must precede the hearing held pursuant to this paragraph by not less than 10 days and not more than 15 days.

(e) 1. In the hearings required pursuant to paragraphs (c) and (d), the first substantive issue discussed shall be the percentage increase in millage over the rolled-back rate necessary to fund the budget, if any, and the specific purposes for which ad valorem tax revenues are being increased. During such discussion, the governing body shall hear comments regarding the proposed increase and explain the reasons for the proposed increase over the rolled-back rate. The general public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body shall adopt its tentative or final millage rate prior to adopting its tentative or final budget.

2. These hearings shall be held after 5 p.m. if scheduled on a day other than Saturday. No hearing shall be held on a Sunday. The county commission shall not schedule its hearings on days scheduled for hearings by the school board. The hearing dates scheduled by the county commission and school board shall not be utilized by any other taxing authority within the county for its public hearings. A multicounty taxing authority shall make every reasonable effort to avoid scheduling hearings on days utilized by the counties or school districts within its jurisdiction. Tax levies and budgets for 190 dependent special taxing districts shall be adopted at the hearings for the taxing authority to which such districts are dependent, following such discussion and adoption of levies and budgets for the superior taxing authority. A taxing authority may adopt the tax levies for all of its dependent special taxing districts, and may adopt the budgets for all of its dependent special taxing districts, by a single unanimous vote. However, if a member of the general public requests that the tax levy or budget of a dependent special taxing district be separately discussed and separately adopted, the taxing authority shall discuss and adopt that tax levy or budget separately. If, due to circumstances beyond the control of the taxing authority, the hearing provided for in paragraph (d) is recessed, the taxing authority shall publish a notice in a newspaper of general paid circulation in the county. The notice shall state the time and place for the continuation of the hearing and shall be published at least 2 days but not more than 5 days prior to the date the hearing will be continued.

(f)1. Notwithstanding any provisions of paragraph (c) to the contrary, each school district shall advertise its intent to adopt a tentative budget in a newspaper of general circulation pursuant to subsection (3) within 29 days of certification of value pursuant to subsection (1). Not less than 2 days or more than 5 days thereafter, the district shall hold a public hearing on the tentative budget pursuant to the applicable provisions of paragraph (c).

2. Notwithstanding any provisions of paragraph (b) to the contrary, each school district shall advise the property appraiser of its recomputed proposed millage rate within 35 days of certification of value pursuant to subsection (1). The recomputed proposed millage rate of the school district shall be considered its proposed millage rate for the purposes of paragraph (b).

3. Notwithstanding any provisions of paragraph (d) to the contrary, each school district shall hold a public hearing to finalize the budget and adopt a millage rate within 80 days of certification of value pursuant to subsection (1), but not earlier than 65 days after certification. The hearing shall be held in accordance with the applicable provisions of paragraph (d), except that a newspaper advertisement need not precede the hearing.

(g) Notwithstanding other provisions of law to the contrary, a taxing authority may: 1. Expend moneys based on its tentative budget after adoption pursuant to paragraph (c) and until such time as its final budget is adopted pursuant to paragraph (d), only if the fiscal year of the taxing authority begins prior to adoption of the final budget or, in the case of a school district, if the fall term begins prior to adoption of the final budget; or

2. Readopt its prior year's adopted final budget, as amended, and expend moneys based on that budget until such time as its tentative budget is adopted pursuant to paragraph (c), only if the fiscal year of the taxing authority begins prior to adoption of the tentative budget. The readopted budget shall be adopted by resolution without notice pursuant to this section at a duly constituted meeting of the governing body.

(3) The advertisement shall be no less than one-quarter page in size of a standard size or a tabloid size newspaper, and the headline in the advertisement shall be in a type no smaller than 18 point. The advertisement shall not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The advertisement shall be published in a newspaper of general paid circulation in the county or in a geographically limited insert of such newspaper. The geographic boundaries in which such insert is circulated shall include the geographic boundaries of the taxing authority. It is the legislative intent that, whenever possible, the advertisement appear in a newspaper that is published at least 5 days a week unless the only newspaper in the county is published less than 5 days a week, or that the advertisement appear in a geographically limited insert of such newspaper which insert is published throughout the taxing authority's jurisdiction at least twice each week. It is further the legislative intent that the newspaper selected be one of general interest and readership in the community and not one of limited subject matter, pursuant to chapter 50.

(a) For taxing authorities other than school districts which have tentatively adopted a millage rate in excess of 100 percent of the rolled-back rate computed pursuant to subsection (1), the advertisement shall be in the following form:

NOTICE OF PROPOSED TAX INCREASE
The (name of the taxing authority) has tentatively adopted a measure to increase its property tax levy.
Last year's property tax levy:
A. Initially proposed tax levy
B. Less tax reductions due to Value

Adjustment Board and other assessment changes.....$XX,XXX,XXX
.....($XX,XXX,XXX)
C. Actual property tax levy
.....$XX,XXX,XXX
This year's proposed tax levy...$XX,XXX,XXX

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All concerned citizens are invited to attend a public hearing on the tax increase to be held on (date and time) at (meeting place).
A FINAL DECISION on the proposed tax increase and the budget will be made at this hearing.

(b) In all instances in which the provisions of paragraph (a) are inapplicable for taxing authorities other than school districts, the advertisement shall be in the following form:

> NOTICE OF BUDGET HEARING
> The (name of taxing authority) has tentatively adopted a budget for (fiscal year). A public hearing to make a FINAL DECISION on the budget AND TAXES will be held on (date and time) at (meeting place).

(c) For school districts which have proposed a millage rate in excess of 100 percent of the rolled-back rate computed pursuant to subsection

(1) and which propose to levy nonvoted millage in excess of the minimum amount required pursuant to s. 1011.60(6), the advertisement shall be in the following form:

> NOTICE OF PROPOSED TAX INCREASE
> The (name of school district) will soon consider a measure to increase its property tax levy.
>
> Last year's property tax levy:
> A. Initially proposed tax levy
> .....$XX,XXX,XXX
> B. Less tax reductions due to Value
> Adjustment Board and other assessment
> changes.....($XX,XXX,XXX)
> C. Actual property tax levy
> .....$XX,XXX,XXX
> This year's proposed tax levy
> .....$XX,XXX,XXX
>
> A portion of the tax levy is required under state law in order for the school board to receive $(amount A) in state education grants. The required portion has (increased or decreased) by (amount B) percent and represents approximately (amount C) of the total proposed taxes. The remainder of the taxes is proposed solely at the discretion of the school board.
>
> All concerned citizens are invited to a public hearing on the tax increase to be held on (date and time) at (meeting place).
>
> A DECISION on the proposed tax increase and the budget will be made at this hearing.

1. AMOUNT A shall be an estimate, provided by the Department of Education, of the amount to be received in the current fiscal year by the district from state appropriations for the Florida Education Finance Program.

2. AMOUNT B shall be the percent increase over the rolled-back rate necessary to levy only the required local effort in the current fiscal year, computed as though in the preceding fiscal year only the required local effort was levied.

3. AMOUNT C shall be the quotient of required local-effort millage divided by the total proposed nonvoted millage, rounded to the nearest tenth and stated in words; however, the stated amount shall not exceed nine-tenths.

(d) For school districts which have proposed a millage rate in excess of 100 percent of the rolled-back rate computed pursuant to subsection
(1) and which propose to levy as nonvoted millage only the minimum amount required pursuant to s. 1011.60(6), the advertisement shall be the same as provided in paragraph (c), except that the second and third paragraphs shall be replaced with the following paragraph:

> This increase is required under state law in order for the school board to receive $(amount A) in state education grants.

(e) In all instances in which the provisions of paragraphs (c) and (d) are inapplicable for school districts, the advertisement shall be in the following form:

> NOTICE OF BUDGET HEARING
> The (name of school district) will soon consider a budget for (fiscal year). A public hearing to make a DECISION on the budget AND TAXES will be held on (date and time) at (meeting place).

(f) In lieu of publishing the notice set out in this subsection, the taxing authority may mail a copy of the notice to each elector residing within the jurisdiction of the taxing authority.

(g) In the event that the mailing of the notice of proposed property taxes is delayed beyond September 3 in a county, any multicounty taxing authority which levies ad valorem taxes within that county shall advertise its intention to adopt a tentative budget and millage rate in a newspaper of paid general circulation within that county, as provided in this subsection, and shall hold the hearing required pursuant to paragraph (2)(c) not less than 2 days or more than 5 days thereafter, and not later than September 18. The advertisement shall be in the following form, unless the proposed millage rate is less than or equal to the rolled-back rate, computed pursuant to subsection (1), in which case the advertisement shall be as provided in paragraph (e):

> NOTICE OF TAX INCREASE
> The (name of the taxing authority) proposes to increase its property tax levy by (percentage of increase over rolled-back rate) percent.
> All concerned citizens are invited to attend a public hearing on the proposed tax increase to be held on (date and time) at (meeting place).

(h) In no event shall any taxing authority add
to or delete from the language of the advertisements as specified herein unless expressly authorized by law, except that, if an increase in ad valorem tax rates will affect only a portion of the jurisdiction of a taxing authority, advertisements may include a map or geographical description of the area to be affected and the proposed use of the tax revenues under consideration. The advertisements required herein shall not be accompanied,

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preceded, or followed by other advertising or notices which conflict with or modify the substantive content prescribed herein.

(i) The advertisements required pursuant to paragraphs (b) and (e) need not be one-quarter page in size or have a headline in type no smaller than 18 point.

(j) The amounts to be published as percentages of increase over the rolled-back rate pursuant to this subsection shall be based on aggregate millage rates and shall exclude voted millage levies unless expressly provided otherwise in this subsection.

(k) Any taxing authority which will levy an ad valorem tax for an upcoming budget year but does not levy an ad valorem tax currently shall, in the advertisement specified in paragraph (a), paragraph (c), paragraph (d), or paragraph (g), replace the phrase "increase its property tax levy by (percentage of increase over rolled-back rate) percent" with the phrase "impose a new property tax levy of $(amount) per $1,000 value."

(l) Any advertisement required pursuant to this section shall be accompanied by an adjacent notice meeting the budget summary requirements of s. 129.03(3)(b). Except for those taxing authorities proposing to levy ad valorem taxes for the first time, the following statement shall appear in the budget summary in boldfaced type immediately following the heading, if the applicable percentage is greater than zero:

> THE PROPOSED OPERATING BUDGET EXPENDITURES OF (name of taxing authority) ARE (percent rounded to one decimal place) MORE THAN LAST YEAR'S TOTAL OPERATING EXPENDITURES.

For purposes of this paragraph, "proposed operating budget expenditures" or "operating expenditures" means all moneys of the local government, including dependent special districts, that:

1. Were or could be expended during the applicable fiscal year, or

2. Were or could be retained as a balance for future spending in the fiscal year. Provided, however, those moneys held in or used in trust, agency, or internal service funds, and expenditures of bond proceeds for capital outlay or for advanced refunded debt principal, shall be excluded.

(4) The resolution or ordinance approved in the manner provided for in this section shall be forwarded to the property appraiser and the tax collector within 3 days after the adoption of such resolution or ordinance. No millage other than that approved by referendum may be levied until the resolution or ordinance to levy required in subsection (2) is approved by the governing board of the taxing authority and submitted to the property appraiser and the tax collector. The receipt of the resolution or ordinance by the property appraiser shall be considered official notice of the millage rate approved by the taxing authority, and that millage rate shall be the rate applied by the property appraiser in extending the rolls pursuant to s. 193.122, subject to the provisions of subsection (6). These submissions shall be made within 101 days of certification of value pursuant to subsection (1).

(5) Beginning in the 2009-2010 fiscal year and in each year thereafter:

(a) The maximum millage rate that a county, municipality, special district dependent to a county or municipality, municipal service taxing unit, or independent special district may levy is a rolled back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The maximum millage rate applicable to a county authorized to levy a county public hospital surtax under s. 212.055 and which did so in fiscal year 2007 shall exclude the revenues required to be contributed to the county public general hospital in the current fiscal year for the purposes of making the maximum millage rate calculation, but shall be added back to the maximum millage rate allowed after the roll back has been applied, the total of which shall be considered the maximum millage rate for such a county for purposes of this subsection. The revenue required to be contributed to the county public general hospital for the upcoming fiscal year shall be calculated as 11.873 percent times the millage rate levied for countywide purposes in fiscal year 2007 times 95 percent of the preliminary tax roll for the upcoming fiscal year. A higher rate may be adopted only under the following conditions:

1. A rate of not more than 110 percent of the rolled-back rate based on the previous year's maximum millage rate, adjusted for change in per capita Florida personal income, may be adopted if approved by a two-thirds vote of the membership of the governing body of the county, municipality, or independent district; or

2. A rate in excess of 110 percent may be adopted if approved by a unanimous vote of the membership of the governing body of the county, municipality, or independent district or by a three fourths vote of the membership of the governing body if the governing body has nine or more members, or if the rate is approved by a referendum.

(b) The millage rate of a county or municipality, municipal service taxing unit of that county, and any special district dependent to that county or municipality may exceed the maximum millage rate calculated pursuant to this subsection if the total county ad valorem taxes levied or total municipal ad valorem taxes levied do not exceed the maximum total county ad valorem taxes levied or maximum total municipal ad valorem taxes levied respectively. Voted millage and taxes levied by a municipality or independent special district that has levied ad valorem taxes for less than 5 years are not subject to this limitation. The millage rate of a county authorized to levy a county public hospital surtax under s. 212.055 may exceed the maximum millage rate calculated pursuant to this subsection to the extent necessary to account for the revenues required to be contributed to the county public hospital. Total taxes levied may exceed the maximum calculated pursuant to subsection (6) as a result of an increase in taxable value above that certified in subsection (1) if such increase is less than the percentage amounts contained in subsection (6) or if the administrative adjustment cannot be made because the value adjustment board is still in session at the time the tax roll is extended; otherwise, millage rates subject to this subsection, s. 200.185, or s. 200.186 may be reduced so that total taxes levied do not exceed the maximum.

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Any unit of government operating under a home rule charter adopted pursuant to ss. 10, 11, and 24, Art. VIII of the State Constitution of 1885, as preserved by s. 6(e), Art. VIII of the State Constitution of 1968, which is granted the authority in the State Constitution to exercise all the powers conferred now or hereafter by general law upon municipalities and which exercises such powers in the unincorporated area shall be recognized as a municipality under this subsection. For a downtown development authority established before the effective date of the 1968 State Constitution which has a millage that must be approved by a municipality, the governing body of that municipality shall be considered the governing body of the downtown development authority for purposes of this subsection.

(6) Prior to extension of the rolls pursuant to s. 193.122, the property appraiser shall notify each taxing authority of the aggregate change in the assessment roll, if any, from that certified pursuant to subsection (1), including, but not limited to, those changes which result from actions by the value adjustment board or from corrections of errors in the assessment roll. Municipalities, counties, school boards, and water management districts may adjust administratively their adopted millage rate without a public hearing if the taxable value within the jurisdiction of the taxing authority as certified pursuant to subsection (1) is at variance by more than 1 percent with the taxable value shown on the roll to be extended. Any other taxing authority may adjust administratively its adopted millage rate without a public hearing if the taxable value within the jurisdiction of the taxing authority as certified pursuant to subsection (1) is at variance by more than 3 percent with the taxable value shown on the roll to be extended. The adjustment shall be such that the taxes computed by applying the adopted rate against the certified taxable value are equal to the taxes computed by applying the adjusted adopted rate to the taxable value on the roll to be extended. However, no adjustment shall be made to levies required by law to be a specific millage amount. Not later than 3 days after receipt of notification pursuant to this subsection, each affected taxing authority shall certify to the property appraiser its adjusted adopted rate. Failure to so certify shall constitute waiver of the adjustment privilege.

(7) Nothing contained in this section shall serve to extend or authorize any millage in excess of the maximum millage permitted by law or prevent the reduction of millage.

(8) The property appraiser shall deliver to the presiding officer of each taxing authority within the county, on June 1, an estimate of the total assessed value of nonexempt property for the current year for budget planning purposes.

(9) Multicounty taxing authorities are subject to the provisions of this section. The term "taxable value" means the taxable value of all property subject to taxation by the authority. If a multicounty taxing authority has not received a certification pursuant to subsection (1) from a county by July 15, it shall compute its proposed millage rate and rolled-back rate based upon estimates of taxable value supplied by the Department of Revenue. All dates for public hearings and advertisements specified in this section shall, with respect to multicounty taxing authorities, be computed as though certification of value pursuant to subsection (1) were made July 1. The multicounty district shall add the following sentence to the advertisement set forth in paragraphs (3)(a) and (g): This tax increase is applicable to (name of county or counties).

(10)(a) In addition to the notice required in subsection (3), a district school board shall publish a second notice of intent to levy additional taxes under s. 1011.71(2). Such notice shall specify the projects or number of school buses anticipated to be funded by such additional taxes and shall be published in the size, within the time periods, adjacent to, and in substantial conformity with the advertisement required under subsection (3). The projects shall be listed in priority within each category as follows: construction and remodeling; maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment; payments for educational facilities and sites due under a lease-purchase agreement; payments for renting and leasing educational facilities and sites; payments of loans approved pursuant to ss. 1011.14 and 1011.15; payment of costs of compliance with environmental statutes and regulations; payment of premiums for property and casualty insurance necessary to insure the educational and ancillary plants of the school district; payment of costs of leasing relocatable educational facilities; and payments to private entities to offset the cost of school buses pursuant to s. 1011.71(2)(i). The additional notice shall be in the following form, except that if the district school board is proposing to levy the same millage under s. 1011.71(2) which it levied in the prior year, the words "continue to" shall be inserted before the word "impose" in the first sentence, and except that the second sentence of the second paragraph shall be deleted if the district is advertising pursuant to paragraph (3)(e):

> NOTICE OF TAX FOR SCHOOL CAPITAL OUTLAY
>
> The (name of school district) will soon consider a measure to impose a (number) mill property tax for the capital outlay projects listed herein. This tax is in addition to the school board's proposed tax of (number) mills for operating expenses and is proposed solely at the discretion of the school board.
>
> THE PROPOSED COMBINED SCHOOL BOARD TAX INCREASE FOR BOTH OPERATING EXPENSES AND CAPITAL OUTLAY IS SHOWN IN THE ADJACENT NOTICE.
>
> The capital outlay tax will generate approximately $(amount), to be used for the following projects: (list of capital outlay projects)
>
> All concerned citizens are invited to a public hearing to be held on (date and time) at (meeting place).
>
> A DECISION on the proposed CAPITAL OUTLAY TAXES will be made at this hearing.

(b) In the event a school district needs to amend the list of capital outlay projects previously advertised and adopted, a notice of intent to amend the notice of tax for school capital outlay shall be published in conformity with the advertisement required in subsection (3). A public hearing to adopt the amended project list shall be held not less than 2 days nor more than 5 days after the day the advertisement is first published. The projects should be listed under each category of new, amended, or deleted projects in the same order as required in paragraph (a). The notice shall appear

in the following form, except that any of the categories of new, amended, or deleted projects may be omitted if not appropriate for the changes proposed:

> AMENDED NOTICE OF TAX FOR SCHOOL CAPITAL OUTLAY
>
> The School Board of (name) County will soon consider a measure to amend the use of property tax for the capital outlay projects previously advertised for the (year) to (year) school year.
>
> New projects to be funded: (list of capital outlay projects)
> Amended projects to be funded: (list of capital outlay projects)
> Projects to be deleted: (list of capital outlay projects)
>
> All concerned citizens are invited to a public hearing to be held on (date and time) at (meeting place).
>
> A DECISION on the proposed amendment to the projects funded from CAPITAL OUTLAY TAXES will be made at this meeting.

(11) Notwithstanding the provisions of paragraph (2)(b) and s. 200.069(4)(f) to the contrary, the proposed millage rates provided to the property appraiser by the taxing authority, except for millage rates adopted by referendum, for rates authorized by s. 1011.71, and for rates required by law to be in a specified millage amount, shall be adjusted in the event that a review notice is issued pursuant to s. 193.1142(4) and the taxable value on the approved roll is at variance with the taxable value certified pursuant to subsection (1). The adjustment shall be made by the property appraiser, who shall notify the taxing authorities affected by the adjustment within 5 days of the date the roll is approved pursuant to s. 193.1142(4). The adjustment shall be such as to provide for no change in the dollar amount of taxes levied from that initially proposed by the taxing authority.

(12) The time periods specified in this section shall be determined by using the date of certification of value pursuant to subsection (1) or July 1, whichever date is later, as day 1. The time periods shall be considered directory and may be shortened, provided:

(a) No public hearing which is preceded by a mailed notice occurs earlier than 10 days following the mailing of such notice;

(b) Any public hearing preceded by a newspaper advertisement is held not less than 2 days or more than 5 days following publication of such advertisement; and

(c) The property appraiser coordinates such shortening of time periods and gives written notice to all affected taxing authorities; however, no taxing authority shall be denied its right to the full time periods allowed in this section.

(13)(a) Any taxing authority in violation of this section, other than subsection (5), shall be subject to forfeiture of state funds otherwise available to it for the 12 months following a determination of noncompliance by the Department of Revenue.

(b) Within 30 days of the deadline for certification of compliance required by s. 200.068, the department shall notify any taxing authority in violation of this section, other than subsection (5),that it is subject to paragraph (c). Except for revenues from voted levies or levies imposed pursuant to s. 1011.60(6), the revenues of any taxing authority in violation of this section, other than subsection (5), collected in excess of the rolled-back rate shall be held in escrow until the process required by paragraph (c) is completed and approved by the department. The department shall direct the tax collector to so hold such funds.

(c) Any taxing authority so noticed by the department shall repeat the hearing and notice process required by paragraph (2)(d), except that:

1. The advertisement shall appear within 15 days of notice from the department.

2. The advertisement, in addition to meeting the requirements of subsection (3), shall contain the following statement in boldfaced type immediately after the heading:

THE PREVIOUS NOTICE PLACED BY THE (name of taxing authority) HAS BEEN DETERMINED BY THE DEPARTMENT OF REVENUE TO BE IN VIOLATION OF THE LAW NECESSITATING THIS SECOND NOTICE.

3. The millage newly adopted at this hearing shall not be forwarded to the tax collector or property appraiser and may not exceed the rate previously adopted.

4. If the newly adopted millage is less than the amount previously forwarded pursuant to subsection (4), any moneys collected in excess of the new levy shall be held in reserve until the subsequent fiscal year and shall then be utilized to reduce ad valorem taxes otherwise necessary.

(d) If any county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county is in violation of subsection (5), s. 200.185, or s.200.186 because total county or municipal ad valorem taxes exceeded the maximum total county or municipal ad valorem taxes, respectively, that county or municipality shall forfeit the distribution of local government half-cent sales tax revenues during the 12 months following a determination of noncompliance by the Department of Revenue as described in s. 218.63(3) and this subsection. If the executive director of the Department of Revenue determines that any county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county is in violation of subsection (5), s.200.185, or s. 200.186, the Department of Revenue and the county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county shall follow the procedures set forth in this paragraph or paragraph (e). During the pendency of any procedure under paragraph (e) or any administrative or judicial action to challenge any action taken under this subsection, the tax collector shall hold in escrow any revenues collected by the noncomplying county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county in excess of the amount allowed by subsection (5), s.200.185, or s. 200.186, as determined by the executive director. Such revenues shall be held in escrow until the process required by paragraph (e) is completed

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and approved by the department. The department shall direct the tax collector to so hold such funds. If the county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county remedies the noncompliance, any moneys collected in excess of the new levy or in excess of the amount allowed by subsection (5), s.200.185, or s. 200.186 shall be held in reserve until the subsequent fiscal year and shall then be used to reduce ad valorem taxes otherwise necessary. If the county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county does not remedy the noncompliance, the provisions of s. 218.63 shall apply.

(e) The following procedures shall be followed when the executive director notifies any county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county that he or she has determined that such taxing authority is in violation of subsection (5), s. 200.185, or s. 200.186:

1. Within 30 days after the deadline for certification of compliance required by s. 200.068, the executive director shall notify any such county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county of his or her determination regarding subsection (5), s. 200.185, or s. 200.186 and that such taxing authority is subject to subparagraph 2.

2. Any taxing authority so noticed by the executive director shall repeat the hearing and notice process required by paragraph (2)(d), except that:

a. The advertisement shall appear within 15 days after notice from the executive director.

b. The advertisement, in addition to meeting the requirements of subsection (3), must contain the following statement in boldfaced type immediately after the heading:

THE PREVIOUS NOTICE PLACED BY THE (name of taxing authority) HAS BEEN DETERMINED BY THE DEPARTMENT OF REVENUE TO BE IN VIOLATION OF THE LAW NECESSITATING THIS SECOND NOTICE.,

c. The millage newly adopted at such hearing shall not be forwarded to the tax collector or property appraiser and may not exceed the rate previously adopted or the amount allowed by subsection (5), s. 200.185, or s. 200.186. Each taxing authority provided notice pursuant to this paragraph shall recertify compliance with this chapter as provided in this section within 15 days after the adoption of a millage at such hearing.

d. The determination of the executive director shall be superseded if the executive director determines that the county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county has remedied the noncompliance. Such noncompliance shall be determined to be remedied if any such taxing authority provided notice by the executive director pursuant to this paragraph adopts a new millage that does not exceed the maximum millage allowed for such taxing authority under paragraph (5)(a), s. 200.185(1)-(5), or s. 200.186(1), or if any such county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county adopts a lower millage sufficient to reduce the total taxes levied such that total taxes levied do not exceed the maximum as provided in paragraph (5)(b), s. 200.185(8), or s. 200.186(3).

e. If any such county or municipality, dependent special district of such county or municipality, or municipal service taxing unit of such county has not remedied the noncompliance or recertified compliance with this chapter as provided in this paragraph, and the executive director determines that the noncompliance has not been remedied or compliance has not been recertified, the county or municipality shall forfeit the distribution of local government half-cent sales tax revenues during the 12 months following a determination of noncompliance by the Department of Revenue as described in s. 218.63(2) and (3) and this subsection.

f. The determination of the executive director is not subject to chapter 120.

(14)(a) If the notice of proposed property taxes mailed to taxpayers under this section contains an error, the property appraiser, in lieu of mailing a corrected notice to all taxpayers, may correct the error by mailing a short form of the notice to those taxpayers affected by the error and its correction. The notice shall be prepared by the property appraiser at the expense of the taxing authority which caused the error or at the property appraiser's expense if he or she caused the error. The form of the notice must be approved by the executive director of the Department of Revenue or the executive director's designee. If the error involves only the date and time of the public hearings required by this section, the property appraiser, with the permission of the taxing authority affected by the error, may correct the error by advertising the corrected information in a newspaper of general circulation in the county as provided in subsection (3).

(b) Errors that may be corrected in this manner are:

1. Incorrect location, time, or date of a public hearing.

2. Incorrect assessed, exempt, or taxable value
.
3. Incorrect amount of taxes as reflected in column one, column two, or column three of the notice; and

4. Any other error as approved by the executive director of the Department of Revenue or the executive director's designee.

(15) The provisions of this section shall apply to all taxing authorities in this state which levy ad valorem taxes, and shall control over any special law which is inconsistent or in conflict with this section, except to the extent the special law expressly exempts a taxing authority from the provisions of this section. This subsection is a clarification of existing law, and in the absence of such express exemption, no past or future budget or levy of taxes shall be set aside upon the ground that the taxing authority failed to comply with any special law prescribing a schedule or procedure for such adoption which is inconsistent or in conflict with the provisions of this section.
History.—s. 13, ch. 73-172; s. 16, ch. 74-234; ss. 1, 2, ch. 75-68; s. 19, ch. 76-133; s. 1, ch. 77-102; s. 1, ch. 77-174; s. 1, ch. 78-228; ss. 2, 9, ch. 80-261; s. 25, ch. 80-274; s. 14, ch. 82-154; s. 12, ch. 82-208; ss. 4, 11, 25, 72, 80, ch. 82-226;

s. 5, ch. 82-388; s. 2, ch. 82-399; s. 28, ch. 83-204; s. 61, ch.83-217; s. 2, ch. 84-164; s. 20, ch. 84-356; s. 1, ch. 86-190; s.12, ch. 86-300; s. 5, ch. 87-284; s. 13, ch. 88-216; s. 2, ch.88-223; s. 14, ch. 90-241; ss. 136, 165, ch. 91-112; s. 8, ch.91-295; s. 1, ch. 92-163; ss. 5, 15, ch. 93-132; s. 25, ch. 93-233; s. 1, ch. 93-241; s. 52, ch. 94-232; s. 4, ch. 94-344; s. 41,ch. 94-353; s. 1481, ch. 95-147; s. 2, ch. 95-359; ss. 1, 2, 3,ch. 96-211; s. 1, ch. 98-32; s. 1, ch. 98-53; s. 18, ch. 99-6; s.11, ch. 2002-18; s. 911, ch. 2002-387; s. 2, ch. 2004-346; s. 3,ch. 2007-194; ss. 2, 33, ch. 2007-321; s. 11, ch. 2008-173; s.3, ch. 2009-165.

1Note.—Section 9, ch. 2007-321, provides that "[t]he executive director of the Department of Revenue is authorized, and all conditions are deemed met, to adopt emergency rules under ss. 120.536(1) and 120.54(4), Florida Statutes, for the purpose of implementing this act. Notwithstanding any other provision of law, such emergency rules shall remain in effect for 18 months after the date of adoption and may be renewed during the pendency of procedures to adopt rules addressing the subject of the emergency rules."

2Note.—Section 13 t , ch. 2008-173, provides: "(1) The executive director of the Department of Revenue is authorized, and all conditions are deemed met, to adopt emergency rules under ss. 120.536(1) and 120.54(4), Florida Statutes, for the purpose of implementing this act.

"(2) Notwithstanding any other provision of law, such emergency rules shall remain in effect for 18 months after the date of adoption and may be renewed during the pendency of procedures to adopt rules addressing the subject of the emergency rules."

200.066 Newly created tax units.—Ad valorem taxes of newly created municipalities or special districts shall be initially imposed no earlier than the January 1 subsequent to the creation or establishment of the municipality or district. The creation by a county of a municipal service taxing unit under s. 125.01 is not controlled by this section if the boundaries of the municipal service taxing unit conform to the boundaries of existing special districts, include all the unincorporated areas, or include all the incorporated areas of a municipality, and if the taxing unit is created before July 1 if millage is to be imposed in the ensuing county budget.
History.—s. 5, ch. 82-226; s. 29, ch. 83-204; s. 2, ch. 84-371; s. 3, ch. 91-238.

200.068 Certification of compliance with this chapter.—Not later than 30 days following adoption of an ordinance or resolution establishing a property tax levy, each taxing authority shall certify compliance with the provisions of this chapter to the Department of Revenue. In addition to a statement of compliance, such certification shall include a copy of the ordinance or resolution so adopted; a copy of the certification of value showing rolled-back millage and proposed millage rates, as provided to the property appraiser pursuant to s. 200.065(1) and (2)(b); maximum millage rates calculated pursuant to s. 200.065(5), s. 200.185, or s. 200.186, together with values and calculations upon which the maximum millage rates are based; and a certified copy of the advertisement, as published pursuant to s. 200.065(3). In certifying compliance, the governing body of the county shall also include a certified copy of the notice required under s. 194.037. However, if the value adjustment board completes its hearings after the deadline for certification under this section, the county shall submit such copy to the department not later than 30 days following completion of such hearings.

History.—s. 6, ch. 82-226; s. 30, ch. 83-204; s. 166, ch. 91-112; ss. 7, 21, ch. 95-272; s. 7, ch. 97-287; s. 3, ch. 2007-321. **200.069 Notice of proposed property taxes and non-ad valorem assessments.**—Pursuant to s. 200.065(2)(b), the property appraiser, in the name of the taxing authorities and local governing boards levying non-ad valorem assessments within his or her jurisdiction and at the expense of the county, shall prepare and deliver by first-class mail to each taxpayer to be listed on the current year's assessment roll a notice of proposed property taxes, which notice shall contain the elements and use the format provided in the following form. Notwithstanding the provisions of s. 195.022, no county officer shall use a form other than that provided herein. The Department of Revenue may adjust the spacing and placement on the form of the elements listed in this section as it considers necessary based on changes in conditions necessitated by various taxing authorities. If the elements are in the order listed, the placement of the listed columns may be varied at the discretion and expense of the property appraiser, and the property appraiser may use printing technology and devices to complete the form, the spacing, and the placement of the information in the columns. A county officer may use a form other than that provided by the department for purposes of this part, but only if his or her office pays the related expenses and he or she obtains prior written permission from the executive director of the department; however, a county officer may not use a form the substantive content of which is at variance with the form prescribed by the department. The county officer may continue to use such an approved form until the law that specifies the form is amended or repealed or until the officer receives written disapproval from the executive director.

(1) The first page of the notice shall read:
NOTICE OF PROPOSED PROPERTY TAXES DO NOT PAY—THIS IS NOT A BILL
The taxing authorities which levy property taxes against your property will soon hold PUBLIC HEARINGS to adopt budgets and tax rates for the next year.

The purpose of these PUBLIC HEARINGS is to receive opinions from the general public and to answer questions on the proposed tax change and budget PRIOR TO TAKING FINAL ACTION.

Each taxing authority may AMEND OR ALTER its proposals at the hearing.

(2)(a) The notice shall include a brief legal description of the property, the name and mailing address of the owner of record, and the tax information applicable to the specific parcel in question. The information shall be in columnar form. There shall be seven column headings which shall read: "Taxing Authority," "Your Property Taxes Last Year," "Last Year's Adjusted Tax Rate (Millage)," "Your Taxes This Year IF NO Budget Change Is Adopted," "Tax Rate This Year IF PROPOSED Budget Is Adopted (Millage)," "Your Taxes This Year IF PROPOSED Budget Change Is Adopted," 1and "A Public Hearing on the Proposed Taxes and Budget Will Be Held:."

(b) As used in this section, the term "last year's adjusted tax rate" means the rolled-back rate calculated pursuant to s. 200.065(1).

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(3) There shall be under each column heading an entry for the county; the school district levy required pursuant to s. 1011.60(6); other operating school levies; the municipality or municipal service taxing unit or units in which the parcel lies, if any; the water management district levying pursuant to s. 373.503; the independent special districts in which the parcel lies, if any; and for all voted levies for debt service applicable to the parcel, if any.

(4) For each entry listed in subsection (3), there shall appear on the notice the following:

(a) In the first column, a brief, commonly used name for the taxing authority or its governing body. The entry in the first column for the levy required pursuant to s. 1011.60(6) shall be "By State Law." The entry for other operating school district levies shall be "By Local Board." Both school levy entries shall be indented and preceded by the notation "Public Schools:". For each voted levy for debt service, the entry shall be "Voter Approved Debt Payments."

(b) In the second column, the gross amount of ad valorem taxes levied against the parcel in the previous year. If the parcel did not exist in the previous year, the second column shall be blank.

(c) In the third column, last year's adjusted tax rate or, in the case of voted levies for debt service, the tax rate previously authorized by referendum.

(d) In the fourth column, the gross amount of ad valorem taxes which will apply to the parcel in the current year if each taxing authority levies last year's adjusted tax rate or, in the case of voted levies for debt service, the amount previously authorized by referendum.

(e) In the fifth column, the tax rate that each taxing authority must levy against the parcel to fund the proposed budget or, in the case of voted levies for debt service, the tax rate previously authorized by referendum.

(f) In the sixth column, the gross amount of ad valorem taxes that must 2be levied in the current year if the proposed budget is adopted.

(g) In the seventh column, the date, the time, and a brief description of the location of the public hearing required pursuant to s. 200.065(2)(c).

(5) Following the entries for each taxing authority, a final entry shall show: in the first column, the words "Total Property Taxes:" and in the second, fourth, and sixth columns, the sum of the entries for each of the individual taxing authorities. The second, fourth, and sixth columns shall, immediately below said entries, be labeled Column 1, Column 2, and Column 3, respectively. Below these labels shall appear, in boldfaced type, the statement: SEE REVERSE SIDE FOR EXPLANATION.

(6)(a) The second page of the notice shall state the parcel's market value and for each taxing autho ity that levies an ad valorem tax against the parcel :

1. The assessed value, value of exemptions, and taxable value for the previous year and the current year.

2. Each assessment reduction and exemption applicable to the property, including the value of the assessment reduction or exemption and tax levies to which they apply.

(b) The reverse side of the second page shall contain definitions and explanations for the values included on the front side.

(7) The following statement shall appear after the values listed on the front of the second page: If you feel that the market value of your property is inaccurate or does not reflect fair market value, or if you are entitled to an exemption or classification that is not reflected above, contact your county property appraiser at (phone number) or (location). If the property appraiser's office is unable to resolve the matter as to market value, classification, or an exemption, you may file a petition for adjustment with the Value Adjustment Board. Petition forms are available from the county property appraiser and must be filed ON OR BEFORE (date).

(8) The reverse side of the first page of the form shall read: EXPLANATION *COLUMN 1—"YOUR PROPERTY TAXES LAST YEAR" This column shows the taxes that applied last year to your property. These amounts were based on budgets adopted last year and your property's previous taxable value.
*COLUMN 2—"YOUR TAXES IF NO BUDGET CHANGE IS ADOPTED" This column shows what your taxes will be this year IF EACH TAXING AUTHORITY DOES NOT CHANGE ITS PROPERTY TAX LEVY. These amounts are based on last year's budgets and your current assessment. *COLUMN 3—"YOUR TAXES IF PROPOSED BUDGET CHANGE IS ADOPTED" This column shows what your taxes will be this year under the BUDGET ACTUALLY PROPOSED by each local taxing authority. The proposal is NOT final and may be amended at the public hearings shown on the front side of this notice. The difference between columns 2 and 3 is the tax change proposed by each local taxing authority and is NOT the result of higher assessments.
*Note: Amounts shown on this form do NOT reflect early payment discounts you may have received or may be eligible to receive. (Discounts are a maximum of 4 percent of the amounts shown on this form.)

(9) The bottom portion of the notice shall further read in bold, conspicuous print:"Your final tax bill may contain non-ad valorem assessments which may not be reflected on this notice such as assessments for roads, fire, garbage, lighting, drainage, water, sewer, or other governmental services and facilities which may be levied by your county, city, or any special district."

(10)(a) If requested by the local governing board levying non-ad valorem assessments and agreed to by the property appraiser, the notice specified in this section may contain a notice of proposed or adopted non-ad valorem assessments.
If so agreed, the notice shall be titled: NOTICE OF PROPOSED PROPERTY TAXES AND PROPOSED OR ADOPTED NON-AD VALOREM ASSESSMENTS DO NOT PAY—THIS IS NOT A BILL There must be a clear partition between the notice of proposed property taxes and the notice of proposed or adopted non-ad valorem assessments. The partition must be a bold, horizontal line approximately 1/8-inch thick. By rule, the department shall provide a format for the form of the notice of proposed or adopted non-ad valorem assessments which meets the following minimum requirements:

1. There must be subheading for columns listing the levying local governing board, with corresponding assessment rates expressed in dollars and cents per unit of assessment, and the associated assessment amount.

2. The purpose of each assessment must also be listed in the column listing the levying local governing board if the purpose is not clearly indicated by the name of the board.

3. Each non-ad valorem assessment for each levying local governing board must be listed separately.

4. If a county has too many municipal service benefit units or assessments to be listed separately ,it shall combine them by function.

5. A brief statement outlining the responsibility of the tax collector and each levying local governing board as to any non-ad valorem assessment must be provided on the form, accompanied by directions as to which office to contact for particular questions or problems.

(b) If the notice includes all adopted non-ad valorem assessments, the provisions contained in 3subsection (10) shall not be placed on the notice.
History.—s. 26, ch. 80-274; s. 15, ch. 82-154; s. 12, ch.82-226; s. 10, ch. 82-385; s. 13, ch. 83-204; s. 3, ch. 84-371;s. 212, ch. 85-342; s. 12, ch. 90-343; ss. 137, 167, ch. 91-112;s. 2, ch. 92-163; s. 17, ch. 93-132; s. 53, ch. 94-232; s. 67, ch.94-353; s. 1482, ch. 95-147; s. 26, ch. 97-255; s. 4, ch. 98-167; s. 4, ch. 2001-137; s. 7, ch. 2002-18; s. 912, ch. 2002-387; s. 1, ch. 2009-165.
1Note.—The word "and" was inserted by the editors.
2Note.—The word "be" was inserted by the editors.
3Note.—Redesignated as subsection (9) by s. 1, ch.2009-165.

200.071 Limitation of millage; counties.—
(1) Except as otherwise provided herein, no ad valorem tax millage shall be levied against real property and tangible personal property by counties in excess of 10 mills, except for voted levies.

(2) The board of county commissioners shall, in the event the sum of the proposed millage for the county and dependent districts therein is more than the maximum allowed hereunder, reduce the millage to be levied for county officers, departments, divisions, commissions, authorities, and dependent special districts so as not to exceed the maximum millage provided under this section or s. 200.091.

(3) Any county which, through a municipal service taxing unit, provides services or facilities of the kind or type commonly provided by municipalities, may levy, in addition to the millages otherwise provided in this section, against real property and tangible personal property within each such municipal service taxing unit an ad valorem tax millage not in excess of 10 mills to pay for such services or facilities provided with the funds obtained through such levy within such municipal service taxing unit.
History.—s. 1, ch. 67-395; ss. 1, 2, ch. 69-55; s. 28, ch.69-216; s. 1, ch. 69-300; s. 2, ch. 70-368; s. 3, ch. 74-191; s.16, ch. 82-154; s. 11, ch. 82-385; s. 4, ch. 91-238.
Note.—Former s. 193.321.
200.081 Millage limitation; municipalities.—No municipality shall levy ad valorem taxes against real property and tangible personal property in excess of 10 mills, except for voted levies.
History.—s. 1, ch. 67-396; ss. 1, 2, ch. 69-55; s. 17, ch. 82-154.**Note.**—Former s. 167.441.

200.091 Referendum to increase millage.—
The millage authorized to be levied in s. 200.071 for county purposes, including dependent districts therein, may be increased for periods not exceeding 2 years, provided such levy has been approved by majority vote of the qualified electors in the county or district voting in an election called for such purpose. Such an election may be called by the governing body of any such county or district on its own motion and shall be called upon submission of a petition specifying the amount of millage sought to be levied and the purpose for which the proceeds will be expended and containing the signatures of at least 10 percent of the persons qualified to vote in such election, signed within 60 days prior to the date the petition is filed.
History.—s. 2, ch. 67-395; ss. 1, 2, ch. 69-55; s. 19, ch.82-154; s. 62, ch. 83-217.
Note.—Former s. 193.322.

200.101 Referendum for millage in excess of limits.—The qualified electors of a municipality may by majority vote of those voting approve an increase of millage above those limits imposed by s. 200.081 in a referendum called for such purpose by the governing body of the municipality, but the period of such increase may not exceed 2 years. Such referendum also may be initiated by submission of a petition to the governing body of the municipality containing the signatures of 10 percent of those persons eligible to vote in such referendum, which signatures were affixed to the petition within 60 days prior to its submission.
History.—s. 2, ch. 67-396; ss. 1, 2, ch. 69-55; s. 20, ch. 82-154.
Note.—Former s. 167.442.

200.141 Millage following consolidation of city and county functions.—Those cities or counties which now or hereafter provide both municipal and county services as authorized under 1ss. 9-11 and 24 of Art. VIII of the State Constitution of 1885 shall have the right to levy for county, district and municipal purposes a millage up to 20 mills on the dollar of assessed valuation under this section. For each increase in the county millage above 10 mills which is attributable to an assumption of municipal services by a county having home rule, or for each increase in the municipal millage above 10 mills which is attributable to an assumption of county services by a city having home rule, there shall be a decrease in the millage levied by each and every municipality which has a service or services assumed by the county, or by the county which has a service or services assumed by the city. Such decrease shall be equal to the cost of that service or services assumed, so that an amount equal to that cost shall be eliminated from the budget of the county or city giving up the performance of such service or services.
History.—s. 5, ch. 67-395; ss. 1, 2, ch. 69-55; s. 11, ch.69-216.
1Note.—Sections 9, 10, 11, and 24 of Art. VIII of the Constitution of 1885, as amended, were preserved by s. 6(e), Art. VIII of the Constitution of 1968.
Note.—Former s. 193.325.

200.151 Millage to replace lost revenue.—In the event any municipality should lose revenue through the loss of a proprietary activity or other source of revenue, the governing body of the municipality is authorized to increase the millage in an amount sufficient to restore such loss of revenue. In the event any municipality should relinquish any governmental function to a

county or other governmental body, the governing body of such municipality shall reduce the millage in an amount which will equal the cost of such governmental function.
History.—s. 3, ch. 67-396; ss. 1, 2, ch. 69-55.
Note.—Former s. 167.443.
200.171 Mandamus to levy tax; limitations.—In any suit brought in any court of this state seeking to compel the levy of any tax for the payment of any bonds, coupons or other evidences of indebtedness, or to establish a sinking fund for their ultimate redemption at maturity, the peremptory writ, if issued by the court, shall in no case require a levy in excess of the ability of the taxing unit involved to pay the taxes commanded to be levied; and if such taxing unit be one having other functions of civil government to perform, the court shall also take into consideration in commanding such levy, the necessity of such unit to make a reasonably ample levy of taxes for the purpose of raising revenue with which to pay for the operation of the ordinary functions of civil government which such unit performs; provided, this section shall not apply to bonds, coupons or other evidences of indebtedness issued subsequent to the passage of this law. The ability of the taxing unit involved to pay the taxes commanded to be levied shall be determined by the court within its sound discretion by the application of equitable considerations in view of all the conditions of the taxing unit bearing upon such ability to pay; and such ability to pay shall be first found and determined before the issuance of any such peremptory writ.
History.—s. 1, ch. 18301, 1937; CGL 1940 Supp.2321(3); ss. 1, 2, ch. 69-55.
Note.—Former s. 192.34.

200.181 Bond payments; tax levies; restrictions.—(1) None of the provisions of this chapter or of any other law, whether general, special or local or of the charter of any municipality or county, shall limit or restrict the rate or the amount of the ad valorem taxes levied for the payment of the principal of and the interest on any debt service whether secured by revenue certificates or by bonds for which the full faith and credit of any county, municipality or taxing district may be pledged, and such taxes shall be in addition to all other taxes authorized or limited by law.

(2) Nothing in this section shall prevent any municipality, county or school board from levying at least 5 mills of ad valorem tax during any fiscal year.

(3) A county or municipality may levy voted millage at the maximum millage rate approved by referendum even if the levy would raise revenue in excess of that necessary for debt service as authorized by a vote of the electors pursuant to s.12, Art. VII of the State Constitution. The county or municipality may use the surplus revenue for any lawful purpose solely related to the capital project for which the voted millage was approved, including operations and maintenance. For purposes of this chapter, the portion of the voted millage necessary to pay debt service must be treated as debt service millage and the excess portion must be treated as general millage. The portion treated as general millage must be included within the millage levied under the county or municipal 10-mill limitation.
History.—ss. 1, 3, ch. 67-536; ss. 1, 2, ch. 69-55; s. 1,ch. 69-300; s. 1, ch. 96-259.
Note.—Former s. 193.77.

Cash & Investment Management

Purpose

The main objectives of effective cash management and investing public funds is, in this specific order, to ensure the safety of principal, provide for sufficient liquidity to pay obligations when due and earn a reasonable rate of return on invested funds with the first two objectives being primary to the third.

Responsibility

The Director of Administrative and Financial Services is designated as the investment officer of the Village and is responsible to manage the portfolio and establish internal controls over cash and investments consistent with the Investment Policy, under the direction of the Village Manager. The Director shall be responsible for all transactions undertaken, including the activities of subordinate officials, and may delegate authority and responsibility for certain investment transactions and procedures as outlined in this Manual. The Village may employ investment managers to assist in investing, monitoring, or advising on the Village's investments.

Policy

The investment of Wellington's funds are governed by its investment policy, which is reviewed annually, within 120 days of fiscal year end, to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends. Any changes to the investment policy are approved by Village Council by Resolution.

Pursuant to s. 218.415(17), F.S., local governments without a written investment policy must adopt Florida Statutes as their investment policy. Resolution R2002-15 established Wellington's investment policy, as amended by R2004-157, R2009-44, and R2014-05.

The Village's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Acts." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

All bank accounts should be reconciled by the 10th of the month but no later than 5 days following the receipt of all related statements. This reconciliation is reviewed monthly by the Director of OFMB. Petty Cash Accounts may be established for departments that need a small amount of cash to meet payments required at the time of service. Petty cash can only be replenished by submittal of all documentation and receipts and approval by OFMB.

Cash Handling

Internal controls are necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling process. All transactions must be recorded in the financial system. All cash and other funds should be counted at the beginning and end of each shift, reconciled to a transactions report, and verified by the Customer Service Manager or designee.

It is the responsibility of the Office of Financial Management and Budget to provide cash handling guidelines to all departments through a formal policy. It is the responsibility of the Customer Service Manager or designee to ensure all front desks in the Village utilize the cash handling guidelines; are trained in the procedures and create department-specific procedures for implementing and training the Cash Handling Guidelines. The guidelines are incorporated herein as Appendix A.

Cash Receipts, Deposits, and Reconciliation

The detailed procedures are incorporate herein as Appendix B.

Petty Cash

The Village maintains petty cash boxes for regular operations, customer service and recreation. All disbursements from petty cash require appropriate documentation of:

- Payment Amount
- Payment Date
- Description of Expenditure
- Account Number
- Authorization

The Accounting Supervisor is responsible for the verification of payments made from the petty cash accounts, replenishment of the funds and the reconciliation of the account balances on a monthly basis. Accounting Supervisor reviews and approves all petty cash disbursements as well as the reconciliation and replenishment of funds.

To replenish the funds, the Accounting Supervisor prepares a disbursement summary which contains the following information:

- Disbursement Date
- Name of the Payor
- Account Number and Amount
- Cash reconciliation

The petty cash supporting documentation is maintained along with the completed disbursement summary. Replenishment requisitions, disbursement summary, and detailed back-up are reviewed and approved by the Director of Financial Management and Budget or designee. Additionally, before the replenishment check is taken to the bank another member of OFMB reviews the check, disbursement summary and back-up for final approval.

Account Reconciliation:

Cash and investment statements are emailed to Staff Accountant, Senior Financial Analyst, Controller, and the Director of OFMB and are available online. The Staff Accountant is forwarded any hard copies of cash and investment bank statements received by mail as well. All bank accounts are reconciled by 10th of the month (bank statements with the pooled cash and investment accounts) and finalized shortly thereafter for any remaining interest and other charges not received by the 10th of the month.

Investment transactions from the investment bank accounts are reviewed and journal entries are prepared, which account for changes in investment amounts, interest earned, investment banking fees and any gains and losses on matured investments. The detailed procedures are incorporated herein as the Investment Policy (see Appendix B).

The bank reconciliation report is reviewed for completeness and accuracy by the Director of OFMB. Any differences are investigated and reconciled and posted to the appropriate general ledger accounts unless they are due to timing and will reconcile automatically.

Electronic Funds Transfers:

The dollar limits and procedure for electronic funds transfers are outlined below:

	Maximum Dollar Limit Repetitive	Maximum Dollar Limit Non Repetitive
Director of Financial Management & Budget	$10,000,000	$10,000,000
Senior Financial Analyst or Director Designee	$10,000,000	$2,000,000
Accounting Supervisor	$10,000,000	$10,000,000
Staff Accountant	$5,000,000	$500,000

All non-repetitive electronic funds transfer must have dual approval from two authorized individuals. Individuals with electronic funds transfer authority shall protect their passwords and PIN numbers. Electronic funds approval may only be given by the individual with the authority.

Reference
Chapter 218, F.S.; Part IV – Investment of Local Government Surplus Funds.
Chapter 219, F.S.; County Public Money Handling by State and County.
Section 218.415, F.S.; Local Government Investment Policies.
Chapter 280, F.S.; Security for Public Deposits

CITY OF WELLINGTON

Subject: Cash Handling Guidelines

Effective Date: October, 2011

I. Purpose

Internal controls are necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling process.

II. Responsibility

It is the responsibility of the Office of Finance and Budget to provide cash handling guidelines to all departments through a formal policy. It is the responsibility of the Customer Service Manager or designee to ensure all front desks in the City utilize the cash handling guidelines; are trained in the procedures and create department-specific procedures for implementing and training the Cash Handling Guidelines.

III. Policy Overview

To establish a procedure regarding deposit preparation at the end of a work shift to be utilized by all departments.

IV. Procedure

Staff responsible for handling monetary transactions for Wellington shall refer to the following:

Daily Revenue Collection

The following procedures shall be used during each shift:

Beginning of each shift

1. Count the beginning balance of the cash drawer
2. Ensure there are enough small bills and coins to make change

During each shift

1. Record each transaction in the financial system
2. Make proper change
3. Keep cash drawer tidy
4. Keep cash drawer secured especially when away from desk

End of each shift

1. Run a daily transaction report
2. Take cash drawer to a secure location out of public view
3. Count all cash in the presence of Customer Service Manager or designated employee to verify amounts
4. Identify any discrepancies between drawer and transaction report and notify supervisor of unresolved differences
5. Once the daily transaction report balances sign and date

Daily Deposit

1. Verify and sign each cashier's daily transaction report
2. Total all cashiers reports and balance to total daily transaction report
3. Count all cash ensuring total balances to total daily transaction report
4. Fill out deposit slip with date, amount and sign
5. Place white copy of deposit slip in tamper proof deposit bag with cash deposit and place in safe for pick up
6. Attach yellow copy of deposit slip with all daily reports and send to OFMB

Daily Balancing

The following procedure shall be completed daily by the Staff Accountant located in Accounting & Treasury of OFMB:

1. Receive daily deposit information from outside departments and from financial institutions website
2. Balance daily deposit information and GMBA batch.
3. Once the above are reconciled, the GMBA batch is posted to the financial system

_____

Approval Signature

Cashier: _____

Date: _____

Cash Reconciliation Worksheet

Currency

Bills	$100		Change	$0.50	
	$50			$0.25	
	$20			$0.10	
	$10			$0.05	
	$5			$0.01	
	$1				
	Total Bills	-		**Total Change**	$ -

Cash	$ -
Checks	
Credit Cards	
Sub-Total	$ -
Less Opening Balance	250.00
Grand Total	$ (250.00)

Grand Total from Cash Edit/Post Listing: _____

Over / (Short) (250.00)

Reviewed By: _____

Date: _____

Village of Wellington
Cash Procedures and Internal Controls
Appendix B

Cash receipts are received by the Village through various methods including:

- Onsite customer service windows
- Lockbox payments sent through the mail
- Telephone payments using the IVR system
- Electronic bank drafts from customers
- Online payments using the Click2Gov (C2G) system
- Onsite drop box locations (two) for utility payments
- Offsite at three parks and recreation locations
- Offsite concession sales during community events
- Lake Wellington Professional Centre (LWPC)

Parks and Recreation Locations

The Customer Service Representatives (CSR) and/or Recreation Assistant (RA) at the parks and recreation locations collect and apply payments, using the RecTrac software, received at the three offsite locations; Village Park, Aquatics Complex, and the Community Center. Each CSR/RA balances cash drawers daily and prints the Distribution Report, Cash Journal, and Cash Balancing Worksheet for review and approval by senior members of the Customer Service staff. During special community events, parks and recreation CSRs are responsible for collecting and documenting cash receipts for concession sales using the Wellington Amphitheater Concession Stands form. The Concession Stands form and cash collected are then reviewed by the senior members of the Customer Service staff.

The senior members of the Customer Service Representative staff (SCSR) for the parks and recreation department review and compile all customer service cash receipt activity including the individual CSR cash drawers, the online Plug N Pay web payments, and monies collected at concession stands during community events.

The Customer Service Representatives (CSR) at the Municipal Complex collect and apply payments received at the onsite window locations. Each CSR balances their cash drawers daily and prints the Cash Edit Listing for review and approval by the Senior Administrative Assistant.

The Customer Service Manager (CSM) in the parks and recreation department is responsible for the oversight of the cash receipt process. The CSM will conduct surprise cash counts on an as needed basis. Special permissions in the RecTrac software are granted to the CSM to enable access to error correction and issue resolving features of the software.

The Property Manager (PM) at the Lake Wellington Professional Centre is responsible for the oversight of the cash receipts process. The PM will conduct surprise cash counts on an as needed basis.

The Customer Service Senior Administrative Assistant (SAA) reviews and compiles all customer service cash receipt activity including the individual CSR cash drawers, the C2G payments for all departments excluding utilities, the IVR telephone payments, and the credit card payments processed onsite.

Customer Service representative collects and posts the drop box payments, the C2G utilities payments, and payments received through the mail.

The Accounting Technician (AT) processes electronic bank drafts, imports and posts the lockbox file from Intuition (sent via e-mail), and balances and posts the RecTrac activity received from the RecTrac CSRs.

The Staff Accountant (SA) reconciles the cash receipts and withdrawals for the Village to the general ledger and bank account activity on a daily basis. The SA also performs the monthly bank account reconciliations.

The Senior Financial Analyst (SFA) performs the month end closing procedures.

The SFA, Controller and Chief Financial Officer (CFO) review the monthly bank reconciliations subsequent to the month end closing procedures.

Customer Service Representative/Recreation Assistant Responsibilities – Parks and Recreation Locations

Each CSR is assigned a User ID and cash drawer. At the end of every day, each CSR/RA prints the following reports:

a. Distribution Report – Detail Line Items: Lists all transactions with the general ledger account numbers they are to be posted to.
b. Cash Journal: Lists each individual transaction by payment type, payment reference, and house/other name.
c. Cash Balancing Worksheet: Facilitates the balancing of the cash drawer at the end of each day.

1. Agrees the totals on the Distribution Report to the Cash Journal.
2. Reviews the Cash Journal for inconsistencies in Payment Type and Payment Reference on an individual transaction basis. CSR/RAs do not have the capability to make error adjustments so any errors to be adjusted by the SCSR are highlighted and accompanied by explanations on the bottom of the report.
3. Prepares the Cash Balancing Worksheet by detailing the contents of their cash drawer, listing coins, bills, checks, and credit card receipts collected throughout the day. These totals are agreed to the totals listed on the Distribution Report by payment type.
4. Documents completeness by putting name, date, time of cash count, and signature on the "Counted by" line of the form.
5. Prepares a deposit slip using the information on the Cash Balancing Worksheet. The cash and the deposit slip are placed in an envelope to be reviewed by the SCSR. The paper checks are included in the envelope to be remotely deposited by the SCSR.
6. Places the reports, deposit slip, cash, and paper checks in the safe for pick up by the SCSR the following morning. Key Control

Note: The safe at the Community Center is used for both the Community Center front desk activity and the Aquatics Complex front desk activity.

Concession Sales – Parks and Recreation Department

Concession sales take place during special community events such as movies, concerts, festivals, etc. The Parks and Recreation staff is responsible for working the concession stand(s) and collecting cash during events. Typically a volunteer will assist the CSR/RA with cash collection.

1. Receives cash payments at concession window. Cash is kept in a cash box throughout the duration of the event.

2. Balances cash drawer by completing the Wellington Amphitheater Concession Stands form documenting the opening balance, standard of $170, the closing balance and reporting the difference as the deposit to be made.
3. Confirms information by signing the form on the "Employee Signature" line. The CSM will count the cash with the CSR/RA and sign on the "Manager Signature" line.
4. The CSM places cash and forms in the safe at either the Community Center or Village Park, whichever is more convenient to the location of the event. The SCSR will pick up the cash and documents on Monday morning following the event and prepare a deposit slip.

<u>Senior Customer Service Representative Responsibilities – Parks and Recreation Department</u>

Reviews the work of the Customer Service Representatives at the Parks and Recreation locations and concession stands

1. Reviews and Balances Cash for each CSR/RA
    a. Retrieves the contents of the safes at approximately 7:00 AM each morning.
    b. Reviews the Cash Balancing Worksheet for each CSR/RA and agrees to the prepared deposit slip and Cash Journal.
    c. Recounts cash and signs off on the "Verified by" line on the worksheet.

    Note: The CSM performs spot checks by performing a third count of the cash prior to the SCSR sealing the bank deposit bag.

    d. Prepares a deposit bag. A photocopy of the completed deposit bag is made and the deposit bag number is torn off and attached to the bag photocopy. The white copies of the deposit slips and the cash for deposit are placed in the tamper proof deposit bag. The bag number and photocopy are held at the Community Center or Village Park location, respectively.
    e. Delivers the deposit bag to the SAA in the OMFB department at the Municipal Complex to be kept in the safe until pickup by the courier. A log is completed when the bag is delivered and the staff member receiving the bag signs the log as verification of receipt.
    f. Includes the deposit bag number on the bank deposit manifest completed by the courier as outlined below.
    g. Scans the daily reports for each CSR/RA (Distribution Report, Cash Journal, and Cash Balancing Worksheet) into Laserfiche, so that the AT can retrieve the reports while importing the information from RecTrac to NaviLine.

2. Deposits Checks Remotely

There are check scanners at the Village Park and Community Center locations. A SCSR at each location remotely deposits the checks each morning. Each SCSR has a User ID and Password for Bank of America sign-on access. The SCSR performs the following steps:

    a. Deposits all checks received from each CSR/RA cash drawer to the Bank of America account.
    b. Prints a deposit batch report and compares the total checks received to the Cash Journal prepared by each CSR/RA daily.
    c. Attaches the physical checks to the Deposit Detail Batch Report, forwards to the AT for review, and uploads into Naviline.

3. Settles Credit Card Payments

a. Navigates to the "Credit Card Terminal" screen and agrees the total credit card transactions with the amount reported on the Cash Journal reports prepared by the CSR/RA's.

b. Corrects errors identified on the CSR/RA's Cash Journal reports.

c. Settles the credit card batch and prints the Batch Settlement Report which is forwarded to the AT.

Note: Plug N Pay online payments are automatically settled. The SCSR reviews these payments on a daily basis to make sure that they agree to the RecTrac totals. The SA has view only access to this online account as well.

4. Delivers the following reports to the AT for review and preparation for posting to GMBA:

a. Yellow copies of deposit slips

b. Paper copies of checks attached to the remote deposit batch detail report

c. Credit Card Batch Settlement Reports.

<u>Customer Service Representative Responsibilities – Municipal Complex Location</u>

1. Collect and Post Drop Box Utilities Payments

Note: Payments made via drop box are not supposed to include cash; however occasionally cash payments are made. See (e) below for processing cash received.

a. Collects the drop box payments from the two locations onsite at the East and West sides of the parking lot. Collections are done twice per day; in the morning at 7:00 AM and in the afternoon at 2:00 PM.
b. Posts payments retrieved in NaviLine.
c. Prints a Cash Edit Listing and verifies the batch total agrees to the payments received.
d. Prints a batch listing and attaches to all paper copies of the checks received which are forwarded to the SAA.

2. Processes and Posts Payments Made by Mail
   a. Opens and processes payments received by mail.
   b. Enters the payments manually into NaviLine and balances to the Cash Edit Listing.
   c. Prints a Cash Edit Listing and verifies the batch total agrees to the payments received.
   d. Prints a batch listing and attaches to all paper copies of the checks received which are forwarded to the SAA.

Each CSR is responsible for balancing their cash drawer at the end of every day.

1. Generates a Cash Edit Listing report using the NaviLine software that summarizes transaction totals for the day. The transactions are categorized by tender method and payment type, i.e. business permits, parking tickets, occupational licenses, utility payments, etc.

2. Signs off on the bottom of the Cash Edit Listing when the reconciliation of their cash drawer to the Cash Edit Listing report is complete.

3. Closes the batch receipt using the NaviLine software so that it will display as "Balanced" in the Cash Receipts Batch Selection.

4. Initials the upper left corner of the deposit slip.

Customer Service Senior Administrative Assistant Responsibilities

Reviews the work of the Customer Service Representatives at the Municipal Complex location

1. Reviews and Balances Cash with the CSR
    a. Compares the Cash Edit Listing and the deposit slip with the CSR for accuracy.
    b. Prepares a bank deposit bag when the comparison in step (a) is complete. The bag is sealed and the bag number is torn off the top of the bag to be forwarded to the SA with the yellow copies of the deposit slips. The deposit bag is locked in the safe located in the SAA's office to be deposited the following day by a courier.
    c. Prepares and approves a preliminary Cash Post Listing.

2. Deposits Checks Remotely

The SAA has a User ID and Password for Bank of America sign-on access. The following tasks are performed:

a. Deposits all checks received from each CSR cash drawer to the Bank of America account.
b. Prints a Deposit Batch Detail report and compares the total checks received to the Cash Edit Listing of each CSR's cash drawer.
c. Attaches the physical checks to the Deposit Detail Batch report and forwards to SA. The SA compares the Deposit Detail Batch report with the online banking activity for completeness and accuracy.

3. Balances Credit Card Payments

The CSRs process credit card payments using two credit card terminals. The SAA performs the following tasks:

a. Logs into the USAepay system and retrieves the credit card payment reports for each day.

b. Agrees the credit card transactions for the day per the Batch Summaries with the Cash Edit Listing credit card charge totals from the CSRs' individual reports. Each CSRs' credit card transactions per their Cash Edit Listing are balanced to the credit cards in the USAePay system.

c. Settles and closes the credit card batch within the USAePay system for the day.

4. Balances Interactive Voice Response (IVR) Payments

a. Creates the IVR Payment Batch using the NaviLine software. A Cash Edit Listing will print and the IVR Batch will be displayed on the Cash Receipt Batch Selection.
b. Logs in to USAePay and selects the Wellington Utilities IVR.
c. Compares the Cash Edit Listing to the Batch Total and verifies that they match.
d. Verifies that the Batch Total agrees with the Cash Edit Listing and closes the Batch.
e. Posts the IVR Cash Batch in NaviLine.

5. Reviews the Click 2 Gov (C2G) Payments – for the Building Permits and Parking Tickets. The C2G payment option on the Village's website accepts payments made via credit card or electronic check. C2G is integrated with the NaviLine software and a cash receipts batch is generated for each departmental payment total.

a. Logs in to the C2G software and views reports for the building permit and parking ticket activities for the day, individually.

b. Compares the NaviLine Edit Listing to the batch totals and verifies that they are in agreement.
c. Close the batches in NaviLine so they will appear as Balanced in the Cash Receipts Batch Selection.
d. Prints the detailed reports from the C2G website and attaches to the Cash Edit Listings.
e. Forwards to the SA.

6. Prepares a Cash Post Listing – Final Totals Report

a. Adds the IVR payments received to the preliminary Cash Post Listing to arrive at the Cash Post Listing – Final Totals Report.
b. Attaches the bank deposit bag number that was torn from the deposit bag to the Check Post Listing – Final Totals.

7. Prepares Reports for Staff Accountant to Post to GMBA

1. Submits the following reports to the SA:
   I. Individual Cash Edit Listings with each CSR's signature
   II. Yellow copies of deposit slips and strip from Bank of America mylar bag
   III. Check Remote Deposit Batch Report with all paper checks
   IV. Credit card receipts for the day
   V. Preliminary Check Post Listing with evidence of the SAA's approval
   VI. C2G detail attached to a Cash Edit Listing for each department
   VII. Check Post Listing – Final Totals.

<u>Customer Service Representative Responsibilities – Lake Wellington Professional Centre</u>

The majority of payments received by the LWPC are in the form of a check that arrives via USPS, or is hand delivered by clients. The receptionist receives all forms of payment, ensures the MR customer number on the check, and provides the payment to the Administrative Coordinator (AC). The AC uses NaviLine AR Inquiry to lookup the customer's account, verify the account information, and verify that the payment amount provided agrees to the account balance in the system. In some instances the AC will print out the customer's account information and note any discrepancies, if applicable, to provide with the payment for processing. The checks are then totaled by the AC on tape, signed and dated by the AC and provided to the Property Manager (PM) for review. Upon review the PM will make any adjustments, if necessary, and sign and date the final tape.

A 3-ply carbon copy receipt book is used to track payments received in the form of cash. Clients who pay with cash are provided a carbon copy upon receipt of their payment, a second carbon copy receipt is sent with the daily drop in order to provide information for processing, and the third copy remains in the receipt book on site at the LWPC.

If cash has been provided as a form of payment, and after verifying payment accuracy, the AC prepares the cash deposit bag by totaling all cash received on tape, which is then dated and initialed by the AC. The cash and tape is then provided to the Property Manager (PM) for review. Provided there are no discrepancies, the PM also dates and initials the tape. Once reviewed the completed bank deposit, signed tape, and second copy receipt is placed in the bank provided, tamper proof deposit bag and put in the same envelope that holds any checks received. The deposit bag tracking number and the 3rd carbon copy deposit slip are held at the LWPC.

<u>Courier Responsibilities</u>

1. Picks up the envelope and delivers it to the Municipal Complex and is delivered to the SAA for processing, as outlined above.

Accounting Technician Responsibilities

Reviews the work of the Customer Service Representatives at the Parks and Recreation locations

1. Imports and Processes the Lockbox File
    a. Receives daily email from Intuition around 2:00 PM detailing the lockbox activity. The email includes a summary of the total amounts electronically trasmitted to the Bank of America checking account along with the export file to be imported to NaviLine.
    b. Imports the file to NaviLine, ensuring the account numbers and payment amounts are automatically applied according to the information in the file. Payments with unmatched account numbers are manually applied to the customer account.
    c. Generates a Cash Edit Listing report detailing the lockbox activity per NaviLine.
    d. Compares the Cash Edit Listing to the lockbox detail totals included in the email received from Intuition.
    e. Closes the batch in NaviLine when the Cash Edit Listing and the lockbox detail totals are balanced.
    f. The SA verifies the amount posted to GMBA with the amount that clears the bank account per the daily email from Intuition.
2. Balance the Click2Gov Utilities Payments
    a. Logs in to Naviline cash receipts and views the utilities payment report for duplicate transactions.
    b. Closes and batch posts in Naviline so it will appear as Balanced in the Cash Receipts Batch Selection.
    c. Prints the cash posts listing and the One Point settlement report from Naviline and attaches to the Cash Post Listing to forward to the SA.
3. Balances RecTrac Activity
    d. Creates the import file for NaviLine in the RecTrac software, create the import file for NaviLine.
    e. Imports the RecTrac activity.
    f. Balances the batch detail for the credit card payments per the Batch Settlement Report received from the CSR in the Parks and Recreation department.
    g. Closes the batch once the activity is in agreement.
    h. Balances the batch detail for the cash and check activity per the scanned Cash Journals from each CSR.
    i. Compares the Remote Batch Detail of the checks deposited remotely to the batch detail in NaviLine.
    j. Creates a batch for each CSR's cash drawer. Once all cash drawers are in agreement with their Cash Journal Reports, the batches can be closed.
    k. Prepares a Cash Post Listing for the RecTrac activity to forward to the SA for review.
    l. Attaches the Remote Deposit Batch detail and paper checks to the Cash Post Listing.
4. Processes and Posts Auto Payments for Utility Account Customers
    a. Receives weekly a Billing Report from Naviline that shows the accounts enrolled in auto pay whose payments are to be processed. The payments can be made by credit card or bank draft. The credit cards are processed on the date the payment is due and the bank drafts are generally done two days in advance.
    b. Initiates bank drafts in NaviLine from the "Update Processing Menu."

c. Selects the accounts to be processed and enters the date through which payments should be processed.
d. Generates a Bank Draft Detail Report that lists the accounts to be drafted, the date of the draft, the payment type, and the amount of the draft.
e. Agrees the Bank Draft Detail Report with the Billing Report from Naviline.
f. Creates an export file in NACHA format from Naviline to be uploaded to the Bank of America Data Transmission site.
g. Validates the export file with Bank of America by placing a phone call to verify information such as the total amount of the debits and credits of the file transmitted. Authorized personnel have unique PIN numbers to call and validate the file. If a phone call has not been made within a reasonable amount of time to validate, Bank of America will contact the SA on file to confirm the file's details and validity.
h. Agree the confirmation from the Bank of America Data Transmission site to the Naviline Billing Report.
i. Sends to the SA for review.

Staff Accountant Responsibilities:

Reviews the work of the Accounting Technician and the Senior Administrative Assistant

Daily Cash Reconciliation Process:

1. Downloads and Prints Reports

The Village maintains bank accounts at Bank of America. Each morning the SA will log on to the banking website and print daily reports of non-sufficient funds transactions (ERIN), wire transfers, and check and deposit detail for transactions clearing the bank the previous day.

a. Prints the email from Bank of America regarding Lockbox payments that have been transmitted.

2. Daily Reconciliation of Cash Disbursements
   a. Marks all checks in Naviline as reconciled that cleared the bank per the online banking reports.
   b. Generates a check register of cleared checks and agrees to the totals on the online banking reports.
   c. Updates the "Disbursement Summary Spreadsheet" using the information from the bank report.
   d. Maintains an NSF spreadsheet of all returned and NSF transactions. Details of the returned transactions are obtained from the merchant services online system or from the online banking report.
   e. Clears all cash disbursements in the GMBA.
   f. Updates the disbursements spreadsheet and balances to the online bank export file.
3. Daily Reconciliation of Cash Receipts

There are three spreadsheets that are used to reconcile the cash receipts; "Month FYE Bank," "Month FYE Cust Svc," and "Month FYE RecTrac."

a. Updates the Cash Receipts – Bank tab of the "Month FYE Bank" spreadsheet using the online banking report.
   i. Enters deposits individually and categorizes by fund type (i.e. customer service, planning, zoning, and building, occupational licenses, etc.). The totals for the various funds then flow through via Excel links to the RecTrac, Cust Svc, and Misc spreadsheets.

    ii. Agrees the day's deposit grand total per the Excel sheet to the total per the online banking report.

b. Updates the Cash Query tab of the "Month FYE Bank" spreadsheet using the cash receipt batches in GMBA.
    i. Groups the cash receipt transactions from previous day by department and posts them to GMBA. The cash receipt batches are generated in the NaviLine software from the various departments during their regularly scheduled system update and data releases. For example, the customer service department is updated and released to be posted to GMBA each evening at 9:00PM.
    ii. Agrees the total group transaction balance to the total per the online banking report.
    iii. Generates the Cash Query report in Cognos. This report includes all pooled cash broken down by the group number, signifying the fund each deposit was posted to in the GL.
    iv. Enters the deposits individually and categorizes by their fund. A running total for each fund is linked to the Misc, RecTrac, and Cust Svc spreadsheets to later balance against the bank deposit amounts.

c. Reconciles the general ledger activity for each department to the activity per the online banking report.
    i. Update the Cash Receipts – Misc, RecTrac, and Cust Svc, spreadsheets individually.
    ii. Enters deposit detail based on where the money came in and the tender type. The Cash Post Listing – for each CS received from the senior administrative assistant is used to enter all of the detail on the Cust Svc spreadsheet. Cash deposits are marked "C" for cleared once they've hit the bank and "I" for in-transit. Totals are calculated at the bottom of the spreadsheet and any differences will be investigated at this point.

Monthly Bank Reconciliation

a. Completes a preliminary bank reconciliation by the 10th of the following month for each account and finalized shortly after. Accounts statements not received by the 10th reconciled within 5 days after receipt of the statement.
b. Prepares journal entries for all investment activity including investment interest, investment gains and losses (realized and unrealized), and investment fees.

Senior Financial Analyst Responsibilities:

a. Performs month end closing procedures.
b. Reviews and approves the bank reconciliations for completeness and accuracy.
c. Prepares the Public Depositor Annual Report and submits to the State by November 30th.

Controller

a. Reviews month end closing procedures.
b. Reviews and approves the bank reconciliations for completeness and accuracy.
c. Reviews the Public Depositor Annual Report and submits to the State by November 30th.

Chief Financial Officer Responsibilities:

a. Reviews and approves the bank reconciliations for completeness and accuracy.
b. Review work of Staff Accountant

Village of Wellington

INVESTMENT POLICY

Approved
October 1, 2013

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I. SCOPE

This Investment Policy ("Policy") applies to all transactions involving the financial assets held or controlled by the Village of Wellington ("Village") and its component units, not otherwise classified as restricted assets requiring separate investing, in accordance with the requirements of Section 218.415, Florida Statutes. These assets and related activity are accounted for in the Village's annual financial report in the following funds:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Enterprise Funds
- Any new funds created by the Village, unless specifically exempted by the Legislative body.

This Policy shall not apply to pension funds, including those funds under chapters 175 and 185, or funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds or assets held by third parties (custodians or money managers) under Bond Trust Indenture Agreements. Cash and investment balances as defined in this Section are entirely known as "Available Funds".

II. OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety of capital liquidity of funds and then return on investment.

Safety of Capital

Safety of capital is the primary objective of the investment program. Accordingly, the overall investment portfolio shall be managed to ensure capital (principal) losses are avoided by mitigating credit risk and interest rate risk.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or supporter. Credit risk is mitigated by:

- Limiting investments to the safest types of securities.

- Pre-qualifying financial institutions, broker/dealers, intermediaries, and advisors with which the Village will do business.
- Diversifying the investment portfolio to minimize potential losses on individual securities.
- Monitoring investments to anticipate and respond appropriately to changing market conditions.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by:

- Structuring portfolio maturities to match cashflow requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating, payroll, and capital requirements that may be reasonably anticipated. The Village's portfolio should always encompass the ability for quick conversion to cash without loss of principal to meet cashflow requirements. The Village will attempt to forecast expected cashflows by major categories in as much detail and with as much precision as possible. The Village will monitor the findings of the cashflow forecast and make revisions as appropriate.

To the extent possible, the Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cashflow requirement or otherwise approved by the Village Council, the Village will not directly invest in securities maturing more than five (5) years from the date of purchase.

Return on Investment

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active management where the adviser utilizes a total return strategy (which includes both realized and unrealized gains and losses in the portfolio). This total return strategy seeks to increase the value of the portfolio through reinvestment of income and capital gains. The core of investments is limited to relatively low risk securities in

anticipation of earning a fair return relative to the risk being assumed. Despite this, a portfolio manager may trade to recognize a loss from time to time to achieve a perceived relative value based on its potential to enhance the total return of the portfolio.

III. PRUDENCE AND ETHICAL STANDARDS

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of capital, liquidity needs, and the expected income to be derived from the investment.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the State Statutes and other laws, proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Village.

While the standard of prudence to be used by the Village's staff is the Prudent Person standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

IV. AUTHORITY AND RESPONSIBILITY

The Director of Administrative and Financial Services is designated as the investment officer of the Village and is responsible to manage the investment portfolio and to establish and maintain internal controls over the investment process consistent with this Policy, under the direction of the Village Manager.

The Director of Administrative and Financial Services shall be responsible for all transactions undertaken, including the activities of subordinate officials, and may delegate authority and responsibility for certain investment transactions and procedures as outlined in the Accounting Manual. The Village may employ investment managers to assist in investing, monitoring, or advising on the Village's investments. Such investment managers must be registered under the Investment Advisors Act of 1940.

The Village maintains employee dishonesty insurance and bonding for all employees and officials with signatory authority.

V. MATURITY AND LIQUIDITY REQUIREMENTS

Each year a cash flow analysis will be completed to determine the acceptable allocation and balances for each of the following funds. The Assistant Finance Director will be responsible for the cash flow analysis, which will be presented to the Director of Administrative and Financial Services for review.

Operating Funds

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Individual investments of current operating funds shall have maturities of no longer than twenty-four (24) months ("Short-Term Portfolio").

Core Funds

Investments of reserves, capital funds, and other non-operating funds ("Long-Term Portfolio") shall have a term appropriate to the need for funds, but in no event shall the maturity of any individual security exceed five (5) years and the average duration of the portfolio as a whole may not exceed three (3) years.

VI. SUITABLE AND AUTHORIZED INVESTMENTS

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the Village's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Director of Administrative and Financial Services or the investment managers may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the Village's custodian.

The following are the investment instrument parameters and allocation limits on security types, issuers, and maturities, as established by the Village. For the purpose of complying with allocation limits, the term “Available Funds” is defined as Section I of this Policy and not including balances invested in the overnight sweep investment. The Director of Administrative and Financial Services or designee, shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocation requirements for investment types and issuers are calculated based on the market value of each investment at the time of purchase. Investments not listed in this Policy are prohibited.

Security Type	Minimum Rating Requirement	Maturity Limits	Maximum Allocation Limit	Maximum Issuer Limit
Florida PRIME Fund	AAAm	N/A	25%	N/A
United States Government Securities	N/A	5 Years	100%	N/A
United States Government Agencies (full faith and credit of the United States Government)	N/A	5 Years	50%	25%
Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE") which are non-full faith and credit).*	N/A	5 Years	80%	40%
Mortgage-Backed Securities (MBS) *	N/A	5 Years	20%	15%
Interest Bearing Time Certificates of Deposit or Saving Accounts	N/A	1 Years	25%	15%
Repurchase Agreements	N/A	90 Days	50%	25%
Commercial Paper	P-1/A-1	270 Days	25%	5%
Corporate Notes	single "A" category by two NRSROs	5 Years	15%	5%
Bankers' Acceptances	P-1/A-1	180 Days	25%	5%
State and/or Local Government Taxable and/or Tax-Exempt Debt	Single "A" category by two NRSROs	5 Years	20%	10%
Registered Investment Companies (Money Market Mutual Funds)	AAAm	N/A	50%	25%
Registered Investment Companies (Mutual Funds)	AAA	3 Years	40%	20%
Intergovernmental Investment Pool	AAA	N/A	15%	N/A
Florida League of Cities, Inc. Enhanced Cash Portfolio	N/A	N/A	15%	N/A

* The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.

Portfolio Composition and Diversification

A. The Florida PRIME Fund.

1. Investment Authorization

Invest in the Florida PRIME Fund.

2. Portfolio Composition

A maximum of 25% of Available Funds may be invested in the Florida PRIME Fund.

3. Rating Requirements

The money market funds shall be rated "AAAm" by Standard & Poor's or the equivalent by another Nationally Recognized Statistical Ratings Organization (NRSRO).

4. Due Diligence Requirements

A thorough review of any money market fund is required prior to investing, and on a continual basis. The questionnaire provided in Appendix E must be completed prior to investing.

B. United States Government Securities

1. Purchase Authorization

Invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:

Cash Management Bills
Treasury Securities – State and Local Government Series ("SLGS")
Treasury Bills
Treasury Notes
Treasury Bonds
Treasury Strips

2. Portfolio Composition

A maximum of 100% of Available Funds may be invested in the United States Government Securities.

3. Maturity Limitations

The maximum length to maturity of any direct investment in the United States Government Securities is five (5) years from the date of purchase.

C. United States Government Agencies (full faith and credit of the United States Government)

1. Purchase Authorization

Invest in bonds, mortgage instruments, debentures or notes which may be subject to call, issued or guaranteed as to principal and interest by the United States Government Agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:

Government National Mortgage Association (GNMA)
- GNMA guaranteed mortgage-backed bonds
- GNMA guaranteed pass-through obligations

United States Export – Import Bank
- Direct obligations or fully guaranteed certificates of beneficial ownership

Farmer Home Administration
- Certificates of beneficial ownership

Federal Financing Bank
- Discount notes, notes and bonds

Federal Housing Administration Debentures

General Services Administration

United States Maritime Administration Guaranteed
- Title XI Financing

New Communities Debentures
- United States Government guaranteed debentures

United States Public Housing Notes and Bonds
- United States Government guaranteed public housing notes and bonds

United States Department of Housing and Urban Development
- Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of Available Funds may be invested in United States Government Agencies.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested in individual United States Government Agencies.

4. Maturity Limitations

The maximum length to maturity for an investment in any United States Government Agency security is five (5) years from the date of purchase.

D. Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE") which are non-full faith and credit).

1. Purchase Authorization

Invest in bonds, mortgage instruments debentures or notes which may be subject to call, issued or guaranteed as to principal and interest by Federal Instrumentalities (United States Government Sponsored Enterprises), which are non-full faith and credit agencies including the following:

Federal Farm Credit Bank (FFCB)
Federal Home Loan Banks (FHLB)
Federal National Mortgage Association (FNMA)
Federal Home Loan Mortgage Corporation (Freddie-Mac) including Federal-Home Loan Mortgage Corporation participation certificates

2. Portfolio Composition

A maximum of 80% of Available Funds may be invested in Federal Instrumentalities. Callable securities are limited to 20% of Available Funds. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.

3. Limits on Individual Issuers

A maximum of 40% of Available Funds may be invested in individual Federal Instrumentalities.

4. Maturity Limitations

The maximum length to maturity for an investment in any Federal Instrumentality security is five (5) years from the date of purchase.

E. Mortgage-Backed Securities (MBS)

1. Purchase Authorization

Invest in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or GSE for payment of principal and a guarantee of timely payment.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in MBS. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.

3. Limits of Individual Issuers

A maximum of 15% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any MBS is five (5) years from the date of purchase.

The maturity of mortgage securities shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security's description.

F. Interest Bearing Time Certificates of Deposit or Saving Accounts

1. Purchase Authorization

Invest in non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes

2. Portfolio Composition

A maximum of 25% of Available Funds may be invested in non-negotiable interest bearing time certificates of deposit or savings accounts.

3. Limits on Individual Issuers

A maximum of 15% of Available Funds may be deposited with any one issuer.

4. Maturity Limitations

The maximum maturity on any certificate of deposit shall be no greater than one (1) year from the date of purchase.

G. Repurchase Agreements

1. Purchase Authorization

a. Invest in repurchase agreements composed of only those investments based on the requirements set forth by the Village's Master Repurchase Agreement. All firms are required to sign the Master Repurchase Agreement prior to the execution of a repurchase agreement transaction.

b. A third party custodian with whom the Village has a current custodial agreement shall hold the collateral for all repurchase agreements with a term longer than one (1) business day. A clearly marked receipt that shows evidence of ownership must be supplied to the Director of Administrative and Financial Services and retained.

c. Securities authorized for collateral are negotiable direct obligations of the United States Government, Government Agencies, and Federal Instrumentalities with maturities under five (5) years and must have a market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Director of Administrative and Financial Services

2. Portfolio Composition

A maximum of 50% of Available Funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers

A maximum of 25% of Available Funds may be invested with any one institution excluding one (1) business day agreements and overnight sweep agreements.

4. Limits on Maturities

The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.

5. Performance Calculation

Overnight sweep investments for the purpose of calculating investment performance and asset allocation requirements will be excluded from the calculations.

H. Commercial Paper

1. Purchase Authorization

Invest in commercial paper of any United States company that is rated, at the time of purchase, at a minimum “Prime-1” by Moody’s or better and “A-1” by Standard & Poor’s or better (prime commercial paper) or the equivalent by two NRSRO.

2. Portfolio Composition

A maximum of 25% of Available Funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of 5% of Available Funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

I. Corporate Notes

1. Purchase Authorization

Invest in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum of single “A” category or better by any two NRSROs.

2. Portfolio Composition

A maximum of 15% of Available Funds may be directly invested in corporate notes.

3. Limits on Individual Issuers

A maximum of 5% of Available Funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase.

J. Bankers' Acceptances

1. Purchase Authorization

Invest in Bankers' Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services or better and "A-1" Standard & Poor's or better, or the equivalent by another NRSROs.

2. Portfolio Composition

A maximum of 25% of Available Funds may be directly invested in Bankers' Acceptances.

3. Limits on Individual Issuers

A maximum of 5% of Available Funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for Bankers' Acceptances shall be 180 days from the date of purchase.

K. State and/or Local Government Taxable and/or Tax-Exempt Debt

1. Purchase Authorization

Invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated, at the time of purchased, at a minimum single "A" category by any two NRSROs, or rated at a minimum "VMIG2" by Moody's or better and "A-2" by Standard & Poor's or better for short-term debt or the equivalent by another NRSRO.

2. Portfolio Composition

A maximum of 20% of Available Funds may be invested in taxable and tax-exempt debts.

3. Limits on Individual Issuers

A maximum of 10% of Available Funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any state or local government debt security is five (5) years from the date of purchase.

L. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization

Invest in shares in open-end and no-load money market mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market mutual funds must have an average weighted maturity of 60 days or less. The prospectus of such funds must indicate that the share value shall not fluctuate.

2. Portfolio Composition

A maximum of 50% of Available Funds may be invested in money market mutual funds.

3. Limits of Individual Issuers

A maximum of 25% of Available Funds may be invested with any one money market mutual fund.

4. Rating Requirements

The money market mutual funds shall be rated, at a minimum, “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.

5. Due Diligence Requirements

A thorough investigation of any money market mutual fund is required prior to investing and on a quarterly basis. The questionnaire provided in Appendix E must be completed prior to investing. A current prospectus must be obtained prior to investing.

M. Registered Investment Companies (Mutual Funds)

1. Investment Authorization

   Invest in shares in open-end and no-load mutual funds, with fluctuating net asset values, provided such funds are registered under the Federal Investment Company Act of 1940. The prospectus of such funds must indicate that the mutual fund's average duration is maintained at 3 years or less and the mutual fund invests exclusively in investment instruments as authorized by this Policy.

2. Portfolio Composition

   A maximum of 40% of Available Funds may be invested in mutual funds.

3. Limits of Individual Issuers

   A maximum of 20% of Available Funds may be invested with any one mutual fund.

4. Rating Requirements

   Mutual funds shall be rated "AAA" by Standard & Poor's or an equivalent rating by another NRSRO.

5. Due Diligence Requirements

   A thorough investigation of any mutual fund is required prior to investing and on a quarterly basis. The questionnaire provided in Appendix E must be completed prior to investing. A current prospectus must be obtained prior to investing.

N. Intergovernmental Investment Pool

1. Investment Authorization

Intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.

2. Portfolio Composition

A maximum of 15% of Available Funds may be invested in intergovernmental investment pools.

3. Rating Requirements

The Intergovernmental Investment Pool shall be rated “AAA” by Standard & Poor’s or the equivalent by another NRSRO.

4. Due Diligence Requirements

A thorough investigation of any pool fund is required prior to investing and on a quarterly basis. The questionnaire provided in Appendix E must be completed prior to investing. A current prospectus must be obtained prior to investing.

O. Florida League of Cities, Inc. Enhanced Cash Portfolio

1. Investment Authorization

Florida League of Cities, Inc. Enhanced Cash Portfolio

2. Portfolio Composition

A maximum of 15% of Available Funds may be invested in the Enhanced Cash Portfolio.

3. Due Diligence Requirements

A thorough investigation of the Enhanced Cash Portfolio is required prior to investing and on a quarterly basis. The questionnaire provided in Appendix E must be completed prior to investing. A current prospectus must be obtained prior to investing.

VII. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The Village shall only purchase securities from financial institutions, which are qualified as public depositories by the Chief Financial Officer of the State of Florida or from primary dealers (or their agents) as designated by the Federal Reserve Bank of New York and regional dealers who meet the following conditions.

The Village's Investment Manager(s) shall utilize and maintain its own list of approved primary and non-primary dealers.

Qualified Financial Institutions and Securities Dealers

A list will be maintained of qualified financial institutions and securities dealers authorized to provide investment services. This list will be maintained by the Investment Manager. All financial institutions and securities dealers who desire to conduct business with the Village must supply the following as appropriate:

- Most recent audited financial statements (must be provided annually).
- Proof of State Registration.
- Certification attesting that the individuals responsible for the Village's account have reviewed the Village's Investment Policy, that they agree to comply with the Policy, that they agree to undertake reasonable efforts to preclude imprudent transactions involving the Village's funds, and that they will disclose potential conflicts or risks that may arise out of business transactions between the Village and their organization. However, if the Village's investment advisor is responsible for the investment transaction, the Village will allow the investment advisor to use their professional judgment for the selection of the appropriate qualified financial institutions and securities dealers.
- Executed repurchase agreements, wire transfer agreements, collateral/depository agreements, and other banking services contracts as appropriate.

An annual review of the financial condition, registration, certification, and contracts of qualified financial institutions and securities dealers will be conducted by the Director of Administrative and Financial Services or a designee.

Selection Criteria

The selection will be accomplished through an objective rating system which rates financial institutions and securities dealers on both product and performance measures. The selection of firms by the Village includes the following evaluation criteria:

- Financial strength and security of the financial institution or dealer.
- Institutional and dealer qualifications as they relate to both general and specific product knowledge.
- Technical support capabilities as well as the operational efficiency of the organization.
- Ability to provide value-added services.
- Pricing competitiveness based on the ability to support both the “bid” and “ask” side of various securities market instruments.

VIII. THIRD-PARTY CUSTODIAL AGREEMENTS

All securities purchased by the Village under this section shall be properly designated as an asset of the Village and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United States Government or the State of Florida and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the Director of Administrative and Financial Services or designee as authorized herein. In addition, it may be found to be appropriate to accept confirmation from the trust company affiliated with the other party of the transaction if the structure of this affiliation is such that the two entities are fully independent of each other, that controls are adequate, and that the Village’s security interest in the assets is not lost.

Exceptions to this method of control will be the safekeeping of non-negotiable bank certificates of deposit, the Florida State Board of Administration, and various mutual funds which would require physical delivery without systematic handling found commonly with book entry securities.

The Village will execute third-party custodial agreements with its bank(s) and depository institutions(s). Such agreements will include designation of authority from the Village, details as to responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements and wire transfers, safekeeping and transaction costs, procedures in case of wire failure, or other unforeseen conditions including liability of each party.

Delivery vs. Payment

All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

IX. BID REQUIREMENTS

Where feasible and appropriate, purchases and sales of securities initiated by the Village or the Investment Advisor should generally be accompanied by price quotes from three (3) separate brokers/dealers to ensure the acquisition of market-based prices. Documentation will be retained for all bids, with the winning bid clearly identified. Competitive bids are not applicable in instances where the Village has executed a cash management agreement with an approved institution which addresses the considerations described in the third-party agreement section above.

In certain circumstances where an institution or dealer informs the Village or the Investment Advisor that a potential purchase or sale must be completed within minutes of notification, the competitive bidding Policy may be waived, providing the Director of Administrative and Financial Services or designee specifically approves such individual transactions prior to execution. Periodically, various government agencies announced the issue of new securities to the financial markets. Since all new issues are generally sold at par, the Village would not realize any benefit by purchasing these securities through the competitive bid process. In the case of such new issues of “to be announced” (TBA) securities, the competitive bidding process need not apply.

X. INTERNAL CONTROLS

The Director of Administrative and Financial Services or designee has established a system of internal controls and operational procedures that are in writing and made a part of the Village’s finances operational procedures (see Accounting Manual). The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and recordkeeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and “delivery-vs-payment” procedures. No person may engage in an investment transaction except as authorized under the terms of this Policy.

All book entry securities shall be held by the third party custodian, and all book entry transactions will be completed on a “delivery-vs-payment” method.

Independent auditors as a normal part of the annual financial audit to the Village shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

XI. CONTINUING EDUCATION

The Director of Administrative and Financial Services and any designees shall annually complete eight (8) hours of continuing education in subjects or courses related to investment practices and products.

XII. REPORTING

The Director of Administrative and Financial Services or designee shall prepare an quarterly investment report, which includes a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This report will be prepared in a manner which will allow the Village to ascertain whether investment activities during the reporting period have conformed to the Policy. The report shall be provided to the Village Manager and the Village Council. The report will include the following:

- A listing of individual securities held at the end of the reporting period indicating type, transactions which occurred during the period, par amount (as well as adjusted cost basis), stated yield, maturity date, posted collateral, and actual investment earnings in dollars.
- Unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over a one-year duration that are not intended to be held under maturity.
- Average weighted yield to maturity of the overall portfolio on investments as compared to applicable benchmarks.
- The percentage of the total portfolio which each type of investment represents.
- The Investment Advisor will provide a statement in the Village’s quarterly reports as to the whether the Village’s investments are in compliance with the Policy.

Marking-to-Market

A statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that the minimal amount of review has been performed on the investment portfolio in terms of value and subsequent price volatility. Review should be consistent with the GFOA Recommended Practice on Marking-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools (see appendix).

XIII. SECURITIES

Every security held on behalf of the Village must be properly earmarked and:

- If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the Village's interest in the security;

- If in book entry form, must be held for the credit of the governing body by a depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Florida Statutes, Section 658.12, or by a national association organized and existing under the laws of the United States which is authorized to accept and exercise trusts and which is doing business in the State of Florida, and must be kept in the depository in an account separate and apart from the assets of the financial institution; or

- If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

The Village may also receive bank trust receipts in return for investment of surplus funds in securities. Any trust receipts received must enumerate the various securities held, together with the specific number of each security held. The actual securities on which the trust receipts are issued may be held by any bank depository chartered by the Federal Government, the State of Florida, or any other state as defined in Section 658.12, Florida State Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida.

XIV. SALE OF SECURITIES

When invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, the Director of Administrative and

Financial Services or designee may sell such investments at the then-prevailing market price and place the proceeds into the proper account or fund.

XV. PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolios' performance, the Village will use nationally recognized performance measurements ("benchmarks") for the Short-Term and Long-Term portfolios. The use of benchmarks will allow the Village to measure its returns against other investors in the same markets. Performance calculations will not include any balances invested in the overnight sweep accounts and savings accounts.

Annually, the Investment Committee will review the performance measurements to ascertain their continued relevance based on the composition of the Village's portfolio.

A. Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the S&P Rated GIP Index Government 30 Day Yield. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.

B. Investment performance of the Long-Term Portfolio ("Core") will be compared to the BofA Merrill Lynch's 1–3 Year United States Treasury Index or an equivalent index comprised of U. S. Treasury or Government securities. The appropriate index will have a duration and asset mix that approximates the portfolio and will be utilized as a benchmark to be compared to the portfolio's total rate of return.

XVI. INVESTMENT COMMITTEE

The Village will have an Investment Committee that meets on a quarterly basis to discuss the performance of the Village's investment portfolios, the compliance of the portfolio with regard to the Policy, and items such as economic and market conditions.

The Investment Committee will be made up of members selected by the Director of Administrative and Financial Services.

XVII. EXEMPTIONS

Any investment held that does not meet the guidelines of this Policy, at the time the Policy is adopted, shall be exempt from the requirements of this Policy. At maturity or liquidation, such moneys shall be reinvested only as provided by this Policy.

XVIII. AMENDMENTS

This Policy shall be reviewed by the Investment Committee on an annual basis. Any changes must be approved by the Director of Administrative and Financial Services, the Village Manager, and the Village Council, as well as the individual(s) charged with maintaining internal controls.

Appendix A:

Section 218.415, Florida Statutes

218.415(1) Scope

The investment policy shall apply to funds under the control of the unit of local government in excess of those required to meet current expenses. The investment policy shall not apply to pension funds, including those funds in chapters 175 and 185; or funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.

218.415(2) Investment Objectives

The investment policy shall describe the investment objectives of the unit of local government. Investment objectives shall include safety of capital, liquidity of funds, and investment income, in that order.

218.415(3) Performance Measurement

The investment policy shall specify performance measures as are appropriate for the nature and size of the public funds within the custody of the unit of local government.

218.415(4) Prudence and Ethical Standards

The investment policy shall describe the level of prudence and ethical standards to be followed by the unit of local government in carrying out its investment activities with respect to funds described in this section. The unit of local government shall adopt the Prudent Person Rule, which states that: "Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in this management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

218.415(5) Listing of Authorized Investments

The investment policy shall list investments authorized by the governing body of the unit of local government, subject to the provisions of subsection (16). Investments not listed in the investment policy are prohibited. If the policy authorizes investments in derivative products, the policy must require that the unit of local government's officials responsible for making investment decisions or chief financial officer have developed sufficient understanding of the derivative products and have the expertise to manage them. For purposes of this subsection, a "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values. If the policy authorizes investments in reverse repurchase agreements or other forms of leverage, the policy must limit the investments to

transactions in which the proceeds are intended to provide liquidity and for which the unit of local government has sufficient resources and expertise.

218.415(6) Maturity and Liquidity Requirements

The investment policy shall require that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To that end, the investment policy shall direct that, to the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements.

218.415(7) Portfolio Composition

The investment policy shall establish guidelines for investments and limits on security issues, issuers, and maturities. Such guidelines shall be commensurate with the nature and size of the public funds within the custody of the unit of local government.

218.415(8) Risk and Diversification

The investment policy shall provide for appropriate diversification of the investment portfolio. Investments held should be diversified to the extent practicable to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically, as deemed necessary by the appropriate management staff.

18.4215(9) Authorized Investment Institutions and Dealers

The investment policy should specify the authorized securities dealers, issuers, and banks from whom the unit of local government may purchase securities.

218.415(10) Third-Party Custodial Agreements

The investment policy shall provide appropriate arrangements for the holding of assets of the unit of local government. Securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the unit of local government should be properly designated as an asset of the unit of local government. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized staff member of the unit of local government. Securities transactions between a broker-dealer and the custodian

involving purchase or sale of securities by transfer of money or securities must be made on a “delivery vs. payment” basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

218.415(11) Master Repurchase Agreement

The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

218.415 (12) Bid Requirement

The investment policy shall require that the unit of local government’s staff determine the appropriate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the investment objectives specified in subsection (2) must be selected.

218.415(13) Internal Controls

The investment policy shall provide for a system of internal controls and operational procedures. The unit of local government’s officials responsible for making investment decisions or chief financial officer shall establish a system of internal controls which shall be in writing and made a part of the governmental entity’s operational procedures. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the unit of local government.

218.415(14) Continuing Education

The investment policy shall provide for the continuing education of the unit of local government’s officials responsible for making investment decisions or chief financial officer. Such officials must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

218.415(15) Reporting

The investment policy shall provide for appropriate annual or more frequent reporting of investment activities. To that end, the governmental entity’s officials

responsible for making investment decisions or chief financial officer shall prepare periodic reports for submission to the legislative and governing body of the unit of local government, which shall include securities in the portfolio by class or type, book value, income earned, and market values as of the report date. Such reports shall be available to the public.

In addition to or in lieu of establishing a written investment plan in accordance with investment policies developed pursuant to subsections (1) - (14), a unit of local government electing to conduct investment activity outside the framework provided by this part shall do so under the guidelines set forth in this section. The unit of local government may invest in the following instruments, and may divest itself of such investments, at prevailing market prices or rates, subject to the limitations of this section.

218.415(16) Authorized Investments; Written Investment Policies

Those units of local government electing to adopt a written investment policy as provided in subsections (1)-(15) may by resolution invest and reinvest any surplus public funds in their control or possession in:

a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.

b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.

d) Direct obligations of the United States Treasury.

e) Federal agencies and instrumentalities.

f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations or the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

g) Other investments authorized by law or by ordinance for county or municipality.

h) Other investments authorized by law or by resolution for a school district or a special district.

218.415(17) Authorized Investments; No Written Investment Policy

Those units of local government electing not to adopt a written investment policy in accordance with investment policies developed as provided in subsections (1)-(15) may invest or reinvest any surplus public funds in their control or possession in:

a) The Local Government Surplus Funds, Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s. 163.01.

b) Securities and Exchange Commission registered money market funds with the highest credit quality rating form a nationally recognized rating agency.

c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.

d) Direct obligations of U.S. Treasury.

The securities listed in paragraph (c) and (d) shall be invested to provide sufficient liquidity to pay obligations as they come due.

218.415(18) Securities; Disposition

a) Every security purchased under this section on behalf of the governing body of a unit of local government must be properly earmarked and:

    1. If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the governing body's interest in the security;

    2. If in book entry form, must be held for the credit of the governing body by a depository chartered by the Federal Government, the state, or any other state territory of the United States which has

a branch or principal place of business in this state as defined in s. 658.12, or by a national association organized and existing under the lows of the United States which is authorized to accept and execute trusts and which is doing business in this state, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or

3. If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

b) The unit of local government's governing body may also receive back trust receipts in return for investment of surplus funds in securities. Any trust receipts received must enumerate the various securities held, together with the specific number of each security held. The actual securities on which the trust receipts are issued may be held by any bank depository chartered by the Federal Government, this state, or any other state or territory of the United States which has a branch or principal place of business in this state as defined in s. 658.12, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this state.

218.415(19) Sale of Securities

When the invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, the unit of local government's governing body may sell such investments at the then-prevailing market price and place the proceeds into the proper account or fund of the unit of local government.

218.415(20) Preexisting Contract

Any public funds subject to a contract or agreement existing on October 1, 2000 may not be invested contrary to such contract or agreement.

218.415(21) Preemption

Any provision of any special act, municipal charter, or other law which prohibits or restricts a local governmental entity from complying with this section or any rules adopted under this section is void to the extent of the conflict.

218.415(22) Audits

Certified public accountants conducting audits of units of local government pursuant to Section 218.39 shall report, as part of the audit, whether or not the unit of local government has complied with this section.

Appendix B:

GFOA Recommended Practices

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Policy Statement and Recommended Practice

Repurchase Agreements

Repurchase agreements (repos) are the sale by a bank or dealer of a government security with the simultaneous agreement to repurchase the security on a later date. Repos are commonly used by public entities to secure money market rates of interest.

The Government Finance Officers Association (GFOA) affirms that repurchase agreements are in integral part of an investment program of state and local governments. Furthermore, public finance officers are encouraged to develop policies and procedures to ensure the safety of such investments.

Governmental entities and investment officers should exercise special caution in selecting parties with whom they will conduct repurchase transactions, and be able to identify the parties acting as principals to the transaction.

Proper collateralization practices are necessary to protect the public funds invested in repurchase agreements. Risk is significantly reduced by delivery of underlying securities through physical delivery or safekeeping with the purchaser's custodian. Overcollateralization, commonly called "haircuts," or marking-to-market practices should be mandatory procedures.

To protect public funds, the GFOA will work with securities dealers, banks, and their respective associations, to promote improved repurchase agreement procedures through master repurchase agreements that protect purchasers' interests, universal standards for delivery procedures, and written risk disclosures.

GFOA recommends general use of master repurchase agreements, subject to appropriate legal and technical review. Governments using the prototype agreement developed by the Public Securities Association should include appropriate supplemental provisions regarding delivery, substitution, margin maintenance, margin amounts, and seller representations and governing law.

Despite contractual agreements to the contrary, receivers, bankruptcy courts and federal agencies have interfered with the liquidation of repurchase agreement collateral. Therefore, the GFOA encourages Congress to eliminate statutory and regulatory obstacles to perfected security interests and liquidation of repurchase collateral in the event of default.

Adopted June 3, 1986

GOVERNMENT FINANCE OFFICERS ASSOCATION

Recommended Practice

Collateralization of Public Deposits

Safety of public funds should be the foremost objective in managing public funds. Collateralization of public deposits through pledging of appropriate securities is the only way to fully guarantee the safety of such deposits.

Additionally, public entities should implement programs of prudent risk control. Such programs could include a formal depository risk policy, credit analysis and use of fully secured investments.

Statewide collateralization programs have generally proved to be cost effective and beneficial for both the public sector and its depositories. In the absence of an effective statewide collateral program, local officials should establish and implement collateralization procedures.

Adopted: June 2, 1987

GOVERNMENT FINANCE OFFICERS ASSOCATION

Policy Statement and Recommended Practice

Collateralization of Public Deposits

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) imposes certain limitations on collateral agreements between financial institutions and public entities to provide adequate collateral for public entities to secure sizable public unit deposits. Recent judicial opinions indicate that, under certain circumstances, the Federal Deposit Insurance Corporation (FDIC) would thus be able to avoid a perfected security interest and leave the public depositor with only the right to share with other creditors in the pro-rata distribution of the assets of a failed institution.

FIRREA provides that a depositor's security agreement which tends to diminish or defeat the interest of the FDIC is an asset acquired by it as receiver of an insured depository shall not be valid against the FDIC unless the agreement (1) is in writing; (2) was executed by the depository institution and any person claiming adverse interest thereunder, contemporaneously with the acquisition of the asset by the depository institution; (3) was approved by the board of directors of the depository or its loan committee; and (4) has been, continuously, from the time of its execution, an official record of the depository institution.

In addition, FIRREA also appears to offer no other right to a public entity when a security agreement is deemed unenforceable other than as a pro rata distributee of the assets of the failed financial institution.

The Government Finance Officers Association (GFOA) urges state and local government depositors to take all possible actions to comply with the FIRREA requirements to ensure that their security interests in collateral pledged to secure deposits are enforceable against the receiver of a failed financial institution.

GFOA strongly urges that federal statutory and regulatory limitations that restrict the sovereign ability of public entities to protect collateralized funds be removed.

Adopted: May 4, 1993

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Recommended Practice

Use of Various Types of Mutual Funds by Public Cash Managers

Government cash managers can sometimes benefit from investing public funds through regulated mutual funds. Portfolio diversification, liquidity and professional management are desirable features of these investment vehicles. Investors using mutual funds should study the fund's prospectus and statement of additional information to determine:

- The integrity and experience of the investment company
- Sales fees and operating expenses
- Fundamental portfolio policies
- Portfolio composition

Government cash managers should use special care when investing in bond mutual funds. Mutual funds investing exclusively in short-and intermediate-term instruments may be appropriate investments in some jurisdictions. However, mutual funds investing in long-term securities should be avoided by investors of short-term funds. Market price risks could impair the safety of assets, which is the foremost objective of public cash managers.

The Government Finance Officers Association has endorsed the use of money market mutual funds by public cash managers through the association's model investment legislation for state and local governments. This statement is intended to clarify and supplement the Government Finance Officers Association's model legislation.

Adopted: June 2, 1987

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Recommended Practice

Use and Application of Voluntary Agreements and Guidelines

The Government Finance Officers Association (GFOA), working with other state and local public interest groups and the President's Working Group on Financial Markets, has committed to (1) promote the use of model investment guidelines; (2) provide educational materials; (3) conduct training programs; (4) share information and relevant guidelines developed by federal regulators; and (5) identify possible regulatory or oversight issues.

Representatives of all sectors of the investment community are undertaking voluntary efforts to clarify the relationship or parties to investment transactions. Examples of such undertakings by the broker and/or dealer industry are the Derivatives Policy Group Voluntary Oversight Framework and the Principles and Practices for Wholesale Financial Market Transactions. Examples of such initiatives on the investor side are the GFOA Sample Broker/Dealer Agreement and sample investment policies and legislation.

Public investors should consider carefully the many agreements and guidelines in use that may affect a public entity's rights and responsibilities in a given transaction. Some of these documents contain legal assumptions that might affect the validity of a transaction. Others would require certain statements to be in writing to be effective. Although the enforceability of such guidelines is uncertain, state and local government investors should be aware of their existence and the possibility that their counterparties may be operating under these or similar guidelines.

GFOA recommends that:

⇒ Governmental investors be aware of the federal, state and local laws that govern investment contracts and agreements, as well as statutes and regulations affecting suitability obligations of broker/dealers, which require that a broker/dealer should only recommend a product after that broker/dealer has taken steps to determine that it is suitable for the customer

⇒ Governmental investors use the GFIA-developed Broker/Dealer Request for Information. Sample Agreements for Securities Service and (Optional) Statement of Work in dealing with brokers and dealers, modified as necessary, which have been formulated specifically by and for state and local government investors

⇒ Governmental investors use the FGOA-developed Sample Agreement for Investment Advisory Services when contracting for investment advisors

⇒ Governmental investors protect their existing statutory and regulatory rights by ensuring that such rights are not inadvertently waived by “boiler-plate” language in contracts with counterparties.

Adopted: June 13, 1995

Appendix C:

Investment Firm Certification Form

INVESTMENT FIRM CERTIFICATION FORM

As an authorized representative of the undersigned firm, I hereby certify that the firm has in place reasonable procedures to monitor the activities of this firm engaged in transactions between our firm and the Village of Wellington. All sales personnel of this firm dealing with the Village of Wellington have been informed and will be routinely informed of the Village's investment objectives, policies, risk constraints and other pertinent factors, whenever we are so informed. This firm further pledges due diligence in informing the Village of foreseeable risks associated with financial transactions connected with this firm.

_____
(Firm)

Authorized Representative

_____
(Signature) (Title)

_____
(Name - Printed) (Date)

As account representative for the Village on behalf of the above referenced firm I hereby certify that I have personally read and understand that investment policies of the Village, in such form as the policies were provided to me. I agree to use my best efforts to comply with the Village's written policies and will not knowingly enter into any transaction with the Village, which appears to be in violation of the Village's written policies.

Account Representative

_____
(Signature) (Title)

_____
(Name - Printed) (Date)

Appendix D:

Master Repurchase Agreement

Appendix E:

Investment Pool/Fund Questionnaire

1. A description of eligible investment securities, and a written statement of investment policy and objectives.

2. A description of interest calculations and how it is distributed, and how gains and losses are treated.

3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.

5. A schedule for receiving statements and portfolio listings.

6. Are reserves, retained earnings, etc. utilized by the pool/fund?

7. A fee schedule, and when and how is it assessed.

8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Appendix F:

Glossary of Cash and Investment Management Terms

The following is a glossary of key investing terms, many of which appear in the Village's investment policy. This glossary clarifies the meaning of investment terms generally used in cash and investment management. This glossary has been adapted from the GFOA Sample Investment Policy and the Association of Public Treasurers of the United States and Canada's Model Investment Policy.

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans, and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program

constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10, and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of $4 billion, 30-year new issues having a minimum size of $1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance, and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash-flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC, and PTC

(as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its

own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are a par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

Callable Bonds/Notes. Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In “plain vanilla” CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party to a transaction will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution, or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement, and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs, and BAs clear through DTC.

Derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities). For hedging purposes, common derivatives are options, futures, interest rate swaps, and swaptions. All Collateralized Mortgage Obligations (CMOs) are derivatives.

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB's regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are $1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of $100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets exist.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the "fed funds rate."

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances, and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries, and issuers offering potentially independent returns.

Dollar Price. A bond's cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of $955 per $1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues.

Duration. The weighted average maturity of a security's or portfolio's cash-flows, where the present values of the cash-flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of $250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its “designated note” program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The

Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its “global note” and “TAP” programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities, and MBS. Also issues notes under its “reference note” program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “benchmark note” program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the

nation. It is headed by the seven member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

Financial Industry Regulatory Authority, Inc. (FINRA). A private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission (SEC).

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or "floater"). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also "Variable Rate Security."

Freddie Mac. See "Federal Home Loan Mortgage Corporation."

Ginnie Mae. See "Government National Mortgage Association."

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that are actually full faith and credit of the U.S. government).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. government, but they are not direct obligations of the U.S. government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Examples of GSEs include: FHLB, FHLMC, FNMA, and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. **Separation of transaction authority from accounting and record keeping** - A separation of duties is achieved by separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction.

3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their

authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.

7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations, and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital, including bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Additionally, it is a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (e.g., Florida State Board of Administration's Florida Prime Fund).

Long-Term Core Investment Program. Funds that are not needed within a one-year period.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Securities Industry and Financial Markets Association (SIFMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject to "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of $1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA, and FHLMC. There are a variety of MBS structures with varying levels of risk and complexity. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. The largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency.The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (e.g., bond, equity, and money market funds); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs ($100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets including securities, cash, and any accrued earnings, then subtracting the total assets from the fund's liabilities, and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

[(Total assets) - (Liabilities)]/(Number of shares outstanding)

NRSRO. A “Nationally Recognized Statistical Rating Organization” (NRSRO) is a designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody’s, S&P, Fitch, and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. A Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. The face value, stated value, or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. A designation given to certain government securities dealer by the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are the largest buyers and sellers by volume in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody's.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Expert Rule. Standard that requires that a fiduciary manage a portfolio with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. This statement differs from the "prudent person" rule in that familiarity with such matters suggests a higher standard than simple prudence.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

Qualified Public Depository - Per Subsection 280.02(26), F.S., "qualified public depository" means any bank, savings bank, or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States.

2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.

3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 et seq.

4. Has procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits.

5. Meets all requirements of Chapter 280, F.S.

6. Has been designated by the Chief Financial Officer as a qualified public depository.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See "Unrealized Gains (Losses)."

Reference Bills: FHLMC's short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes ($1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency, and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC's Reference Bills are unsecured general corporate obligations. This program supplements the corporation's existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC's intermediate-term debt program with issuances of 2, 3, 5, 10, and 30-year maturities. Initial issuances range from $2 - $6 billion with re-openings ranging $1 - $4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for

an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Industry and Financial Markets Association (SIFMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the SIFMA also recommends bond market closures and early closes due to holidays.

Securities Lending. An arrangement between and investor and a custody bank that allows the custody bank to "loan" the investors investment holdings, reinvest the proceeds in permitted investments, and shares any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of moneys for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g., FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Swap. Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5, and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to $30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to $150 million. Frequent issuer of discount notes, agency notes, and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week, and 26-week T-Bills.

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. government and issued with maturities of ten years and longer by the U.S. Department of the Treasury. The Treasury stopped issuing Treasury Bonds in August 2001.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 5-year, and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC Rule 15c3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are “realized” when the security is actually sold, as compared to “unrealized” gains/losses which are based on current market value. See also “Realized Gains (Losses).”

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually, or annually). See also “Floating Rate Note.”

Weighted Average Maturity (or just “Average Maturity”). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped

(normal) where longer-term investments have higher yields, or “inverted” (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as “Yield to Maturity,” except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security’s yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash-flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield,” "Yield Curve," "Yield to Call," and "Yield to Maturity."

Accounts Receivable

Purpose

To establish policy to properly recognize accounts receivable in accordance with accounting principles generally accepted in the United States of America.

Responsibility

Accounts receivable postings are generated automatically from various billing processes including Utilities, Business Tax Receipts ("BTR"), Lake Wellington Professional Centre ("LWPC"), and Recreation registrations. Payments on Accounts Receivable are also controlled from payments in the respective billing systems. On a monthly basis, Accounts Receivable Aging will be generated and reviewed. Appropriate analyses including variances, recalculations, ratio analysis, and forecasting will be updated on a quarterly basis.

The Village also maintains accounts receivable balances from invoices prepared by the Village for pass-through charges billed to and paid by the Village such as fuel charges. These charges will be reviewed and invoiced monthly. A billing or administrative charge may be billed to each customer pursuant to the terms of the agreement (for example a 6% administrative billing fee for fuel). Finance is also responsible for the aging and collections of outstanding amounts receivable.

Accounts Receivable balances also exist for amounts due from other governments for various revenues such as Sales Tax, Gas Tax, and Grants. Subsequent months' payments are recorded when received and are reviewed for forecasting and analytical purposes but are not accrued in the financial system until year-end. See section on Year-End closing for final accruals.

All revenue accounts are reconciled monthly and projections are updated on a quarterly basis by the Budget and Reporting Manager or designee. At a minimum, quarterly reports are generated analyzing overall revenue accounts in comparison to expectations and prior periods.

Assessment Receipt Forms

The billing and collection of all tax assessments is consolidated in the Office of the County Tax Collector. These assessments are collected in annual installments together with interest and collection costs in an amount sufficient to meet the annual operating budget and debt service requirement of each taxing entity (unit of development). Periodically, tax assessments funds are electronically deposited into the Village's operating account and supporting transmittal information is sent to the Village from the County's Tax Collector.

Based upon the supporting documentation, the Accounting Technician analyzes and divides the tax assessments in accordance with the approved budgets for each taxing entity (unit of development) of the Village by use of a spreadsheet, which provides the following information for each taxing entity:

- Date of transmittal
- Receipt number
- Type of assessment (current or delinquent)

- Amount of assessment for operating and debt service
- Gross and net amounts
- Discounts and commissions paid
- Interest earned

Based on the data generated on the spreadsheet, journal entries are entered into GMBA. A copy of the spreadsheet, the journal entry and transmittal information is filed in a Tax Assessment file for year-end audit and retained in the records of the Village in accordance with retention requirements.

Definitions

Accounts Receivable – Amounts due to the Village for transactions with entities outside the Village, excluding "due from" transactions involving inter-agency billings.

Allowance for Doubtful Accounts – An estimate of the accounts receivable, or portions of certain accounts receivable, that will not be collected. The estimate is based on past experiences and an analysis of current accounts receivable.

Uncollectible – The amount due that cannot be collected because the debtor either cannot be located, does not have the ability to pay the amount owed, the statute of limitations has run on the account; or the cost of collection exceeds the amount due.

Write-off – To reduce the value of an asset (e.g. accounts receivable) by the amount of an expense.

Allowance for Doubtful Accounts

The Village will establish an allowance for doubtful accounts to reflect the amount of receivables that management estimates will be uncollectible. The establishment of an allowance account ensures that the Village's receivables are not overstated for financial reporting purposes.

The method of establishing an allowance for doubtful accounts should be based upon historical data or other pertinent information relative to the receivables in question.

Accounts receivable shall be reviewed quarterly to determine the amount, if any, that should be written off. If so determined, the write-off will be approved by the Director of OFMB.

If charges are collected on a closed account that was written off, the amounts collected will be posted to the appropriate general ledger revenue account, to miscellaneous revenue, or applied to the reinstated account for the amount of payment, as appropriate.

Purchasing and Accounts Payable

Purpose

To establish a purchasing and accounts payable process that utilizes the most cost effective purchase possible, while maintaining the appropriate compliance with applicable statutes, quality or service needs of the Village.

Responsibility

The Village Manager is delegated responsibility by the Village Council. From time to time if the Village Manager is not available to execute routine documents or make decisions needed to operate efficiently, the Village Manager may delegate his/her authority to approve official documents and make necessary managerial decision to Senior Management, and in his/her discretion. In addition, the Director of OFMB is responsible for managing and ensuring the achievement of purchasing and contract administration objectives. The Purchasing manager is responsible for monitoring compliance with all applicable policies and procedures in the acquisition of supplies, equipment, and services necessary for the daily operations of the Village.

Policy

All Purchases made in the Village follow Wellington's Purchasing Policy. The Purchasing and related P-Card Policies provide internal controls over purchases to ensure that purchases are:

- In compliance with applicable laws, rules, and policies and procedures;
- Approved by individuals with authority to approve purchases and by individuals independent of those charged with receiving the goods or services purchased;
- Properly recorded as encumbrances and in the correct time period; and
    - When grant funds are used, represent a proper expenditure for the grant.

Additional policies; including, but not limited to, Chapter 2 "Administration", Division 3 "Reimbursement for Travel and Training" of the Village Code, the Public Purpose Expenditure Policy, the Non-Discrimination in City Contracting policy, are also a part of the policies followed.

Additionally, Sections 218.70-.80, F.S., outline the Local Government Prompt Payment Act, which stipulates that all payments for non-construction and construction services must be made in a timely manner.

Procedures

The Purchasing Manual and Purchasing Card Procedures are incorporated herein and attached as Appendix A and B, respectively.

Verification and Control

This section describes the process through which the individual documents verifying purchases and the receipt of goods are brought together, reviewed and approved to assure valid payments of vendor invoices. The procedures can be grouped into daily and month-end categories.

Daily procedures consist of the following steps:

- Receive invoices
- Department processes receiving documents - if applicable
- Review and approve vendor invoices
- Post approved invoices to accounts payable

- Print vendor payments (weekly or as needed)
- Review, sign and distribute payments (weekly or as needed)

Invoices are normally received through the mail or via email. The receptionist opens the mail, identifies the vendor invoices, stamps them with the date received, and forwards them to Finance. Finance distributes the invoices to the appropriate departments for receipting and payment approval.

Verification of receipt of goods or services is done at the department level. The Department electronically receipts the goods or service to the Purchase Order and approves invoice and forwards to Finance. This process includes examining actual units to amount ordered and received. When the verification of the receipt of goods or services is completed, the Finance Department views the vendor invoices for mathematical accuracy, discount allowances, sales tax exemptions, and shipping and delivery charges. At requisition entry the expenditure account number is established and subsequently approved by a department manager, Purchasing and OFMB depending on the approval level prescribed in the Purchasing Manual.

Invoices entered into Disbursements Processing are compared to the Expenditure Approval Listing (EAL) for completeness and accuracy. Discrepancies are investigated and corrective action taken where necessary. Payments are printed and are reviewed by the Accounting Supervisor or designee.

Cash Flow is reviewed daily to determine availability of funds through month-end and quarter-end. Transfers are made between funds (accounts) as required.

The Village Manager's signature is printed electronically on the checks. A second signature is required on all checks over $25,000 by a member of the Village Council. A register for all payments (checks and EFTs) exceeding $10,000 is reviewed by the Director of OFMB or designee and forwarded to the Village Manager for review. Subsequently, checks over $25,000 are forwarded to Council for signature. Checks are then returned to the Accounts Payable Technician, who disseminates the signed check originals as appropriate. Paid invoices are then filed with non–negotiables check copies and scanned into LaserFiche.

Reference
Chapter 287, Part VII, F.S.; Local Government Prompt Payment Act

PURCHASING MANUAL

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INTRODUCTION AND PURPOSE

This Purchasing Manual ("Manual") is intended to establish specific directions, guidelines and requirements for employees and agents of the Village of Wellington ("Wellington") to use in purchasing goods and services. All requests for goods and/or services, and all purchases shall be for a public purpose and in accordance with this Manual, unless otherwise exempt by the provisions hereof. This Manual provides the policies and procedures that frame the purchasing of contractual services and commodities beginning with the purchasing policy, proceeding through contract document or purchase order preparation, and ending with contract administration. The purchasing function involves the procurement of commodities and services at the lowest possible cost consistent with the quality needed to meet required standards. Wellington's goal is the economical procurement of commodities and services conducted by fair and open competition and in accordance with applicable Florida Statutes, Village Ordinances and Resolutions and this Manual.

This Manual supersedes the entirety of the previous Purchasing Policy and Procedure Manual which had been in effect since 2004. The policies and procedures contained herein apply to the purchase and procurement of all commodities, services, and the construction of facilities to be secured by Wellington. They shall apply to all expenditures of public funds by Wellington irrespective of the source of the funds except as noted herein. When the purchase or procurement involves the expenditure of federal assistance, other grant programs, or contract funds, the process shall be conducted in accordance with any mandatory requirements, including applicable federal law, regulations and contractual provisions that must be adhered to by the selected vendor.

Each Department shall utilize the most cost effective purchase possible, while maintaining the appropriate compliance with applicable statutes, quality or service needs. Department Directors shall ensure necessary commodities and services are acquired at the lowest and best price, except where otherwise provided by applicable statute and this Manual. It is the duty and the responsibility of the Department Director to monitor compliance with all purchasing and procurement policies and procedures. Improper procedures must be corrected while proper procedures must be recognized and encouraged. The Director of Financial Management and Budget will gauge compliance with policies and procedures. Department Directors will be notified of areas that need to be addressed. It is incumbent upon each Department Director to ensure all personnel follow purchasing procedures. Purchases cannot be made until properly authorized. This means all appropriate paperwork, including proper signatures, must be completed ***prior to ordering or entering into any agreement for <u>any</u> goods or services*.**

CHAPTER 1

GOVERNING LAW

This Manual establishes policies and procedures for an effective, fiscally responsible purchasing program in accordance with Wellington's authority pursuant to the Florida Constitution, Chapter 166, Florida Statutes, as well as its Charter and Code of Ordinances. The purchasing policies in this Manual shall also be governed and construed in accordance with applicable Florida Statutes. These statutes include, for example, the Public Records and Sunshine Laws set forth at Chapters 119, and 286, respectively, the Consultants' Competitive Negotiation Act, F.S. 287.055, Local Bids and Contracts for Public Construction Works, F.S. 255.20, and such other statutes as may be referenced herein. Additionally, Wellington, including its elected officials, officers and employees shall comply with the standards of conduct for public officers, employees and agents in accordance with Florida Statutes, Chapter 112, and the Palm Beach County Code of Ethics to the extent applicable to Wellington.

CHAPTER 2

AUTHORIZATION AND RESPONSIBILITY

A. Village Council/Manager

Having the power to acquire commodities and services, as well as personal and real property, the Village Council ("Council") delegates that responsibility to the Village Manager ("Manager") as set forth herein. All purchases of goods and services, including all commodities, contractual services and award of construction projects when the cost of such is $25,000 or more shall be approved by the Council. Additionally, unless exempt by law or this Manual, all purchases of $25,000 or more shall be pursuant to a competitive solicitation. The Manager shall have the authority to approve purchases that are less than $25,000 without competitive solicitation; provided, however, that purchases shall not be divided to circumvent the competitive solicitation threshold. Contracts equal to or in excess of $25,000 shall be executed on behalf of Wellington by the Mayor. Purchase Orders and informal purchases that are less than $25,000 may be executed on behalf of Wellington by the Manager. Purchases made in violation of this Manual are deemed invalid and unenforceable against Wellington. Nothing herein shall be construed to restrict the Manager's authority to execute multiple purchase orders for materials, supplies, and services from one vendor that equal or exceed $25,000 cumulatively if said materials, supplies, and services are for separate projects.

The Manager may exempt a transaction(s) from the standard processes of this Manual if the transaction presents an emergency or if otherwise exempt in accordance with this Manual. In the event of an emergency, the Manager may provide for expedited competition if practicable. The Manager shall also have discretion to suspend or terminate any solicitation or pending procurement when deemed in the best interest of Wellington. The Manager shall obtain Council approval for changes to the policies in this Manual, which changes shall be approved by Resolution. The Manager may adopt administrative policies and procedures to implement this Manual, which policies and procedures may be amended from time to time in the discretion of the Manager.

B. Delegation of Authority by the Manager

From time to time, the Manager is unavailable to execute routine documents or make decisions needed for operational efficiency. It is, therefore, necessary to establish a hierarchy to provide for the continuity of order and operations. The Manager may delegate his/her authority to approve official documents and make necessary managerial decisions to Wellington Senior Management, and in his/her discretion.

C. Director of Financial Management and Budget (OFMB)

In addition to the administrative and technical accounting and finance functions necessary to maintain the fiscal operations of Wellington, the Director of OFMB is responsible for managing and ensuring the achievement of purchasing and contract administration objectives. The Director of OFMB shall ensure that areas of risk and exposure to Wellington are addressed and will ensure compliance with legal guidelines and contracting principles. Further, the Director of OFMB shall oversee and supervise the development of all requests for proposals, invitations to bid, requests for qualifications or other competitive solicitations and will monitor all contracts. Additionally, OFMB is responsible for Accounts Payable and Budgeting.

D. Purchasing Manager

The Purchasing Manager, operating under the direct supervision of the Director of OFMB, is responsible for monitoring compliance with all applicable policies and procedures in the acquisition of supplies, equipment and services necessary for the daily operations of Wellington, and for overseeing the Purchasing Division. The Purchasing Manager is Wellington's agent for the purpose of facilitating the competitive solicitation process, contract preparation and administering contracts for the purchase of goods and services. The Purchasing Manager shall supervise the purchase and acquisition of all goods, commodities, services or other items, confirm proposer approvals have been obtained, and will coordinate, maintain and monitor internal controls.

E. Purchasing Division

The Purchasing Division is responsible for administering this Manual and for maintaining and recommending changes to policies and procedures as applicable. The Purchasing Division shall adhere to a high standard of ethics; promote Wellington's reputation for courtesy, transparency, fairness and impartiality. The responsibility for achieving this goal rests with each individual who participates in the purchasing process.

Purchasing staff is responsible for administering purchasing policies and administrative orders, and is charged with the responsibility of ensuring that all purchases are made legally and responsibly in compliance with applicable Federal, State, and local law.

F. User Department

Each User Department shall allow ample time for the Purchasing Manager to place the order and for the vendor to deliver; providing clear and accurate descriptions of goods and services to be purchased; providing technical specifications; not subdividing any purchase or contract solely to avoid competitive solicitation or approval requirements as prescribed in this Manual; and verifying receipt of commodities or completion of services in accordance with initial purchase request

G. Palm Beach County Office of Inspector General

Pursuant to Chapter 2, Article XII of the Palm Beach County Code, the Office of Inspector General is created in order to promote economy, efficiency, and effectiveness in the administration of and, as its priority, to prevent and detect fraud and abuse in programs and operations administered or financed by county or municipal agencies. The Office of Inspector General provides independent oversight of county and municipal operations, in accordance with Section 2-422, et. seq. of the County Code. The Inspector General shall be notified in writing prior to any duly noticed public meeting of a procurement selection committee where any matter relating to the procurement of goods or services by Wellington is to be discussed. The notice required shall be given to the Inspector General as soon as possible after a meeting has been scheduled. The Inspector General may, at his or her discretion, attend all duly noticed Wellington meetings relating to the procurement of goods or services as provided herein, and may pose questions and raise concerns consistent with the functions, authority and powers of the Inspector General. The failure to give written notice, however, does not constitute grounds for a protest regarding such procurement and shall not be the cause for the stay of any procurement, and shall not be the basis to overturn the award of a contract.

CHAPTER 3

APPROVAL LEVELS AND METHODS OF PROCUREMENT

Thresholds

Responsibility for large-value and/or complex purchases is centralized along with bulk and blanket purchases. Responsibility for high volume, low dollar thresholds are delegated to authorized Department representatives. ***The purchasing of commodities and services shall not be divided so as to circumvent the approval requirements established at each level.***

Purchases of $25,000 or more shall be made pursuant to a competitive solicitation and approved by Council. Any one-time purchase or multiple purchases of the same commodity or service over a period of one year or over a period that spans the fiscal year that is less than the competitive solicitation threshold of $25,000 may be made without prior approval of the Council as provided herein. Additionally, the Manager may execute multiple purchase orders for materials, supplies, and services to one vendor that equals or exceeds $25,000 cumulatively if said materials, supplies, and services are for separate purchases or projects. Purchases less than $2,500 do not require quotes, but are expected to be made from existing competitive contracts whenever possible. Each department will be responsible for maintaining purchasing files. The use of Purchasing Cards shall be in accordance with this Manual and the Administrative Policies and Procedures applicable thereto.

Specific Requisition Approval Authority Levels

The following Approval Matrix defines the parameters and thresholds, applicable to both individual transactions and aggregate amounts procured from a single vendor for a specific commodity or service:

Amount	Procurement Method	Authorization
Equal To or Less Than $2,500	Purchasing Card (P-Card), Purchase Order	Department Manager, Purchasing Manager
Greater Than $2,500 But Less Than $10,000	Purchase Order, Purchasing Card (P-Card) – 3 verbal quotes required	Department Manager, Purchasing Manager
Greater Than or Equal to $10,000 but less than $25,000	Purchase Order, Purchasing Card (P-Card) – 3 written quotes required	Department Manager, Purchasing Manager, Director of OFMB, Deputy Village Manager/Asst. Village Manager/ Senior Manager

Amount	Procurement Method	Authorization
Greater Than or Equal to $25,000	ITB ,RFP, RFQ, RLI or other Competitive Solicitation, payment may be by Purchasing Card (P-Card)	Department Manager, Purchasing Manager, Director of OFMB, Deputy Village Manager/Asst. Village Manager/Senior Manager, Manager, Council

Note: All Capital Improvement Purchases shall be approved by the Village Manager or his/her Designee

Items Exempt from Competition

The following purchases are by their nature exempt from competitive solicitation requirements:

1. Academic programs or training programs.

2. Advertising: radio, newspaper, television and other media, if exclusive area of coverage or other factors preclude competition.

3. Auditing and accounting services, except that competition shall be provided where required by applicable law, including Florida Statutes, Sections 218.39 and 218.391.

4. Conference, training and educational expenses.

5. Copyrighted materials (books, videotapes and other processed media), except computer software.

6. Debt service and other financing transaction costs.

7. Governmental entities:

    a. reimbursements to or fees payable to governmental agencies;
    b. fines;

c. purchases from or services provided by other governmental entities (i.e. Federal, State, County, or non-profit organizations as permitted by F.S., 255.60); as well as grant agreements which may contain provisions or requirements related to purchasing policies, disposition of fixed assets, etc. that differ from this Manual, in which case, the grant provision/requirement will take precedence;

d. licenses and permits;

e. refunds.

8. Insurance Adjustments: Property Damage approved and paid by insurance is exempt and does not require additional quotes or Council approval.

9. Legal services.

10. Maintenance service of equipment when considered to be in the best interest of Wellington and recommended by the User Department. Services must be performed by the equipment manufacturer, manufacturer's service representative, a distributor of the manufacturer's equipment or after at least three (3) responsible services have been evaluated.

11. Membership dues and sponsorships.

12. Other professional services:

a. actuarial services;

b. environmental experts;

c. health or medical services involving physicians.

d. insurance broker(s) and/or carriers who have been selected pursuant to the requirements of this Manual, and who are under current contract;

e. real estate brokers and other related professional services;

f. services involving special skill, ability, training or expertise that are in their nature, unique, original or creative;

g. professional services as defined by F.S. 287.055, and where the estimated costs are less than the thresholds provided by F.S. 287.055 and 287.017;

h. trustees.

13. Performing artists, entertainers and other artistic services.

14. Personnel verifications and background checks.

15. Petty cash purchases.

16. Publications, including subscriptions.

17. Real estate transactions in accordance with Section 166.045, Florida Statutes and Section 2-332 of the Wellington Code of Ordinances.

18. Non-employee recreation instructors (officials, referees, scorekeepers, etc.).

19. Reimbursement of bid or proposal securities.

20. Reimbursement for damages to non-vendor or third parties.

21. Shipping and freight costs not otherwise included on a Purchase Requisition.

22. Utilities, postage, refunds, items covered by insurance policies and legal advertising.

23. Except where prohibited by law, Council may provide directives to the Manager as to exempting a particular procurement from this Manual and/or utilizing a different methodology when deemed in the best interests of Wellington.

The exemptions herein do not exempt the purchase from Council approval, if required by the threshold limits. The following items do not require Council approval under any circumstances: Utilities, postage, refunds, items covered by insurance policies, fees payable to other governmental agencies as may be required by law, and legal advertisements. Additionally, the Manager or his/her designee, upon the recommendation of the Insurance Agent of Record, may permit insurers to offer supplemental products and coverage to employees, and which are to be paid for by the employees.

Special Exemption

The Director of OFMB, as designated by the Manager, may exempt certain transactions from the competitive requirements of this Manual. Examples include, but are not limited to:

1. Unforeseen changes in circumstances after a vendor has performed work (i.e. warranty dispute);

2. Situations in which the vendor of record has a clear competitive advantage and obtaining additional quotations would not add value to the procurement process.

3. Unless applicable law or grant terms require an opportunity for competition, contracts which will generate revenue to Wellington. Provided, however, that Council approval to exempt the contract shall be required for contracts that will generate revenues equal to or in excess of $25,000. For contracts that will generate less than $25,000, staff should still provide for informal competition in accordance with the Approval Matrix set forth at Chapter 3.

A Competition Exemption Data Sheet shall be completed and submitted to Director of OFMB with a completed Purchase Requisition Form and any additional documentation. The Data Sheet must contain the reason for granting the exemption and be signed by the Department Manager. Approval must be obtained from the Director of OFMB and/or the Manager, depending on the size and/or nature of the transaction. Except for revenue generating contracts, the Special Exemption set forth above shall only apply to expenditures of less than $25,000.

Other Procurement Types

In addition to exempt purchases set forth above in this Manual, the following methods may be utilized in lieu of a competitive solicitation when the provision for competition is not practicable or is deemed not to be in the best interest of Wellington. Except for emergency purchases authorized by the Manager, nothing herein below shall be construed as waiving the requirement for Council approval of purchases of $25,000 or more. These additional methods are described below:

1. **Sole Source Purchases:** Purchases available only from a single source may be exempted from quotation and a competitive solicitation process. For all single source purchases, the authorized Wellington employee must make a written determination substantiating that the commodities or services can only be procured from a single vendor. The ability to meet a necessary condition dictated by circumstances such as delivery date or repairs at a particular location can create a single source, that is, a single available supplier must be documented. A Sole Source Justification Form along with supporting documentation must be submitted to the Purchasing Division for approval.

2. **Emergency Purchases:** Purchasing requirements can be waived in an emergency situation, when the need is the result of a serious and unexpected occurrence and demands immediate action. An emergency is defined as:

   a. Operational – a situation that presents a threat to public health, welfare or safety; or
   b. Natural disaster – a situation where the normal operation or major portions thereof of Wellington would cease or be seriously impaired if immediate corrective action was not taken.

Note: An Emergency Purchase Data Sheet shall be submitted to the Purchasing Division for approval. If there is not time to process paperwork to effect the purchase, then documentation may be done after the fact. However, it is the responsibility of the Department Manager to execute and submit to the Purchasing Division all necessary documentation within one working day of the declaration of emergency.

3. **Open Market Purchases:** Where it is determined and approved by the Manager, or the Director of OFMB, that it is either not practical or not advantageous to conduct competitive selection procedures, purchases may be made in the open market without newspaper advertisement and without strictly observing the procedures otherwise prescribed in this policy. Such instances may include, but are not limited to, situations where time constraints exist. Nothing herein shall be construed as waiving competitive solicitation where otherwise required by applicable law.

4. **Piggyback Purchasing:** The term "piggyback" refers to the purchase of commodities and services from vendors under contract with any other government entity. All purchases of this nature are exempt from the competitive purchasing requirements, provided the following criteria and considerations are satisfied:

   a. The existing contract was awarded through a competitive solicitation process substantially equivalent to the requirements of this Manual; and
   b. The terms and conditions offered to Wellington are the same or better than the existing contract.

In order to ensure the best pricing, before “piggybacking” onto an existing contract awarded by another government entity, the Purchasing Department will compare the existing contract with other comparable local and/or nationally awarded contracts. Furthermore, the Purchasing Department shall utilize available resources, such as online government procurement pricing services, to confirm that the “piggyback” contract will provide Wellington with the best value. Additionally, in instances where the existing contract provides a procedure for “piggybacking”, Wellington will adhere to those requirements. Wellington staff should consider “piggybacking” onto contracts awarded by other government agencies when it is determined that this method of purchasing will provide the best product/service at the best price without compromising specifications or quality desired. “Piggybacking” shall not, however, be utilized as a means to negotiate a materially different contract in terms of the commodities or services to be purchased.

This method of purchasing should be considered prior to using any other methods set forth herein regardless of quantity or monetary value of the procurement; provided, however, that “piggybacking” shall not be used in the event Wellington is required to directly provide for competition for a particular project by applicable law or the terms of any grant agreement.

5. **Cooperative Purchasing:** The term “cooperative purchasing” (sometimes known as “pooling”) is used when two or more governments combine their purchasing requirements and enter into a contract that meets the needs of everyone in the group. Pooling can reduce the administrative costs of procurement, save time and result in lower product costs due to economies of scale when placing large orders. Usually, one participant will handle most or all purchasing activities on behalf of the others. Such cooperative purchases are exempt from the requirements of formal competitive procurement, and Council may authorize membership in government cooperative organizations when necessary to satisfy by-law or other organizational requirements.

CHAPTER 4

GREEN PURCHASING GUIDELINES

A. Purpose

Wellington recognizes its responsibility to minimize negative impacts on the environment while promoting a healthy community and sustainable economy. The purpose of these guidelines is to provide information, and resources to assist in the selection of materials, products or services that strengthen Wellington's commitment to environmental, economic and community sustainability, but will not result in increased costs or expenditures.

While it is the preference of Wellington to utilize "Green" products, items purchased must be cost effective and within budgeted allowance. Further, the guidelines of this Chapter are aspirational, and shall not create grounds to protest the solicitation or intended award decision.

B. Best Practices

1. Purchase durable and reusable goods
   a. Use life cycle analysis to determine the best long-term value to:
      i. Consider durability & repair ability of products;
      ii. Invest in products with extended warranties;
      iii. Conduct routine maintenance; and
      iv. Eliminate single use items such as non-rechargeable batteries.

2. Specify product and packaging take-back
   a. Utilize vendors who offer an Extended Product Responsibility (EPR) program, especially take-back, recycle, and disposal programs to ensure equipment and products are disposed of properly without the added cost.

3. Buy goods in bulk or concentrated form
   a. Be careful to estimate demand properly. Purchasing more than is needed, can create excess waste.

4. Know what you are purchasing. Select products with environmentally friendly standards whenever possible and cost effective.

5. Utilize locally produced materials and supplies when possible and cost effective.

6. Procure remanufactured goods and use refurbishing services (when practical)
   a. Toner cartridges, computer upgrades, carpet repairs and furniture refurbishment.

7. Purchase goods containing fewer toxic compounds
   a. Printing ink low in volatile organic compounds (VOC).
   b. Chrome and chlorine free cleaning supplies.

8. Reduction of paper use
   a. Purchase office equipment that has duplex capability.
   b. Maximize use of electronic application processing, review and storage of data.
   c. Electronic placement of orders whenever possible.

9. P-Cards
   a. Wellington will use p-card or Electronic Funds Transfer (EFT) to make payments on purchases whenever possible.

C. Guidelines

These Green Purchasing Guidelines highlight environmental and economic impacts to consider when selecting products. These and other considerations do not necessarily include or exclude products or services, but should be factored in to ensure informed purchasing decisions.

1. Whenever possible and cost effective employees shall purchase recycled and environmentally friendly products.

2. Whenever possible and cost effective Wellington shall purchase fuel efficient vehicles.

3. Whenever possible, and cost effective, Wellington will attempt to purchase paper products with a minimum 33% post-consumer recycled content, including but not limited to, copier and printer paper and other office paper products. Additionally, Wellington also desires to purchase other paper products with recycled content wherever possible.

4. When purchasing printed materials, Wellington shall specify that the product be produced on recycled paper stock, and/or a recycled paper stock option.

5. Whenever possible, and cost effective, the recycled option shall be selected over any non-recycled stock. Additionally, if available and cost effective, Wellington will request the use of environmentally friendly ink, such a soybean based inks.

6. Whenever possible, and cost effective, Wellington will specify the use of non-paper products with recycled content to be utilized for applications. Such requests may include the purchase of building materials with recycled content as may be appropriate.

7. Wellington shall make every effort to purchase products that have minimal deleterious effects on the environment, in terms of toxicity, biodegradability, impacts on pollution of the air and water supply. This shall include minimizing the purchase of items that emit harmful chemicals such as formaldehyde or methane.

8. Whenever possible, and cost effective, Wellington will purchase energy efficient fixtures and equipment for use by employees. Wellington may utilize a value analysis process to determine which product or products provide Wellington with the lowest overall cost of operation over the life of the product, and award criteria or specifications may provide for or require products that produce the lowest overall life cycle cost over the course of the product life.

9. When purchasing electrical appliances, Wellington shall purchase, whenever available and cost effective, products that are certified as being "Energy Star" compliant through the Federal Energy Star program. This shall include the purchase of computer equipment and monitors.

10. Wellington shall promote its use of recycled and other environmentally preferable products by publicizing its sustainable procurement program. Materials produced for advertising, conferences, press releases, and other communications with clients and citizens shall emphasize Wellington's commitment to environmental and community stewardship.

11. These guidelines are intended as a general guide to assist employees in the selection of products for purchase on behalf of Wellington; provided, however that they do not require the purchase of products that do not perform adequately or products that are not available at a competitive price.

D. Summary

The goal of these Green Purchasing Guidelines is to ensure environmental impacts of our purchasing decisions are minimized or eliminated by obtaining goods and services from manufacturers and vendors who share Wellington's commitment to the environment, the community and the local economy.

CHAPTER 5

COMPETITIVE SOLICITATIONS AND OTHER PURCHASING METHODS

Purchases of materials, supplies, equipment and contracted services from outside vendors by Wellington in the amount of $25,000 or more shall be acquired through a competitive solicitation processed through the Purchasing Division. The competitive solicitation shall contain such terms and conditions, including, for example, the scope of the work, minimum qualifications, time for performance, and such other requirements deemed necessary by Wellington. Where applicable, the solicitation specifications shall also include all license fees, permit fees, impact fees, or inspection fees that will be payable by the contractor to Wellington. The only permitted exceptions to this policy are those authorized in this Manual.

Each area with a stake in the process (user Departments, Purchasing, budget, accounting and legal staff) has clearly defined roles and responsibilities and, through advanced planning, must create a purchasing schedule that will meet all of its needs.

In situations where, after implementing a competitive solicitation, no responsive and responsible bids, proposals or replies meeting the solicitation requirements are received, or it becomes apparent to Wellington, in its sole discretion, that it would be futile or impractical to advertise a new competitive solicitation, then the procurement may be exempted from competitive solicitation unless applicable law or grant agreement mandates the revision and re-advertisement of a competitive solicitation. In instances where the bids, proposals or replies received exceed budget or available funding, Wellington may, but is not required to, permit the apparent low responsive and responsible bidder to reduce its price to come within budget or funding limits or reject all bids, proposals or replies and consider modification of the project scope and specifications and re-advertise a competitive solicitation.

The purchasing method shall be determined by Wellington in its discretion, and includes the following:

A. Request for Quotation (RFQ):

A solicitation process not publicly advertised which commonly involves standard well defined commodities or services for costs below the competitive solicitation threshold of $25,000. Unless and until accepted by or on behalf of the Manager in accordance with this Manual, a response to an RFQ by a prospective vendor is not considered intent to award or a binding contract.

B. Request for Information (RFI):

Made typically during the project planning phase where staff cannot clearly identify product requirements, specifications, and purchase options. RFIs clearly indicate that award of a contract will not automatically follow. Information gathered through an RFI is commonly used to facilitate the creation of the solicitation documents.

C Invitation to Bid (ITB):

A sealed bid process which typically includes a description of the product or service to be acquired, instructions for preparing a bid, the conditions for purchase, packaging, delivery, shipping and payment, contract clauses to be included and the deadline for submitting bids. Invitations to Bid shall be used for purchases that equal or exceed the competitive solicitation threshold of $25,000.

D. Request for Proposal (RFP):

Structured competitive sealed proposals provide for full competition among proposers. The competitive sealed proposals method allows evaluation of other important and complex factors in addition to price, such as experience, past performance, and approach to the problem or need posed by Wellington. Price need not be the most important evaluation criterion in the evaluation. The evaluation criteria shall be weighted and be included in the terms of the RFP. RFP shall be used for purchases that equal or exceed the competitive solicitation threshold of $25,000. The RFP proposal method permits negotiation with the offerors whose initial proposals are susceptible to award, and which ranking and negotiation process should be described in the RFP.

E. Invitation to Negotiate (ITN):

A written solicitation for competitive sealed replies to select one or more vendors with which to commence negotiations for the purchasing of commodities or contractual services. The ITN may, for example, be used when it is determined that a vendor is a single source or when competitive bidding has failed to produce an acceptable result. Additionally, upon request of the Manager, the Council may, by majority vote, utilize an ITN instead of an IFB or RFP process in order to authorize the Manager or designee to purchase items or services by negotiation, and where the process for short listing and/or ranking for purposes of negotiation will be set forth in the ITN.

F. Consultants' Competitive Negotiation Act (CCNA) Request for Qualifications (RFQ):

When applicable, Wellington adheres to the procedures established by Florida Statutes, Section 287.055, known as the "Consultants' Competitive Negotiation Act" (CCNA). It is utilized specifically to select professional architects, professional engineers, landscape architects or registered surveyor and mapper. An RFQ is utilized to seek professional qualifications, and may also be utilized as the method to solicit other types of services which may be based upon a qualification selection process.

1. It is a two-step method with selection of a vendor made by merit or qualifications, followed by negotiation of a contract with the most qualified firm. This section applies only to specific projects where the thresholds set forth at Section 287.055(3) are exceeded, and except in cases of valid public emergencies certified by the Manager.

2. Firm(s) desiring to provide professional services for a project with Wellington shall timely submit qualifications statements containing evidence of current professional status, capabilities, adequacy of personnel, past record and related experience, list of sub-consultants, financial strength and other information required by the RFQ necessary for evaluation.

3. The award of any CCNA contract equal to or in excess of $25,000 shall be approved by Council. Professional services that cost less than $25,000 are not subject to competitive selection as defined in FS 287.055 or this Manual. The policies contained herein are a mere summarization of the procedure contained in Florida Statutes, Section 287.055 and Wellington personnel are instructed to refer to such provision for additional detail. In instances where CCNA is not applicable based on monetary thresholds, and in the discretion of the Manager, procurement of professional services may be made by any process authorized by this Manual, and may utilize an RFP process where separately sealed price proposals are submitted. In such cases, a Selection Committee shall short list no fewer than three (3) vendors based upon qualifications and rank the vendors based upon merit, and qualifications. The price proposals shall be opened after the short listing, and the final ranking shall consider the price proposals received and in accordance with the process to be further described in the RFP. In the event less than three proposals are received, the Committee shall evaluate and rank the responsive proposals received.

G. Construction Services:

The procurement of construction services shall be in accordance with this Manual and where applicable, Wellington shall also adhere to the requirements established by Florida Statutes, Sections 255.0525 and 255.20.

H. Design-Build Professional Services:

When required, the procurement of the design criteria professional shall be pursuant to Florida Statutes, Section 287.055. The procurement of a design-build firm for a design build project shall be in accordance with this Manual and Section 287.055(9), and shall utilize a competitive proposal selection process. The methodology shall also be set forth in the solicitation document.

I. Construction Management at Risk:

This is a method used to procure a Construction Manager, and which may result in a guaranteed maximum price for construction and time for completion. Such procurements shall be in accordance with this Manual, and in any manner authorized by Florida Statutes, including Sections 255.103 and 287.055, or 255.20.

J. Request for Letters of Interest (RLI):

A method of selecting a vendor whereby all vendors are invited to submit a summary of their qualifications and state their interest in performing a specific job or service. Respondents will be evaluated and "shortlisted", and the shortlisted vendors may be asked to submit price proposals or engage in negotiations based upon a ranking. The specific evaluation to be utilized for purposes of shortlisting, ranking, and requesting price proposals or negotiations shall be set forth in the RLI. An RLI may be used in the discretion of Wellington, provided, however, it shall not be used where a different method is required by applicable statute or this Manual.

K. Public-Private Partnerships:

Wellington may receive unsolicited proposals or may solicit proposals for qualifying projects as defined by Florida Statutes, Section 287.05712, and may thereafter enter into an agreement in compliance with the aforementioned Statute. The Manager may adopt procedures consistent with this Manual and Section 287.05712 relative to the receipt and consideration of an unsolicited proposal. An unsolicited proposal must contain all of the material and information required by Section 287.05712, and such additional information and technical studies as may be reasonably required by Wellington. Additionally, Wellington may charge a reasonable fee to cover the costs of processing, reviewing, and evaluating an unsolicited proposal, including, but not limited to, attorney fees and fees for financial and technical advisors or consultants and for other necessary advisors and consultants. Wellington may also require a deposit, the amount of which will be determined at the discretion of the Manager, and which is reasonably calculated to cover the costs to be incurred. In its sole and absolute discretion, Wellington may reject or otherwise decide not to consider an unsolicited proposal, and which decision shall not be grounds for a protest. In the event Wellington intends to enter into an agreement for the project described in an unsolicited proposal, then it shall first provide notice and allow other proposals to be submitted for consideration in accordance with the requirements of Section 287.05712.

PROCEDURES:

1. Preparing Invitation to Bid (ITB) / Request for Proposal (RFP)/ Request for Qualifications (RFQ)/ Invitations to Negotiate (ITN)/ Request for Letters of Interest: The ITB and RFP are used to initiate a solicitation that includes price proposals. The Purchasing Division:

    a. works directly with the user department to prepare a scope of work, specifications and plans.
    b. shall prepare the solicitation document including submission requirements, date, time and location for receipt of bids; where the bids are to be delivered, description or scope of work, evaluation factors (Selection Committee, if applicable), delivery or performance schedule, contract terms and conditions, warranty and bonding requirements.
    c. schedules dates for issuing the solicitation.

d. prepares the Public Notice that is advertised in the local newspaper. Adequate public notice of the solicitation of bids/proposals shall be given not less than fourteen (14) calendar days prior to the date set forth in the notice for opening of bids and not less than twenty-one (21) calendar days for proposals. Bid/proposal shall also be advertised at www.demandstar.com, www.wellingtonfl.gov. For construction projects projected to cost more than $200,000, the solicitation shall be advertised at least once in a newspaper of general circulation in the county at least 21 days prior to the established bid opening and at least 5 days prior to any scheduled prebid conference. For construction projects projected to cost more than $500,000, the solicitation shall be advertised at least once in a newspaper of general circulation in the county at least 30 days prior to the established bid opening and at least 5 days prior to any scheduled prebid conference.

e. conduct the pre-bid/proposal conference and determine with guidance from the user department whether the conference shall be mandatory or optional.

f. conduct the bid opening; the evaluation; Council approval; and issuance of purchase order and/or contract.

g. shall prepare any addenda, if changes are made to the solicitation document.

h. shall pick up all bids/proposals/replies from the Clerk's Office shortly after the bid opening date and time and open bids/proposals/replies publicly at the date and time specified in the solicitation documents. The name of each bidder, and other information deemed appropriate shall be read aloud and recorded in accordance with applicable Florida Statutes.

i. shall prepare a bid tabulation and together with the user department shall determine the lowest responsible and responsive bidder meeting the specifications. In the event a Selection Committee is required, the Selection Committee Guidelines and Procedures described in Chapter 9 shall be followed.

j. shall, upon completion of the evaluation, prepare a Notice of Intent to award to be displayed publicly in the Clerk's Office and posted on www.demandstar.com and www.wellingtonfl.gov.

k. shall issue a Notice of Award after Council approval, and will request the required insurance certificates, performance bonds, and any other contractual documents required from the vendor.

l. shall prepare a contract and /or approve a requisition request entered by the user department.

m. shall forward all solicitation documents including bid documents, sign in sheets, bid tabulations, notice of Selection Committee meetings, and notice of intents, etc. to the Palm Beach County Office of Inspector General to the extent required by applicable Palm Beach County Ordinances.

n. In instances in which professional services are sought or for services where qualifications, and not price, is the determining factor, the Purchasing Division shall prepare a Request for Qualifications, Invitation to Negotiate, or Request for Letters of Interest following a substantially similar process and as otherwise provided for in this Manual.

PURCHASING CYCLE

The following outlines the procedures described above:

Required Steps	Responsibility
The User Department's needs are recognized, perceived, or indicated.	User Department
Requisition is prepared, pre-encumbered and forwarded to Purchasing for processing.	User Department
Specifications or scope of services are developed.	User Department/Purchasing Division
Appropriate source selection or method of purchase, i.e. sealed bidding, sealed proposals, sole source, emergency, or small purchase	Purchasing Division
Solicitation package preparation	Purchasing Division/User Department
Advertisement of Competitive Solicitation	Purchasing Division
Bid/Proposal/Reply opening	Purchasing Division
Bid tabulations	Purchasing Division
Bids/Proposals/Replies reviewed and evaluated for compliance with specifications, criterion or scope of service.	User Department/ Purchasing Division or when applicable a Selection Committee to recommend awardees(s)
Publish Notice of intent to Award (3 day protest period)	Purchasing Division
Inform offeror(s) of Notice of Award	Purchasing Division
Based on award value and approval authority	Manager or Council
Purchase Order or formal contract is prepared.	Purchasing Division/User Department
Contract Administration	Purchasing Division/User Department

RESERVED RIGHTS

The Purchasing Division, Manager and Council shall have the authority to waive minor irregularities. Where a mistake or omission is not evident on the face of the bid/proposal/reply, and the bidder/proposer/respondent points out the error with clear and objective evidence before award, it may be permitted to withdraw its bid/proposal/reply in Wellington's discretion, and in accordance with this Manual. No bidder/proposer/respondent will be permitted to correct a material irregularity or otherwise cure a bid/proposal/reply which has been rejected by Wellington as non-responsive. Where a bid security has been required, withdrawal permitted by Wellington normally would be without forfeiture of the security.

Wellington may accept a voluntary reduction from a low bidder or offeror after bid/proposal/reply opening, if such reduction is not conditioned on, nor results in, the modification or deletion of any condition contained in the competitive solicitation. A voluntary reduction may not be used to ascertain the low responsive/responsible bid or for purposes of ranking of proposals.

Discussions may be conducted with responsible Offerors whose submitted proposal is determined to be reasonably susceptible of being accepted for award, for the purpose of clarification, and to assure full understanding of responsiveness to the solicitation requirements. Offerors shall be afforded fair and equal treatment with respect to any opportunity for discussion and revision of proposals after the opening and prior to award for the purpose of obtaining best and final offers when provided by the terms of the competitive solicitation and this Manual.

Wellington further reserves the right to reject any and all bids, proposals, or replies, to terminate a competitive solicitation process, or to otherwise take any action deemed to be in its best interests.

CHAPTER 6

REQUISITION AND PURCHASE ORDER

When a competitive solicitation is not required by this Manual, a Purchase Requisition, Blanket Purchase Order or Purchase Order shall be used. The Purchase Requisition is the main method designed to authorize purchases of commodities and/or services. A Requisition must be prepared prior to the procurement of any commodities and/or services with the exception of commodities and/or services that can be properly acquired through the use of a Purchasing Card, a Field Purchase Order or with funds from Petty Cash or other exceptions as provided herein.

Lead time is critical; therefore, requisitions should be prepared in advance to allow sufficient time for the solicitation process to take place and adequate time for delivery of the product or services required.

Requisitions provide the authorization, budgetary control, and, if required, specifications for the preparation of required competition documents and/or contracts.

Purchase Order Types

The initiating department may select one of three options when completing a Purchase Requisition depending on the nature and dollar amount of the transaction. These options are as follows:

A. Field Purchase Order (FPO)

FPO's properly executed are routed directly to Accounts Payable without any intervention by the Purchasing Department. Field purchase orders cannot be used for Capital Improvement Project (CIP) purchases. Field Purchase Orders can be used in the following circumstances:

a. to pay for certain items exempt from competitive requirements;
b. to pay for items less than or equal to $2,500 that cannot be processed by use of the Purchasing Card;
c. to reimburse petty cash custodians;
d. for refunds of fees or charges, including escrows; or

e. to pay for other special transactions as authorized by the Manager, Director of OFMB and Purchasing Manager.

B. Blanket Purchase Orders

Blanket purchase orders facilitate multiple purchases from and payments to a single vendor and payments on contracts only. It serves to minimize the number of Purchase Requisitions for certain recurring operating expenses. Blanket Purchase Orders are used:

a. to establish an accounting record for routine periodic payments of recurring operating expenses;

b. to develop a purchasing relationship, in advance, for repetitively purchased commodities and services. The Blanket Purchase Order is used when the prices or discounts, terms and conditions, and length of contract have been established.

Examples of commodities and services that are expected to be purchased more than once and should be on a Blanket Purchase Order are as follows:

a. Gasoline
b. Utilities
c. Insurance
d. Leases
e. Monthly, quarterly or other periodic recurring payments for services only, e.g., quarterly outside lab testing
f. Payments on contracts
g. Supplies and materials purchased on a fixed monthly contract and certain recurring purchases of supplies and materials approved by the Purchasing Manager.

C. Purchase Orders

Are authorized through the Purchasing Division authorizing the vendor to deliver commodities or to perform services for Wellington and communicates in writing the terms and conditions, specific quantities and the agreed price. Purchase Orders are used for all procurements except as otherwise provided herein.

The Requisition for a Purchase Order must be prepared far enough in advance to allow the Purchasing Division to process approvals and/or to obtain the best value. The User Department is required to provide Purchasing with written documentation pursuant to the thresholds defined in Chapter 3, Approval Levels and Methods of Procurement. Beyond that, the user Department shall allot additional time for the order and delivery of the commodities or services ordered. Complex procurements may require additional processing time; therefore, the user department should contact the Purchasing Manager to jointly determine the purchasing timeframe.

CHAPTER 7

CONTRACT ADMINISTRATION

Purchasing Process

A contract is the legal document that spells out the responsibilities of the vendor and Wellington. Contracts shall contain such terms and conditions acceptable to Wellington, and as may be required by law and the solicitation, including, but not limited to, time for performance, insurance requirements, indemnification, liquidated damages, bonds, and termination. Where practicable, the form of the contract should be incorporated into the competitive solicitation. Clarity is essential so that disputes can be avoided. Contract types vary according to form, and according to the distribution of risk and responsibility between the contractor and Wellington. Pursuant to Florida Statutes, Section 119.0701, in cases where the contractor is acting on behalf of Wellington, the contract shall include the terms set forth at subsection (2) thereof requiring the contractor's compliance with the public records laws. There are three major elements or stages of the purchasing process, each of which is equally important:

1. **Planning and scheduling purchasing and purchasing activities to meet program and budgetary objectives*:*** Planning is necessary in order to consolidate purchases and achieve economies of scale. Scheduling takes advantage of market cycles by anticipating the best time to buy. Departments that budget effectively estimate their need for commodities and services in advance. From these estimates, a purchasing schedule can be created that takes into account and consolidates Department needs.
2. **Source Selection*:*** This is the process through which solicitations are issued, advertisements run, vendors selected, and commodities or services received. Staff in both user Departments and in Purchasing must work closely to define what is to be purchased. Neither department can do it alone. Together, they develop specifications and scopes of work reflecting the Department's knowledge of its needs in delivering services and Purchasing's knowledge of the market. After both departments decide on the appropriate purchase method and type of contract, Purchasing staff issues the solicitation and receives bids/proposals/replies in response to the competitive solicitation or as otherwise provided in this Manual. Purchasing obtains the executed contracts and ensures the commodities/services are delivered in accordance with the solicitation. This *separation of duties* is a fundamental aspect of the purchasing process.

Contract Monitoring and Administration

This element ensures that the terms of the purchase order or contract are enforced and invoices are paid. Lead responsibility for contract administration falls on Department personnel with advice and support from Purchasing. Invoices are approved and submitted for payment and the quality of commodities and services are monitored and evaluated. If the Department wishes to change the specifications or scope of services, it consults with Purchasing to negotiate a change order. If the Department is dissatisfied with its purchase, then Purchasing forces corrective action by the vendor. When the contract is completed, the Department staff "closes out" the solicitation by, for example, receiving release of liens from subcontractors, recovering equipment from the vendor, completing and evaluating the purchase, making sure all invoices are paid and the purchase file is complete, and forwarding suggestions for improvements to Purchasing. Purchasing shall notify the vendor of applicable suggestions and comments in writing.

Contract Types

Contract Administration is the final phase of the purchasing cycle and begins at the point a contract or Purchase Order is executed. The objective of contract administration (User Department and Purchasing Division) is to ensure that the vendor and Wellington comply with the contract. Only then can the public be sure that it received what it paid for. The common types of contracts are as follows:

1. **Multi-Term Contracts –** A contract for commodities or services may be entered into for any specified period of time deemed to be in the best interests of Wellington, provided the term of the contract and conditions of renewal or extension, if any, are included in the solicitation and funds are available for the first fiscal period at the time of contracting.

2. **Multiple Source Contracting –** A multiple source award is an award of an indefinite quantity contract for one or more similar supplies or services to more than one bidder or offeror. Wellington shall not be liable for any invoice, charge or claim, loss of profits or any other cost or expense unless the purchase was made in accordance with this Manual.

3. **Open-end Contracts –** The Manager or designee shall procure open-end contracts as necessary and reasonable, based on competitive pricing. The total estimated cost of the goods or services shall govern the proper authority for award of these contracts.

4. **Purchase Orders –** Purchase orders are considered binding contracts upon issuance and acceptance. By accepting a purchase order the vendor agrees to the terms and conditions as described on the purchase order.

Renewal of Contract

Unless otherwise provided by law, a contract for commodities or services may be entered into for any period of time deemed to be in the best interest of Wellington, provided the term of the contract and conditions for renewal, if any, are included in the solicitation and funds are available for the first fiscal period at the time of the renewal.

Extension of Contract

Extension of a contract shall be in writing and shall be subject to the same terms and conditions set forth in the initial contract. A contract may be extended where the terms of the contract provide for the extension or in circumstances deemed in the best interest of Wellington, such as the need for additional time to complete a new competitive solicitation process.

Modification of Contract

The Village Attorney or designee, is authorized to promulgate and adopt regulations permitting or requiring the inclusion of clauses providing for or relating to change orders, modifications, and adjustments in prices, time of performance or other contract provisions.

Termination of Contract

Generally, a contract can only be terminated under conditions specified within it. Contracts can be terminated for non-performance (default) if, after being notified, the vendor fails to meet the specifications. Contracts also may be terminated for convenience by Wellington, to cover unforeseen circumstances where commodities or services are no longer needed or as a result of budgetary constraints.

Bid Security and Performance and Payment Bonds

Bid Bonds or other forms of bid or proposal security shall be required on all competitive solicitations for construction, design build, or other solicited project contracts when the price for the project is estimated to cost $25,000 or more. The amount of the Bid Bond or security shall be ten (10%) percent of the NET bid. Wellington may waive this requirement when it is deemed in its best interest. The bid security shall be a bond provided by a surety company authorized to do business in this State, or the equivalent by certified check, cashier's check, irrevocable letter of credit or an alternate form of security for the same purpose subject to the same conditions and in a form acceptable to Wellington as bid security. Nothing herein shall be construed as precluding Wellington from requiring bid security on non-construction projects, and in such amounts as the Manager may prescribe.

After award of the contract, unsuccessful bidders shall have their bid deposits returned within a reasonable amount of time after the bid or proposal opening (but not before recommendation of award). The bid or proposal security of the successful bidder, and those bidders or proposers who may reasonably be susceptible of an award, shall be retained until execution of the contract and receipt of certificate(s) of insurance and payment and performance bond. If the successful bidder or proposer fails to furnish the required certificate(s) of insurance, payment and performance bond, or fails to execute and deliver the contract to the designated employee within the time specified in the solicitation or contract documents, Wellington will annul the notice of intended award and the entire sum of the bid or proposal security shall be forfeited.

Bidders have the right to withdraw their bids or to make changes to their bid prior to the bid opening. A bidder may withdraw its bid by submitting a written request to the Purchasing Division. No bid may be withdrawn after the closing time for receipt of bids. Unless otherwise specified in the solicitation, bids and proposals may not be withdrawn for a period of ninety (90) days from the opening. Regardless of the threshold, if a bidder withdraws its bid, or if the successful bidder fails to execute and deliver the contract, the bidder or proposer shall be prohibited from doing business with Wellington for a period of one year. In addition, Wellington shall make a claim on such bidder's bid security according to the terms of the competitive solicitation, if applicable. Alternatively, and in its sole discretion, Wellington may refuse to permit the withdrawal of the bid or proposal after opening, accept it, and enforce the terms of the contract subject of the award.

Payment and Performance Bonds and Insurance

Payment and performance bonds are required for all construction contracts in excess of fifty thousand dollars ($50,000.00). At its discretion, Wellington may exempt a contract from this requirement provided the contract is for $200,000 or less. The following bond or security shall be delivered to Wellington and shall become binding on the parties upon the execution of the contract:

a. A payment and performance bond in an amount equal to one hundred percent (100%) of the price specified in the contract and conditioned that: the contractor shall promptly make payments: to all persons who supply labor, materials or commodities used directly or indirectly in the performance of the work provided for in the contract; and contractor shall perform the contract in the time and manner prescribed in the contract; or in lieu of a performance bond and payment bond, Wellington may accept cash, money order, certified check, cashier's check, or irrevocable letter of credit in the amount of one hundred 100 percent (100%) of the contract price. Such alternate form of security shall be for the same purpose and shall be subject to the same conditions as a performance bond and payment bond. All bonds shall be in conformance with Florida Statutes 255.05 and 287.0935.

b. For construction and other service contracts, the solicitation should specify the amount of insurance and coverage requirements.

Reduction of Bond Amounts

After notice to the Council, the Manager or designee is authorized to reduce the amount of performance and payment bonds to 50% of the contract price for each bond when a written determination is made that it is in Wellington's best interest.

Authority to Require Additional Bonds

Nothing in this Section shall be construed to limit the authority of Wellington to require a performance bond or other security in addition to those bonds, or in circumstances other than specified in Piggybacks, Cooperatives, or in this Manual.

Vendor Performance

When a vendor fails to properly perform under a contract, Wellington will follow a progressive remedy process, unless circumstances warrant that more immediate action be taken in order to protect the safety of individuals, or mitigate any damage to Wellington property.

Prior to administering any form of remedy, however, Wellington must perform its due diligence to ensure a factual account of circumstances leading-up to the unacceptable situation. Project Managers must document any issues, observations, discussions or contacts with the contractor that may have an impact on the situation. Data collection and documentation must be completed in a fair and unbiased manner in order to ensure the credibility of Wellington, and to protect Wellington against any legal liability resulting from making unsubstantiated claims against a vendor.

When a vendor is not providing a product or service that is satisfactory to Wellington a corrective action plan must be implemented. The user department will work with Purchasing to ensure the plan is reasonable and realistic. The plan should detail steps required in order for the vendor to meet Wellington's required level of satisfaction. In the event the vendor fails to meet the obligations of the corrective action plan, the next step shall include termination of the contract. If the project is covered by a performance bond, Wellington will work with the bonding company to ensure completion of the project using funding provided through the bond.

CONTRACT MANAGEMENT PROCEDURES

These procedures contain basic guidelines for the administration of contracts between Wellington and a vendor. Administration of contracts encompasses the full realm of implementation and oversight, including without limitation, receipt of work, services, and supplies as well as monitoring contractor performance; issuing status reports; reviewing invoices; and similar types of review and responsibility.

Wellington will diligently monitor performance and progress of the contract and take necessary steps to require compliance with the terms, specifications, conditions, and provisions of the contract as well as foster and maintain compliance with state statutes and Council approved Ordinances and Resolutions.

1. **Budget approval:** Prior to the issuance of a solicitation the department director for the user department will ensure the availability of funds. All requests for supplies or services shall be initiated by an authorized requestor and approved by the department director.

2. **Council Approval:** If the contract cost equals or exceeds $25,000, Council approval is required. If the contract cost equals or exceeds the Village competitive solicitation threshold of $25,000 the award shall also be pursuant to a formal solicitation process unless exempt pursuant to this Manual.

3. **Solicitation/Award of Contract:** Solicitations shall be conducted by the Purchasing Division in compliance with State Statutes; Council approved Ordinances, Resolutions, this Manual, and applicable administrative policies. Contracts shall be awarded in accordance with the terms of the solicitation. The award will be made to the responsive and responsible bidder whose bid, proposal, reply or quotation conforms to all specifications, terms and conditions as set forth in the solicitation. For Invitations to Bid, contract awards will be made on the basis of the lowest price provided the bidder is responsive, responsible, and the final award is deemed in the best interest of Wellington by Council.

4. **Contract Execution and Term:** The term specified in the solicitation will establish the basis for the time for performance of the contract. A start and completion date will be agreed to mutually by Wellington and the contractor, and specified in the contract. Two original copies of the contract will be prepared. One will be maintained in the Clerk's Office and the other will be provided to the vendor. A copy of the contract will be maintained electronically in a shared Wellington directory.

5. **Pre-Construction Conference (Construction Projects):** Following the award of a construction contract, a post award conference will be held by the user department including a member of the Purchasing Division to discuss applicable information as it pertains to the contract awarded, including to identify personnel, discuss the scope of work, state and federal requirements, safety issues, timetable for deliverables, payment methods, required forms to be submitted, and other contract related documents and issues. Post award conference minutes shall be recorded, and minutes shall be made a part of the contract file.

6. **Notice to Proceed:** Upon full execution of the contract documents and delivery by the contractor of all required bonds and certificates, including insurance, to the Purchasing Division, the user department shall prepare and issue to the contractor a Notice to Proceed. The Notice to Proceed will be forwarded to the contractor by the user department by mail, electronically or personally delivered. The user department, along with the Purchasing Division will monitor the progress of the contract from the date of its commencement forward.

7. **Contract Tracking/Monitoring:** Upon electronic approval, a contract (bid number) or purchase order number is assigned to each contract. The Purchasing Division will maintain tracking and monitoring information in a Contract Listing for individual tracking purposes as required herein. The Purchasing Division will review termination dates sufficiently in advance and work directly with the user departments to ensure timely contract renewal or re-advertisement of a new solicitation.

8. **Inspection/ Monitoring/Reporting:** The Purchasing Division will maintain a designated file for each contract including a copy of the contract with all addenda, and exhibits; all amendments and modifications; copies of correspondence, notices to the contractor, change orders pertaining to the contract and any other pertinent and relevant documentation.

9. **Deficiencies:** During implementation by contractor, in receiving supplies and services, and during the ongoing contract administration, the Purchasing Division will be alerted by the user department of any irregularities or deficiencies in the performance of the contract. Non-conforming work, services, products, equipment or goods must be promptly rejected when specifications of contract are not met. Where appropriate, the Purchasing Division will prepare a letter notifying the contractor of any irregularities or deficiencies in performance under the contract.

10. **Time Extensions:** The contractor is responsible for completing the work within the time established by the contract. Time extensions will be considered if the contractor requests an extension, in writing, within a reasonable time prior to the time for the contract to end. The written request must clearly state the contractor's reason for the delay and offer facts supporting justification and verification. The Purchasing Division along with the user department shall review the request and make a determination whether the request will be granted. If the time extension is granted by the Purchasing Division, the contract shall be modified in writing by Change Order or amendment. The Change Order or amendment shall be signed by both parties by the respective authorized representatives and will become an amendment to the original contract. If the time extension is not granted, the contractor will be notified and reminded of the obligation to complete the work in a timely manner in accordance with the terms of the contract.

11. **Termination:** Termination of a contract will be in accordance with the governing provisions of the contract under which the work or services are being performed. In the event it is determined that the contract should be terminated for cause or convenience, the user department shall provide a written recommendation to the Purchasing Department detailing the reasons for the proposed termination. The Purchasing Department will prepare a letter notifying contractor of termination. The letter shall be sent by US Mail, return receipt requested or as provided by the contract. The Manager and Village Attorney shall be consulted prior to the termination of any contract at or above the competitive solicitation threshold.

12. **Liquidated Damages:** Upon determination by the Purchasing Division that enforcement of liquidated damages is proper under the terms of the contract, the Purchasing Division will prepare a letter notifying the contractor of Wellington's assessment of the liquidated damages. The amount of liquidated damages may be deducted from the contractor's final invoice. In the event the amount of the liquidated damages exceeds the final invoice amount; the Purchasing Division shall submit an invoice to the contractor for the difference.

CHAPTER 8

CHANGE ORDERS

A. Purpose

A Change Order provides a mechanism to effectuate a mutually agreeable change in price, scope of work, or time for completion of an existing purchase order or contract. Procedures to modify an existing purchase order or contract shall be initiated immediately upon the recognition of need and the Change Order shall be fully executed prior to authorizing the vendor to proceed further with the purchase or work. A Change Order must be executed by Wellington in accordance with the formalities of the contract or purchase order.

B. Use

Change Orders are to be used when the variance is for the purchase of related items. If items to be added to the Purchase Order are outside of the original scope, then a new Purchase Requisition must be generated.

1. Purchase Requisition Modifications

A modification is required in all cases except:

a. increases that are 10% or less of the original Purchase Order plus subsequent modifications, and there is sufficient budget available;
b. cumulative modifications that cause the original Purchase Order to not exceed $2,500 more than the original order and there is sufficient budget available;
c. changes due to freight and shipping;
d. for cancellation of Purchase Orders or decrease in the total dollar amount of a Purchase Order, when the Purchase Order is considered complete. The user Department shall note directly on the Purchase Order the details of the cancellation or reduction and the fact that the vendor has accepted the reduction or cancellation and notify the Purchasing Department of said transaction. Purchasing will close out cancelled and reduced Purchase Orders after authorizing the final payment.

2. Change Orders

For all purchases approved by Council without contingency the following will apply:

a. $250,000 or less – cumulative change orders shall not exceed 20% of the original bid award.
b. $250,001 up to $2.5 million – cumulative change orders shall not exceed $50,000.
c. $2.5 million up to $5.0 million – cumulative change orders shall not exceed $100,000.
d. $5.0 million and over – cumulative change orders shall not exceed $100,000 plus 1% of the original bid award.

Change Orders will be presented to Council for approval when the cumulative dollar amounts of the Change Orders for the awarded construction project have reached the threshold levels as shown above. When presented to Council all Change Orders that make up the cumulative Change Order amount will be presented as part of the approval. If, after Council approval, additional Change Orders are required for the construction project the same process will be used for the next cumulative Change Order.

Construction projects approved with contingency funding:

If Council awards the construction project with a contingency allocation then no further Council action is necessary provided the construction project does not exceed the project budget (awarded contract + contingency funding). Council approval is required for any Change Order if budget funds are not available and pursuant to this Manual.

The construction contract and/or the purchase order will be for the bid amount, plus the contingency. Accordingly, a contract or purchase order increase that is within the contingency amount will not require a formal change order. Price increases that are within the contingency amount shall be approved by the project manager or Wellington representative designated by the contract or purchase order.

3. Professional Services Contract Changes

The procedures for authorizing changes to contracts and other written agreements for professional services are as follows:

a. the user department submits a written request to Purchasing to initiate a contract modification or cancellation;

b. amendments require the same level of execution as the contract being amended. Required internal and Council approvals must be obtained in accordance with this Manual.

C. Procedures

1. The user Department should prepare documentation supporting and explaining the nature and need for the change.

2. Forward the supporting documentation to Purchasing. The Purchasing Department:

   a. reviews and/or obtains required approvals, and amends Purchase Obligation;
   b. submits agenda package for Council approval, if necessary;
   c. notifies the vendor to proceed upon appropriate approvals.

CHAPTER 9

EVALUATION AND SELECTION

Selection Committee Guidelines

The evaluation and selection process shall be in accordance with the competitive solicitation and this Manual. In order to provide a selection process that is fair and equitable for all respondents, and in relation to competitive solicitations that require an evaluation process, the following Selection Committee Guidelines shall be followed:

1. **Intent:**
   These Guidelines provide a summary of the expectations, rules, processes and procedures applicable to the evaluation of proposals and replies by a Selection Committee.

2. **Committee Task:**
   To evaluate written responses, provide for oral presentations, and/or conduct interviews (where applicable), and pursuant to an advertised competitive solicitation which requires an evaluation; to rank the respondents based on the criteria listed in the solicitation; and when specified in the solicitation, to conduct negotiations with the top ranked vendor. Selection Committees are not charged with the responsibility of making policy decisions or final award decisions.

3. **Committee Members:**
   The Selection Committee will typically consist of five staff members. The Manager shall appoint three (3) persons to be standing members of the Selection Committee, each of whom shall have experience with and general knowledge of this Manual. The fourth and fifth members of the Committee shall be selected on a case by case basis by the Manager, and shall possess technical knowledge regarding the subject matter of the particular solicitation. The Manager may alter the Selection Committee size and membership when deemed in Wellington's best interest to do so. When altering the Selection Committee membership, the Manager may select persons who are not staff members, including, but not limited to entire standing advisory boards and committees or an ad hoc committee selected for this purpose. The Manager may also utilize outside consultants with professional expertise regarding a particular selection. Prior to using an alternate Selection Committee, the Manager shall receive the advice and consent on the Committee's makeup and membership from the Council. Such advice and consent requires the approval of a majority vote of a quorum of the

Council at a regular or special meeting wherein the issue is set forth on the Council Agenda.

4. Responsibilities:

Each member of the Selection Committee shall be responsible for reading, understanding, and complying with the provisions of this document.

All proposals/responses/replies submitted to Wellington for consideration must be submitted to the Clerk's Office by the respondents and will be accepted up to the advertised date and time. Subject to the terms of this Manual, and Florida Statutes, Sections 119.071, and 255.0518, all proposals will be opened and acknowledged at a time and place open to the public.

The Purchasing Division will facilitate the evaluation process and shall be responsible for the following:

a. Maintaining the integrity of the overall evaluation process;
b. Scheduling and posting, in accordance with Florida Statutes, all Committee meeting dates and locations;
c. Ensure proper audio and video recording and storing of all Committee actions;
d. Documenting members' scoring and ranking information;
e. Posting final rankings and issuing Notices of Intent;
f. Communicating the Committee's recommendation(s) to the Council.

The Selection Committee meetings must follow the requirements of Florida Statute 286.011 for Public Meetings and notice of such meetings must be posted at least 72 hours in advance. These meetings are open to the general public, which can include proposers who have submitted responses to Wellington solicitations. No public comment will be taken during the Selection Committee meeting unless otherwise required by law. Nothing herein shall preclude the Selection Committee from seeking additional information from staff or individual proposers. The public will have an opportunity to be heard in accordance with applicable law and this Manual.

Attendance of all Committee members at all scheduled meetings is essential to the quality of the evaluation process. All Selection Committee members shall attend all scheduled meetings, including oral presentations/interviews, and adhere to set timelines.

Under no circumstances will individual Selection Committee members communicate, by any means, regarding the competitive solicitation outside of the scheduled and publicly posted Selection Committee meetings. The Purchasing Division representative shall monitor any communication regarding the solicitation. Any Selection Committee member contacted by anyone regarding the competitive solicitation at any time during the solicitation process shall notify the Purchasing Division immediately.

The following items will be provided by the Purchasing Division representative to each Selection Committee member in advance of the first meeting:

a. Copy of the subject competitive solicitation, and all Addendums;
b. One hard copy or electronic version of each proposer's submittal; and
c. Copy of Selection Committee scoring sheet including all scoring criteria.

5. Evaluation:

Each Selection Committee member will initially review and evaluate the written proposals from all respondents, individually. There shall be no discussion regarding the solicitation amongst any Selection Committee members during the individual evaluation process and outside of a scheduled Selection Committee meeting.

Evaluations shall be based on the predetermined set of criteria only. No other criteria may be used. All criteria must be scored in accordance with the solicitation.

Scoring sheets may be filled out at the Selection Committee meeting after the members have had the opportunity to discuss the solicitation during the public meeting. Each Selection Committee member shall convert his/her cardinal score to an ordinal number or ranking. The proposer with the highest cardinal score will receive an ordinal score or ranking of one (1). The proposer with the next highest cardinal score will receive an ordinal score or ranking of two (2) and so on until all proposers are given an ordinal number or ranking. The ordinal scores or rankings for each proposer shall be added together to arrive at a Total Ordinal Score or Ranking. The proposer with the lowest total ordinal score or ranking will be ranked highest for award preference. The proposer with the second lowest total ordinal score or ranking will be ranked second highest for award preference and so on. The Selection Committee will determine whether presentations/interviews with short listed proposers are desired or required based on the competitive solicitation document.

If presentations/interviews with the short listed proposers are desired or required, the Selection Committee will identify which proposers will be asked to provide an oral presentation/interview, based on the initial rankings. The Selection Committee may request presentations/interviews from as many proposers as it deems necessary. All proposers to be scheduled for presentations/interviews will be notified in writing by the Purchasing Division representative and in sufficient time (approximately 7-days) with regard to the date time and location.

Oral presentations/interviews with a minimum of three proposers are required for all Professional Service RFQ's for the selection of Architect, Engineer, Landscape Architect, and Land Surveying services, in accordance with Florida Statute 287.055 (CCNA).

6. Meetings:

Meetings will be conducted in accordance with Section 286.011, Florida Statutes, and this Manual. In accordance with Florida Statutes, Section 286.0113, however, portions of Selection Committee meetings shall be closed in certain circumstances. Specifically, any portion of a meeting at which a negotiation with a vendor is conducted pursuant to a competitive solicitation, at which a vendor makes an oral presentation as part of a competitive solicitation, or at which a vendor answers questions as part of a competitive solicitation shall be closed. Additionally, portions of a Selection Committee meeting at which negotiation

strategies are discussed shall be closed. The closed portions of the Selection Committee meetings must still be recorded and, together with any records presented during the closed portion, are not subject to disclosure until the time of an intended award decision or until 30 days of the bid, proposal, or reply opening, whichever occurs earlier (F.S., 286.0113(2)(C)). If Wellington rejects all bids, proposals, or replies and concurrently provides notice of its intent to reissue a competitive solicitation, the recording and any records presented at the closed portion of the meeting(s) remain exempt from disclosure until such time as Wellington provides notice of an intended decision concerning the reissued competitive solicitation or until Wellington withdraws the reissued competitive solicitation. A recording and any records presented at a closed portion of a meeting(s) are not exempt for longer than 12 months after the initial notice rejecting all bids, proposals, or replies.

PROCEDURES:

The Selection Committee, after all proposals have been reviewed, evaluated, and initially ranked or short listed, shall conduct oral presentations/interviews (if necessary) and vote on a final ranking. NOTE: the initial scoring of written proposals is used to determine the short-list, where the oral presentation/interview is used as part of the process to determine the final ranking. The oral presentation/interview scoring will follow the same format as the written proposal scoring unless a different weight or procedure is set forth in the competitive solicitation.

The Purchasing Division representative will draft a Notice of Intent to award the contract to be publicly posted electronically at which time the three (3) day protest period will begin. If no protests are received during the three (3) day protest period, recommendation of award will be forwarded to Council for approval.

Council reserves the right to make all final decisions regarding a competitive solicitation, including the final award or decision to reject all bids, proposals or replies. Nothing herein shall be construed to restrict the Manager's right to terminate a competitive solicitation process where deemed in the best interest of Wellington. Additionally, Wellington may reject any bid, proposal or reply for any of the following reasons:

a. If the evidence submitted by the bidder/proposer/respondent or the investigation of such bidder/proposer/respondent fails to satisfy Wellington that such bidder/proposer/respondent is qualified or responsible to carry out the obligations and to complete the work contemplated therein. In determining whether a bidder/proposer/respondent is responsible, Wellington shall have the authority, in its sole discretion, to consider matters such as past performance, references, litigation history, criminal records, prior and pending claims and disputes with Wellington or other public agencies, including relevant information as to the vendor's affiliated entities and principals, and such other matters as may be deemed relevant in determining responsibility.

b. If there is reason to believe collusion exists among the bidders/proposers/respondents.

c. If the bid/proposal/reply is not responsive, not properly delivered, not properly signed or is unsigned, shows serious omissions, alterations in form, additions not called for, unauthorized conditions, or irregularities of any kind. Wellington reserves the right to waive such technical errors and minor irregularities as may be deemed in the best interest of Wellington.

Note: Subject to F.S., Sections 119.071 and 255.0518, and the provisions of this Manual, sealed bids, proposals and replies are opened in public at the location designated by the Purchasing Division in the solicitation. All bids, proposals, and replies are read aloud to identify the bidder and are recorded for purposes of documenting submissions received by applicable deadlines. With respect to ITB's, Wellington staff will first review the bids, following which a contract will be awarded by Council to the lowest responsive and responsible bidder, in accordance with the terms and conditions of the ITB. For RFP's, an award will be made to the responsible offeror whose proposal is determined to be the most advantageous to Wellington, taking into consideration the price and other evaluation criteria and factors set forth in the RFP. For RFQ's, ITN's, and RLI's, an award will be made to the respondent determined to be the most qualified and who negotiates a contract on terms and conditions deemed most advantageous by Wellington, and in accordance with the solicitation and applicable law.

In the case of construction solicitations, the initiating department shall be responsible for ensuring plans and specifications are reviewed and approved by the building department and that the design professional has obtained all necessary approvals prior to advertising bid documents. To the extent any plans, specifications or other materials are exempt from public disclosure pursuant to F.S., Section 119.071, and as a condition of receiving a copy of the exempt materials, prospective bidders may be required to execute an agreement to maintain the exempt status of the information in order to effectuate the provisions of F.S., Section 119.071(3). Further, all City Departments shall coordinate their efforts.

RECEIPT AND CONTROL OF BIDS, PROPOSALS AND REPLIES

All sealed bids, proposals and replies to competitive solicitations shall be delivered to the office of Wellington's Clerk, be dated and time stamped, shall remain sealed, and shall be kept in a secure place until the time of bid/proposal/reply opening. The sealed envelope must be clearly identified as a bid, proposal, or response and the applicable solicitation name and number shall also be identified on the exterior of the envelope. Bids, proposals, or replies submitted by fax or email shall not be accepted. If someone other than the Purchasing personnel inadvertently opens the bids/proposals/replies, that person may re-seal the bid/proposal/reply, mark it "opened in error," and it will retain its status as a sealed bid/proposal/reply.

a. The modification or withdrawal of bids/proposals/replies is permitted at any time before opening, but only upon written request by an authorized representative of the bidder/proposer/respondent. A request for withdrawal and modification must be in writing and signed by a person duly authorized to do so, and in a case where signed by a deputy or subordinate, the principal's proper written authority to such deputy or subordinate must accompany the request for withdrawal or modification. After expiration of the period for receipt of bids, no bid or proposal may be withdrawn or modified. If, prior to acceptance of a bid or proposal, a bidder or proposer claims a mistake in pricing and requests to withdraw its bid or proposal, the decision whether to permit withdrawal will by made by the Manager, and in his/her sole discretion. In determining whether to permit a bidder to withdraw its bid or proposal, the bidder shall provide such information, including, but not limited to, sworn statements as may be requested by Wellington.

b. Late bids/proposals/replies will not be accepted and will be returned to the bidder/proposer/respondent. All timely received bids/proposals/replies and accompanying documentation received shall become the property of Wellington and will not be returned. All costs of preparation of a bid/proposal/reply shall be borne by the vendor.

c. The Purchasing Division personnel shall conduct the bid/proposal/reply opening as follows:

   i. Identify the transaction being conducted;
   ii. Open bids/proposals/replies and read in any order;
   iii. Announce the name of each bidder/proposer;
   iv. Bids/proposals received shall be tabulated as soon after the opening as practicable. The tabulation shall contain the name of each offeror, and any other information required by the bid/proposal documents, and may include any other information necessary to determine responsiveness, i.e. bid bonds, number of addenda, if any; and
   v. To the extent required by Florida Statutes, Section 255.0518, bid openings for construction or repairs on a public building or public work will be opened at a public meeting, and the name of each bidder and the price submitted shall be announced.

d. Purchasing Manager shall have the authority to waive minor irregularities.

e. Where a surety/bid bond has been required, withdrawal may be cause for forfeiture of the bid security.

f. Wellington may accept a voluntary reduction from a low bidder/offeror after bid opening, if such reduction is not conditioned on, nor results in, the modification or deletion of any condition contained in the Invitation for Bids. A voluntary reduction may not be used to ascertain the lowest responsive/responsible bid.

g. Sealed bids, proposals, or replies received pursuant to a competitive solicitation are exempt from public records disclosure until a notice of intended decision is posted or until 30 days after opening of the bids, proposals, or final replies, whichever is earlier, and in accordance with Florida Statutes, Section 119.071. In the event Wellington determines that it is in its best interest to reject all bids, proposals, or replies and re-advertise a new solicitation, the original bids, proposals, or replies shall remain exempt from public disclosure and as provided by Florida Statute 119.071.

h. Errors in extension of unit prices or in mathematical calculations in bids may be corrected by Wellington prior to the award. In all cases of errors in mathematical computation, the unit prices shall not be changed. A bidder may be permitted to correct clerical mistakes, and in the sole discretion of Wellington, where the error is a minor technicality or irregularity, and when the intended bid amount is ascertainable from the bid itself. Additionally, Wellington reserves the right to seek clarification, additional information, or conduct any and all investigations that it deems necessary in relation to the evaluation of a bid/proposal/reply.

i. If the contract with the awardee is canceled within 90 days after the bids or proposals are opened, or during any period of time in which bids are required to remain open for acceptance pursuant to the solicitation, Wellington may elect to award the contract to the next lowest responsive and responsible bidder or highest ranked proposer, whichever is applicable.

TIE BIDS AND PROPOSALS

If, after application of the Local Preference, or in instances where the Local Preference does not apply, two or more bidders or proposers are tied, the following criteria will be used to break the tie:

a. Delivery time – time for performance, if provided in the bid or proposal.

b. Certification of a "Drug-Free Workplace Program" which meets the criteria established in F.S., Section 287.087.

c. If application of the above criteria does not resolve the tie, the award will be given to the bidder or proposer whose bid was received earliest by Wellington, and as indicated by the time clock stamp impressed upon the bid or proposal.

PROTEST PROCEDURE

PROTESTS:

A prospective bidder, proposer or offeror may submit a protest in writing to the Purchasing Manager challenging the terms, conditions, or specifications of a competitive solicitation, including any provision governing the methods for ranking bids, proposals, or replies, awarding contracts, reserving rights of further negotiation, or modifying or amending any contract. The foregoing notwithstanding, a protest may not challenge the relative weight of the evaluation criteria or the formula specified for assigning points therefore contained in the competitive solicitation. The protest must be filed within three (3) days (excluding Fridays, Saturdays, Sundays and legal holidays) after the public posting or advertising of the competitive solicitation. Failure to file a protest as to the terms, conditions, or specifications of a competitive solicitation

shall be deemed a waiver of the right to protest on those grounds. Prior to the award of any contract, bidders, proposer(s) or offeror(s), may submit a protest in writing to the Purchasing Manager. The protest must be filed within (3) days (excluding Fridays, Saturdays, Sundays and legal holidays) after the posting of the Notice of Intended Award for public viewing at Wellington's Clerk's Office. All bidders, proposers, offerors or contractors affected by the intended award of contract will also be notified by the Purchasing Manager, via Demandstar.com or other means, of the intended award posting. Notwithstanding the above, it is the responsibility of all bidders, proposers, offerors or contractors affected by the proposed award to review the public posting of the intended award, and the deadlines to protest set forth herein shall not be enlarged based upon a claim of lack of knowledge thereof. Additionally, in order to maintain a protest, a protestor must have standing pursuant to established Florida case law. Protests filed by a person or entity who does not have standing may be summarily denied without further action or decision.

PROCEDURES:

Protestors shall file their written protests with the Purchasing Manager between the hours of 7:00 a.m. and 6:00 p.m., Mondays through Thursdays. Written protests shall contain:

a. the name of the petitioner;
b. the petitioner's address and phone number, e-mail address and fax number;
c. the name of the petitioner's representative, if applicable;
d. the name and bid number of the solicitation;
e. a plain and clear statement of the grounds on which the protest is based; and
f. a specific request for the relief to which the petitioner deems itself entitled, or the remedy requested.

A written protest is deemed received by Wellington when it is delivered to and received by the Purchasing Division. Delivery to and receipt by any other Wellington staff member is not valid.

Failure to file a timely written protest within the time periods specified shall constitute a waiver by the bidder, proposer, offeror or contractor of all rights of protest under this Protest Procedure, and shall also be deemed a failure to exhaust administrative remedies. Additionally, grounds not raised in any protest shall be deemed waived.

In the event of a timely protest and/or appeal, Wellington shall not proceed further with the solicitation or award of the bid/contract until all administrative remedies have been exhausted, unless the Manager determines that continuation of the solicitation or contract award process is necessary to avoid an immediate and serious danger to the public health, safety, or welfare.

Within seven (7) days (excluding Fridays, Saturdays, Sundays, and legal holidays) of receipt of the written protest, the Purchasing Manager shall attempt to settle or resolve the dispute, with or without a hearing and within his/her sole discretion. A decision will be rendered in writing as soon as practicable and shall: (1) state the reasons for the action taken; and (2) inform the protestor of its right to appeal as provided herein. A copy of the decision of the Purchasing Manager will be mailed or otherwise furnished immediately to the protestor with a copy to any other bidders, proposers or offerors.

Any person aggrieved by the decision of the Purchasing Manager, may appeal to the Manager within seven (7) days from the date of the Purchasing Manager's written decision. Said appeal shall be in writing and shall state with specificity the grounds therefore and also the action requested of the Manager. The Manager shall attempt to settle or resolve the matter, with or without a hearing and within his/her sole discretion. The Manager shall render a decision, in writing, within seven (7) calendar days following receipt of the appeal.

A decision by the Manager under this section shall be final and conclusive unless the protestor files a written appeal directly to Council within three days of the Manager's decision. Said appeal shall be in writing and shall state with specificity the grounds therefor and the action requested of Wellington. The protest shall be considered by the Council within 30 days of the Manager's response. In order to be deemed timely, the appeal to Council must be received by the Village Clerk's office within three (3) days of the Manager's decision (excluding Fridays, Saturdays, Sundays and legal holidays).

Failure to follow the protest procedures or failure to meet any deadline set forth herein shall automatically nullify any protest or claim brought by an aggrieved bidder, proposer, offeror, or contractor.

In the event that either the Purchasing Manager or Manager decide to conduct a hearing, the protestor shall be notified by e-mail and facsimile transmitted to the email address and facsimile number set forth in the protest. Any hearings that may be conducted shall be informal, and the Florida Rules of Evidence shall not apply. Irrelevant, immaterial or unduly repetitious evidence shall be excluded. All other evidence of a type commonly relied upon by reasonably prudent persons in the conduct of their affairs may be considered. Other bidders or proposers who have standing to intervene under Florida law may be permitted to participate in the hearing.

FILING FEES:

In order to defray a portion of the administrative costs associated with a protest, all protests shall be accompanied by a filing fee in the form of a cashier's check or money order for an amount equal to one percent (1%) of the total estimated contract value, but not less than $1,000 nor more than $10,000. Failure to pay the filing fee shall result in a denial of the protest. In the event that a protest is upheld, the filing fee shall be refunded to the protestor.

LOBBYING / CONE OF SILENCE

Consistent with the requirements of Chapter 2, Article VIII, Lobbyist Registration, of the Palm Beach County Code of Ordinances, Wellington imposes a Cone of Silence. A cone of silence shall be imposed upon each competitive solicitation <u>from the time of advertisement</u> and shall remain in effect until Council awards or approves a contract, rejects all bids or responses, or otherwise takes action that ends the solicitation process. While the cone of silence is in effect, no proposer or its agent shall directly or indirectly communicate with any member of Council or their staff, the Manager, any employee of Wellington authorized to act on behalf of Wellington in relation to the award of a particular contract, or member of the Selection Committee in reference to the solicitation, with the exception of the Purchasing Agent or designee. Each competitive solicitation shall provide notice of the cone of silence and refer to this Manual and Section 2-355 of the Palm Beach County Code of Ordinances. Failure to abide by this provision may serve as grounds for disqualification for award of contract to the proposer. Further, any contract entered into in violation of the cone of silence shall render the transaction voidable. To the extent this Manual provides more stringent restrictions on communications than Section 2-355, this Manual shall control.

The cone of silence shall not apply to oral communications at any public proceeding, including pre-bid conferences, oral presentations before Selection Committees, contract negotiations during any public meeting, presentations made to the Council, and protest hearings. Further, the cone of silence shall not apply to contract negotiations between any employee and the intended awardee, any dispute resolution process following the filing of a protest between the person filing the protest and any employee, or any written correspondence with Wellington as may be permitted by the competitive solicitation. Additionally, the cone of silence shall not apply to any purchases made in an amount less than the competitive solicitation threshold set forth in this Manual.

CANCELLATION AND REJECTION OF BIDS, PROPOSALS AND REPLIES

An Invitation for Bid, Request for Proposal, Request for Qualification or other solicitation may be cancelled, and any or all bids/proposals/replies may be rejected in whole or in part when it is deemed to be, at the sole discretion of Wellington, in the best interests of Wellington. Each solicitation shall generally contain a notice of the foregoing. Notice of cancellation shall generally be sent to businesses solicited, vendors which attended a pre-bid meeting, and any actual bidder/proposer/respondent.

LOCAL PREFERENCE

Except where prohibited by federal or state law, other funding source restrictions, or as otherwise excluded herein, a Local Preference shall be applied to give preference to local businesses during the evaluation and award of competitive sealed bids and proposals received in response to an ITB or RFP as set forth herein. In order to be eligible for the preference, the vendor must be properly licensed and legally authorized to conduct its business, and have its principal place of business located in the Tier defined below for at least six (6) months prior to the solicitation. If deemed in the best interest of Wellington, Council may waive the application of the Local Preference, provided that such decision is made prior to the advertisement of the competitive solicitation. Further, the preferences established herein in no way prohibit the right of Wellington to give any other preference permitted by law in addition to the preferences provided in this Section.

For purposes of the Local Preference, the term “principal place of business” means the nerve center or the center of overall direction, control and coordination of activities of the vendor. If the vendor has only one business location, such business location shall be its principal place of business. Post Office Boxes are not verifiable and shall not be used for the purpose of establishing said physical address.

In the case of an ITB, a bidder may also qualify for the Local Preference by utilizing subcontractors where the subcontractor cost comprises 50% or more of the project cost, and the subcontractor meets the eligibility requirements set forth herein. If a bidder intends to rely on subcontractor participation to qualify for the Local Preference, then the bid must include all required forms and information referenced herein to demonstrate eligibility and the Tier within which the subcontractor falls. In the event a contract is awarded to a bidder that qualified for the Local Preference by subcontractor participation, the contract shall provide such terms and conditions acceptable to Wellington to guaranty the subcontractor's participation in the project, and to prohibit the bidder from replacing the subcontractor without Wellington's prior written consent. In the event replacement of the subcontractor becomes necessary, a substitute subcontractor who also meets the eligibility requirements for the Local Preference will be required. Subcontractor utilization does not apply to competitive solicitations where criteria other than price are used to evaluate and score, such as an RFP.

The preferences established by this Section in no way prohibits the rights and discretion of Wellington to evaluate bids and proposals for responsiveness and responsibility, compare quality of materials and services proposed, and apply other factors that may be relevant to the award decision. Notwithstanding anything to the contrary set forth in any policy or Resolution adopted prior to this Manual, the Local Preference shall not be applied to cooperative and piggyback purchases.

Tier Definitions:

i. **Tier A** – *"Palm Beach County Local Business":* Means a vendor with its principal place of business within Palm Beach County, Florida.

ii. **Tier B** – *"Western Communities Local Business"*: Means a vendor with its principal place of business in Wellington or within the boundaries as defined below:

   a. West of the Florida Turnpike;
   b. North of Lantana Road;
   c. South of Okeechobee Boulevard and U.S. Highway 98; and
   d. West to the Palm Beach County western boundary.
   e. The Western Communities boundary is intended to include Wellington, Royal Palm Beach, Pahokee, Belle Glade, and South Bay, as well as any unincorporated portions of Palm Beach County located within the boundaries defining this Tier B.

LOCAL PREFERENCE APPLICATION REQUIREMENTS

In order to be considered for the Local Preference, a bidder or proposer must fully complete and submit all information required by Wellington's local preference forms, and the following, as part of its sealed bid or proposal:

i. An Affidavit signed by a duly authorized representative of the bidder or proposer, under penalty of perjury, confirming that the bidder or proposer has its principal place of business in one of the Tiers defined above, and for at least six (6) months prior to the advertisement of the solicitation.

ii. A valid business Tax Receipt issued by Palm Beach County or valid business Tax Receipt issued by a municipality located within the Western Communities boundary, as defined above, evidencing business activity for at least six (6) months prior to advertisement of the solicitation. Proposers who provide goods or services that are exempt from Palm Beach County or municipal Tax Receipt requirements shall submit documentation demonstrating the physical presence of the business for at least six (6) months prior to the advertisement of the solicitation.

LOCAL PREFERENCE APPLIED TO SEALED BIDS (ITB)

If a responsive and responsible non-local business submits the lowest price bid, and if a Palm Beach County Local Business submits a price bid within five percent (5%) of the lowest price submitted, the Palm Beach County Local Business submitting the lowest bid shall have the opportunity to submit a best and final bid equal to or lower than the low bid. If a Western Communities Local Business submits a price bid within five percent (5%) of the responsive and responsible non-local business or Palm Beach County Local Business submitting the lowest bid, the lowest Western Communities Local Business shall have the opportunity to submit a best and final bid equal to or lower than the low bid.

If a responsive and responsible Palm Beach County Local Business submits the lowest price bid, and a Western Communities Local Business is within five percent (5%) thereof, the Western Communities Local Business shall have the opportunity to submit a best and final bid equal to or lower than the low bid. A best and final bid must be submitted to Wellington within five (5) days of being notified by Wellington of the opportunity to do so, and prior to Wellington issuing a notice of intent to award.

Ties in the best and final bids shall be resolved in the following order:

i. Western Communities Local Business.

ii. Palm Beach County Local Business.

iii. If a tie occurs between two (2) or more of either Western Communities Local Businesses or Palm Beach County Local Businesses, or non-local businesses, then the general Tie Bids and Proposals criteria set forth at Section 4, above, shall be applied.

LOCAL PREFERENCE APPLIED BASED ON EVALUATION CRITERIA (RFP)

Upon completion of rankings pursuant to an RFP, three percentage points (3%) of the total available points shall be awarded to a Palm Beach County Local Business and five (5%) percentage points of the total points available shall be awarded to a Western Communities Local Business as a Local Preference, such that the total points available to a Palm Beach County Local Business shall be one hundred and three (103%) percent of the total available to the non-local business, and a Western Communities Local Business shall be one hundred and five percent (105%) of the total available points available to the non-local business.

In the event of a tie in the ranking, the tie will be broken in the following order:

i. Western Communities Local Business.

ii. Palm Beach County Local Business.

iii. If a tie occurs between two (2) or more of either Western Communities Local Businesses or Palm Beach County Local Businesses, or non-local businesses, then the general Tie Bids and Proposals criteria set forth at Section 4, above, shall be applied.

CHAPTER 10

PUBLIC LANDS & PROPERTY – PUBLIC CONSTRUCTION

A. Construction or improvement of a public building, structure, or other public construction works must be awarded pursuant to a competitive solicitation where the estimated cost of the project equals or exceeds $25,000. Additionally, Florida Statutes, Section 255.20 applies to projects that are estimated in accordance with generally accepted cost-accounting principles to cost more than three hundred thousand dollars ($300,000), and for electrical work estimated to cost more than seventy five thousand dollars ($75,000). The statutory threshold amounts shall be adjusted as set forth at Florida Statutes, Section 255.20(2), and in the event of statutory amendment.

B. Options for Construction contracting may include:

1. General contractor;
2. Village construction management;
3. Multiple prime contractors managed by: a designated general contractor;
4. Construction manager;
5. Procurement Officer of the finance department; or
6. Design-build; or any other commonly accepted construction method utilized by government or industry which may be used to the benefit of Wellington.
7. Public-private partnership.

C. The Provisions of this Manual as to construction projects, and Section 255.20 requiring a competitive award do not apply:

1. When the project is undertaken to replace, reconstruct, or repair an existing public building, structure, or other public construction works damaged or destroyed by a sudden unexpected turn of events, such as an act of God, riot, fire, flood, accident, or other urgent circumstances, and such damage or destruction creates: An immediate danger to the public health or safety; Other loss to public or private property which requires emergency Village action; or an interruption of an essential governmental service.
2. When, after notice by publication in a locally circulated paper, Wellington does not receive any responsive bids or proposals.

3. When the project is undertaken as repair or maintenance of an existing public facility.
4. When the project is undertaken exclusively as part of a public educational program.
5. When the funding source of the project will be diminished or lost because the time required to competitively award the project after the funds become available exceeds the time within which the funding source must be spent.
6. When Wellington has competitively awarded a project to a private sector contractor and the contractor has abandoned the project before completion or Wellington has terminated the contract.
7. When Council, after proper public notice, conducts a public meeting under FS. 286.011 and finds by a majority vote of the Council that it is in the public's best interest to perform the project using its own services, employees, and equipment. The public notice must be published at least 21 days before the date of the public meeting at which Council takes final action. The notice must identify the project, the components and scope of the work, and the estimated cost of the project using generally accepted cost-accounting principles that fully account for all costs associated with performing and completing the work, including employee compensation and benefits, equipment costs and maintenance, insurance costs, and materials. The notice and procedures for Council consideration of the measure must further conform to the requirements of Section 255.20(1)(c)(9).

Notwithstanding the above, nothing herein shall be construed as making the requirements or remedies set forth at Florida Statutes, Section 255.20 applicable to projects below the thresholds set forth therein. For projects for which the estimated cost is below the thresholds of Section 255.20, the failure to strictly adhere to the procedures set forth in this section for exempting a construction project from a competitive award shall not be grounds for a protest or other legal challenge to Council's final decision.

CHAPTER 11

PUBLIC ENTITY CRIMES, CODE OF ETHICS, DEBARMENT

The Public Entity Crimes Act, Section 287.133, Florida Statutes as amended, serves to deny to persons convicted of a public entity crime the opportunity to bid on public entity contracts or to supply goods and services to public entities or to otherwise transact business with public entities. A "public entity crime" means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any bid, proposal, reply, or contract for goods or services, any lease for real property, or contract for the construction or repair of a public building or public work, involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

Competitive solicitations shall contain a statement informing persons of the provisions of Florida Statutes, Section 287.133 (2) (a), and requiring the bidder, proposer, or respondent to certify whether it or its affiliates, as defined in Section 287.133, has been convicted of a public entity crime.

In accordance with Section 287.133(2)(b), Wellington shall not accept a bid, proposal, or reply from, award any contract to, or transact any business in excess of the threshold amount provided in Section 287.017, Florida Statutes, for Category Two from any person or affiliate on the convicted vendor list for a period of 36 months from the date the person or affiliate was placed on the convicted vendor list unless the person or affiliate has been removed from the list. A list of convicted vendors is maintained on the MyFlorida.com web site and the Florida Administrative Weekly published by the State of Florida. Additionally, Wellington reserves the right to reject any bid, proposal, or reply as non-responsible, even if the contract value is below the Category Two threshold, where the vendor or affiliate is on the convicted vendor list and for a period of 36 months following the date that the person or affiliate was placed on the convicted vendor list, unless that person or affiliate has been removed from the list.

A. CODE OF ETHICS AND CONDUCT

Wellington, including Council members, officers, and employees, shall comply with the standards of conduct for public officers, employees and agents set forth in Florida Statutes, Chapter 112, and the Palm Beach County Code of Ethics (Sec. 2-441 et. seq.). To the extent violations of the ethical standards of conduct set forth in this Manual constitute violations of the State Criminal Code they shall be punishable by law or disciplinary actions prescribed in the Wellington Employee Manual. Wellington employees and officers shall refer to Part III, Chapter 112, Florida Statutes and the Palm Beach County Code of Ethics for more definitive guidance and may consult with the designated Ethics Officer within Wellington's Legal Department.

By way of example only, Section 2-443(d) of the Palm Beach County Code of Ethics prohibits public officials and employees from entering into any contract or transaction for goods or services with their respective county or municipality. Exceptional circumstances and waivers to this prohibition are set forth at Section 2-443(e). Additionally, Section 2-444 provides specific prohibitions as to the acceptance of gifts by Council members, chief executives, employees and advisory board members. The Palm Beach County Code of Ethics is available at: http://www.palmbeachcountyethics.com/

Note: In order to avoid the possibility of any misunderstandings regarding compliance with the law and regarding any appearance of impropriety relative to the competitive process for awarding contracts, it is highly recommended that no employee or Public Officers accept anything of value offered from vendors, and that their conduct conform with the above-referenced statutes and Code of Ethics.

B. AUTHORITY TO DEBAR OR SUSPEND

a. After reasonable notice to the person or company involved and reasonable opportunity for that person or company to be heard, the Purchasing Manager, after consulting with the Village Attorney, shall have the authority to debar or suspend a person or company, whether a prime contractor/consultant or subcontractor/subconsultant, for cause from consideration for award of future contracts. The debarment shall be for a period commensurate with the seriousness of the cause(s), and shall continue for the entire time set by the Purchasing Manager. Where the offense is willful or egregious, an indefinite term of debarment may be imposed. The Purchasing Manager shall also have the authority to suspend a person or company from consideration for award of contracts if there is probable cause for debarment. If suspension precedes a debarment, the suspension period shall be considered in determining the debarment period. The Purchasing Manager may suspend the person or company for a period of not more than three (3) months. During the period of debarment or suspension, the person or

company and its affiliates ("affiliates" shall have the meaning ascribed by Florida Statutes, Section 287.133), or other companies with any officers or principals the same as the suspended company, may not bid on any Wellington contracts, regardless of dollar amount, nor be approved as a subcontractor on any Wellington contract. A decision to suspend by the Purchasing Manager shall be in writing, mailed or otherwise furnished immediately to the person or company, and considered a conclusive and final act with no right of appeal.

Cause for Debarment. The causes for debarment include the following:

1. Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receipt of stolen property or any other offense indicating a lack of business integrity or business honesty which currently, seriously and directly affects responsibility as a contractor.
2. Conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract, subcontract or in the performance of such contract or subcontract.
3. Conviction under state or federal antitrust statutes arising out of the submission of bids or proposals.
4. Violation of contract provisions, as set forth below, of a character which is regarded by the Purchasing Manager to be so serious as to justify debarment action.

    a. Deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
    b. A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment.

5. Refutation of an offer by failure to provide bonds, insurance or other required certificates within a reasonable time period.
6. Refusal to accept a purchase order, agreement, or contract, or to perform thereon provided such order was issued timely and in conformance with the offer received.

7. Presence of principals or corporate officers in the business of concern, who were principals within another business at the time when the other business was suspended or debarred within the last three years under the provisions of this Section.
8. Violation of the ethical standards set forth in state law.
9. Violation of the Cone of Silence, or other ethical standards provided by the Palm Beach County Code of Ethics.
10. Any other cause the Purchasing Manager determines to be so serious and compelling as to affect responsibility as a Wellington contractor including debarment by another governmental entity for any cause listed in this Section.

b. The Purchasing Manager shall issue a written decision to debar. The decision shall: state the reason for the action taken, and inform the debarred person or company of its rights to administrative appeal. A copy of the decision for the debarment shall be mailed or otherwise furnished immediately to the debarred person or company.

c. Any person or company that is dissatisfied or aggrieved with the notification of the Purchasing Manager's determination to debar or refusal to reinstate, must, within ten (10) calendar days of such notification, appeal said determination to the Manager in accordance with the procedures contained herein. Said appeal shall be in writing and shall state with specificity the grounds therefor and also the action requested of the Manager, and shall include the facsimile and e-mail address of the person or company. The Manager shall attempt to settle or resolve the matter, with or without a hearing and within his/her sole discretion. The Manager shall render a decision, in writing, within ten (10) calendar days following receipt of the appeal. In the event the Manager decides to conduct a hearing, the person or company shall be notified by e-mail and facsimile transmitted to the address and facsimile number set forth in the appeal. Hearings which may be conducted shall be informal, and the Florida Rules of Evidence shall not apply. Irrelevant, immaterial or unduly repetitious evidence shall be excluded. All other evidence of a type commonly relied upon by reasonably prudent persons in the conduct of their affairs may be considered. The decision of the Manager shall be final and binding unless appealed to the Palm Beach County Circuit Court in accordance with the Florida Rules of Appellate Procedure. Institution of a court action prior to following the procedure set forth in this Manual shall be deemed a failure to exhaust administrative remedies.

d. A debarred person or company may only be reinstated upon submission of an application to the Purchasing Manager. The Purchasing Manager shall make a decision on the application within ten (10) calendar days. Each application for reinstatement (after the term of debarment has been completed or no sooner than three years after debarment in the case of an indefinite debarment) shall include the information set forth at paragraphs 1-5 below. Request for reinstatement during the period of debarment shall include the information set forth at paragraphs 1-5 below, and may only be made if: there is new and material evidence not previously available, dismissal

of the indictment or charge or reversal of the conviction, or a bona fide change in ownership or management sufficient to justify a finding of present responsibility. Applications for reinstatement shall include:

1. The name, address, telephone number, facsimile number and e-mail address of the party making the request or the party's representative.
2. A statement of the financial responsibility of the company.
3. A statement of facts indicating how the circumstances that led to the debarment have been cured.
4. A list of jobs completed during the time between the debarment and the application.
5. A list of all departments of Wellington for which the person or company has performed work.

CHAPTER 12

RISK MANAGEMENT

Acquisition of insurance policies may be procured through a competitive sealed bid/proposal process. The bids/proposals may be evaluated independently with a recommendation to be made to the Manager. While a selection committee may be appointed to evaluate proposals, the Manager in consultation with the Risk Manager will make a final recommendation to Council for approval.

WAIVER OF INSURANCE REQUIREMENTS. Insurance requirements may only be waived or modified by the Director of OFMB and the Legal Department. All proposed language for inclusion in a contract or purchasing for which insurance is contemplated to be waived or modified must be approved by the Legal Department, the Department OFMB and the User Department. Standard insurance requirements are set forth in the Matrix, below.

A. Standard Insurance Requirements Matrix

Insurance Coverage	Construction Projects	Professional & Contractual Services	Property & Leases	Other Vendors, Permits, Licenses	Special Projects
General Requirements	Yes	Yes	Yes	Yes	Yes
Hold Harmless / Indemnity	Yes	Yes	Yes	Yes	Yes
Workers Comp. & Employers Liability	Yes	Yes	Yes	Yes	Yes
Professional Liability	Not unless Design/Build	Yes	No	No	TBD
Environmental Impairment Liability	TBD	TBD	No	TBD	TBD
Liquor Liability	No	No	No	TBD	TBD
Performance Bond	TBD	No	No	No	TBD
General Liability, Including Broad Form Property Damage & Coverage for X,C,U, Hazards	Yes	Yes	Yes	Yes	Yes
Business Auto Liability	[1]Yes	[1]Yes	No	[1]Yes	TBD
Builder's Risk	[2]Yes	No	No	No	TBD
Property Insurance	No	No	Yes	No	TBD

B. Minimum Insurance Requirements for Contracts

	Minor Contract <180 days < $50,000.00	**Standard Contract >180 & <360 Days > $300,000.00 < <$500,000.00**	**Major Contract > 360 Days >$500,000.00**	**Other**
Worker Comp				
Each Accident	$100,000.00	$500,000.00	$1,000,000.00	
Each Disease	$100,000.00	$500,000.00	$1,000,000.00	
Aggregate by Disease	$500,000.00	$500,000.00	$1,000,000.00	
General Liability				
Each Occurrence	$300,000.00	$500,000.00	$1,000,000.00	
Personal Injury & Advertising	$300,000.00	$500,000.00	$1,000,000.00	
Products-completed operation aggregate	$300,000.00	$500,000.00	$1,000,000.00	
General Aggregate	$300,000.00	$500,000.00	$1,000,000.00	
(X, C, U) Hazards	Required	Required	Required	
Business Auto Liability				
Owned Vehicles and non owned and hired vehicles	$300,000.00	$500,000.00	$1,000,000.00	
Professional Liability	$300,000.00	$750,000.00	$1,000,000.00	$1,000,000 .00
Builders "ALL RISK"	100% of completed cost	100% of completed cost	100% of completed cost	100% of completed cost

CHAPTER 13

PAYMENT AND SALES TAX, LEASE, AND INSTALLMENT PURCHASE AND DISPOSAL OF ASSETS

As a general rule, the person authorizing the purchase of commodities *cannot be the same person who also receives those same items*. An individual other than the authorizing person must confirm that the items purchased have been received and correspond with the items listed on the Purchase Order.

A. CONSTRUCTION:

Any invoice or payment request for construction or other related engineering services must be reviewed and approved for payment by the appropriate project manager and the Department Head. After required approvals are obtained, the invoice or payment request should be forwarded to accounts payable for processing. Requests for payment (invoices, packing slips, etc.) should be forwarded directly to Accounts Payable. All CIP purchases shall be approved by the Village Manager or designee. Payment procedures are further described in detail in Wellington's Accounting Policy Manual.

B. SALES TAX:

Wellington is exempt from tax on all purchases that it makes directly. This exemption is not available for any taxable transaction when payment is made by an employee by use of personal funds, including cash, checks or credit cards, when the employee is subsequently reimbursed by Wellington. Payment must be made directly to the dealer by Wellington. In the event that sales tax is inadvertently paid, Wellington will make reasonable attempt to recover such charges.

C. LEASE AND INSTALLMENT PURCHASE OF ASSETS:

Procedure:

1. Responsibility for the financial and administrative review of all proposals shall be by committee. The committee shall consist of:

    a. Director of OFMB
    b. User Department
    c. Purchasing Manager

2. The User Department shall submit a Requisition with detailed backup documentation consisting of, at a minimum, a comparative value/cost analysis between outright purchase and the proposed lease, and a written justification.

3. The Purchasing Manager shall promptly convene the committee and, after deliberation, present the majority recommendation along with the minority viewpoint, if any, to the Manager or designee for approval. If the Manager or designee approves a recommendation to proceed with the proposal, then the recommendation shall be presented to the Council for approval. Council approval is required due to the multi-fiscal year commitment required.

   a. Vendors for lease, lease-purchase, or installment purchases shall be selected competitively as prescribed in this Manual.
   b. If the item procured would normally qualify as an asset, then it shall be tagged for inventory purposes upon receipt.
   c. Rentals which are generally on a month-to-month basis or of short duration do not require the approval process of this section. Rentals require the prescribed competitive vendor selection based on the estimated dollar value for the total rental period.
   d. All leases or rental agreements shall be reviewed by the Village attorney.

D. TANGIBLE PERSONAL PROPERTY (TPP) OR FIXED ASSETS:

"Fixed assets" or "property", as used in this Section means fixtures and other tangible personal property of a nonconsumable nature, and which shall be procured, maintained and disposed of in accordance with the terms of this Manual and Chapter 274, Florida Statutes.

Procedures:

1. Any purchase of fixed assets must be reported immediately to the Purchasing Manager or designee.
2. The item must be inventoried and tagged with an identification number by the Purchasing Manager or designee, prior to be being released to its custodian.
3. Disposal of any item must be preceded by notification in writing to the Purchasing Manager or designee.
4. Items lost or stolen must be reported immediately.
5. Items no longer having any use because of damage must be reported to the Purchasing Manager or designee.
6. Items traded-in, in exchange for a new purchase, must be reported to the Purchasing Manager or designee.

Annually, or on an as needed basis, a list of any surplus property shall be provided to the Purchasing Manager or designees. All items shall be reviewed by the Manager or designee. The list is then submitted to Council for approval and disposal.

Disposal of surplus property may be conducted through the sealed bid process, recycling (certified recycling firm), donation (not-for-profit), public auction, cooperative thrift store or internet and in accordance with Florida Statutes, Section 274.05.

GLOSSARY

As used in this Manual, the following terms shall have the meanings ascribed, unless the context otherwise requires.

Addenda - Written or graphic instruments issued prior to the opening of bids, proposals or replies which clarify, correct or change the competitive solicitation documents or contracts.

Actual Costs – All direct and indirect costs which have been incurred for services rendered, supplies delivered, or construction built, as distinguished from allowable costs only.

Amendment – A method of changing the terms and conditions or requirements of a contract beyond what is specifically allowed by contract. All amendments must be approved in the same manner as the original contract and signed by the authorized representatives of the parties to the contract. For example, if Council approved the original contract, then Council must approve the amendment except as may be specifically set forth in this Manual.

Architect-Engineer and Land Surveying Services – Those professional services within the scope of the practice of architecture, professional engineering, or land surveying, as defined by the laws of the State of Florida.

Award – The acceptance of a bid, offer or proposal by the proper authority, and as set forth in this Manual.

Inverted Purchase Orders – A Purchase Order issued for the acquisition of commodities or services over a certain period of time within the fiscal year for a specified dollar limitation. Shipments are made, as requested, against the Inverted Purchase Order number for the term of the contract or Inverted Purchase Order.

Brand Name or Equal Specification – A specification limited to one or more items by manufacturers' names or catalogue numbers to describe the standard of quality, performance, and other salient characteristics needed to meet Wellington requirements, and which provides for the submission of equivalent products.

Brand Name Specification – A specification limited to one or more items by manufacturers' names or catalogue numbers.

Capital Improvement Project – Any improvement that Wellington undertakes which includes the construction, reconstruction, renovation, repair, modification, or demolition of any facility, building, portion of a building, utility, park, parking lot, structure, road, highway, street improvement, plant, or other improvement to real property necessary in carrying out the functions of Wellington.

Change Order – A request for revision in one or more of the criteria on a Purchase Order or Contract to correct errors, omissions, or discrepancies, to cover acceptable overruns or freight costs; incorporate requirements to expand or reduce the scope of goods or services ordered; or to direct changes in contract execution to meet unforeseen regulatory or market conditions.

Commodity – Any of the various supplies, materials, goods, merchandise, equipment, and other personal property.

Competitive Solicitation – Means the process of requesting and receiving sealed bids, proposals or replies in accordance with the terms of a competitive process, regardless of the method of procurement.

Competitive Selection and Negotiations – A method of purchasing whereby qualified professional firms are invited to submit replies or "letters of interest" and are short-listed by an appropriately appointed Selection Committee. The Committee may also be responsible for negotiation of a contract, subject to approval by the awarding authority as set forth in this Manual and the solicitation documents.

Construction – The process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any public real property. Construction does not include the routine operation, routine repair or routine maintenance of existing structures, buildings or real property.

Consultants' Competitive Negotiations Act (CCNA) – The common name for Section 287.055, Florida Statutes concerning the purchasing of architectural, engineering (including testing), landscape architecture, and registered land surveying services. These services will be procured by a Request for Qualifications seeking letters of interest and competitive selection and negotiation.

Continuing Contract – A type of contract for professional services authorized by the CCNA whereby a firm provides professional services to Wellington for projects in which the estimated construction cost of each individual project under the contract does not exceed $2,000,000, for study activity if the fee for such professional services for each individual study activity under the contract does not exceed $200,000, or for work of a specified nature as outlined in the contract required by Wellington, with the contract being for a fixed term or with no time limitation except that the contract must provide a termination clause. Firms providing professional services under continuing contracts shall not be required to bid against one another.

Contract – Any agreement, regardless of style or form, for the purchasing of commodities, services or construction. It includes contracts for a fixed price, cost, cost plus a fixed fee, or incentive or performance based contracts, contracts providing for the issuance of job or task orders, leases, letter contracts, and Purchase Orders. It also includes supplemental agreements with respect to any of the foregoing.

Contract Extension – An increase in the time allowed for the contract period due to circumstances which, without fault of either party, make performance impracticable or impossible, or which prevent a new contract from being executed, with or without proportional increase in the total dollar amount, with any increase to be based on the method and rate previously established in the contract.

Contract Modification – Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provision of any contract accomplished by mutual action of the parties and as provided by the terms of the contract.

Contractor – Any person having a contract with Wellington to perform a service or sell a product.

Contractual Services – The rendering by a contractor of its time and effort rather than the furnishing of specific commodities, materials, goods, equipment and other personal property. The term applies only to those services rendered by individuals and firms who are independent contractors.

Cooperative Purchasing – Purchasing conducted by, or on behalf of, more than one public agency.

Contract Renewal – Contracting with the same contractor for an additional contract period, and as may be provided in the original contract.

Cost-Reimbursement Contract – A contract under which a contractor is reimbursed for costs which are allowable and applicable in accordance with the contract terms and the provisions of this Manual, and a fee or profit, if any.

Designee – A duly authorized representative of a person holding a superior position

Emergency Purchase – Purchase made due to the presence of an immediate danger to the public health, safety or welfare, or other substantial loss to Wellington and as permitted by this Manual.

Employee – An individual drawing a salary or wages from Wellington, whether elected or not; any non-compensated individual performing personal services for Wellington or for any department, agency, commission, council, board, or for any other entity established by the executive or legislative branch of Wellington; and any non-compensated individual serving as an elected official of Wellington. This definition specifically excludes all independent contractors and all other contractors with Wellington.

Firm Fixed-Price Contract – A contract whereby the price is fixed, not variable, for the entire life of the contract or until a set quantity of goods or services is delivered.

Franchise – A special right or privilege conferred by Wellington on an individual or a corporation or other entity to do that which does not belong to citizens generally by common right.

General Services – Support services performed by an independent contractor requiring specialized knowledge, experience or expertise. The service rendered does not consist primarily of acquisition of equipment or materials. Examples of general services are janitorial, pest control services, and maintenance of equipment. General services are normally procured through requests for proposals or invitations to bid. Purchasing of general services may include subjective evaluation factors of the submitting firms.

Governmental Agency – Any federal, state or local department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other establishment or official of the executive, legislative, or judicial branch of any government in the United States of America.

GSA Contracts – Contracts entered into by the General Services Administration of the federal government (also known as GSA schedules) and are multiple-award contracts containing prices to be utilized by all federal government agencies. GSA contracts also contain the most preferred customer clause, making the prices contained in the GSA contracts equivalent with those that are given to the most preferred customer of the vendor.

Invitation for Bid or Notice to Bid - A written solicitation for competitive sealed bids with the title, date, and hour of the public bid opening designated and specifically defining the commodity, group of commodities, or services for which bids are sought. The invitation for bid will be used when Wellington is capable of specifically defining the scope of work for which a contractual service is required or when Wellington is capable of establishing precise specifications defining the actual commodities required. The invitation to bid will include instructions to bidders, plans, drawings and specifications, if any, bid form and other required forms and documents to be submitted with the bid.

Invoice – A document supplied by the providing contractor or vendor which itemizes charges for the purchase of supplies, materials, equipment or services that have been furnished. It is the means by which the supplier informs Wellington of its Orders and should contain the same basic information as the Purchase Order or as required by contract.

Letter of Interest (Request for) – A method of selecting a vendor whereby all vendors are invited to submit a summary of their qualifications and state their interest in performing a specific job or service

Mandatory Bid Amount – The dollar threshold at which the formal bid process is required. The mandatory bid amount is any purchase equal to or greater than twenty five thousand dollars ($25,000.00). The current known requirement of any commodity or service will not be divided to circumvent the requirement of the mandatory bid amount.

Master Contract – An agreement of several years duration that provides for the use of Work Authorizations to authorize specific scopes of work as the need arises.

Negotiations for Professional Services – The act of determining terms, condition, and prices for the performance of professional services. An appropriately appointed negotiation committee will negotiate with the top-ranked candidate from the competitive selection of professional service firms, in an attempt to reach agreement on a contract for approval by the awarding authority, and for the provision of services to Wellington.

Notice of Award – The written notice by Wellington to the apparent, successful bidder or offeror stating that upon compliance by the successful bidder or offeror with the conditions precedent to the contract within the time specified, Wellington will sign and deliver the contract.

Open-end Contract – A contract providing for an indefinite quantity of supplies, services, or construction to be provided over an identified time span, and on an as needed basis.

Open-end Purchase Order – A purchase order whereby a vendor provides supplies, services, or construction on demand or on a prescribed schedule not to exceed a period of twelve (12) months or the mandatory bid amount. An open-ended purchase order may be used as a release and encumbrance document to authorize an agency to order any predetermined amount from an open-ended contract on an as-needed basis.

Performance bond – A bond of a contractor/vendor in which a surety guarantees to Wellington that the work/services will be performed in accordance with the contract documents and may, at the discretion of Wellington, include a letter of credit issued by a financial institution and as otherwise provided for in this Manual.

Purchasing – The buying, purchasing, renting, leasing or otherwise obtaining any commodities, services, construction or any other item(s). It also includes all functions that pertain to the obtaining of any supplies, services, construction or any other item(s), including description of requirements, selection and solicitation of sources, preparation and award of contracts.

Professional Services – Any services where Wellington is obtaining advice, instruction, or specialized work from an individual or firm specifically qualified in a particular area. Professional services may include a report, or written advice which may be lengthy; however, the main thrust of the service is not considered labor, but the exercise of intellectual ability. The purchasing of professional services does not lend itself to normal competitive bidding and price competition alone. These services may be procured by letter of interest in response to a Request for Qualification or Request for Proposals and selected through competitive selection and negotiation. Those services within the scope of the practice of architecture, professional engineering, landscape architect, or registered land surveying, as defined by the laws of the state, or those performed by any architect, professional engineer, landscape architect, or registered land surveyor in connection with his professional employment or practice will be procured in accordance with the CCNA, where applicable, and this Manual.

Project – In relation to professional services, the term means that fixed capital outlay study or planning activity described in the public notice requesting professional services. A project may constitute a grouping of minor construction, rehabilitation, or renovation activities or a project may constitute a grouping of substantially similar construction, rehabilitation, or renovation activities. In relation to non-professional services, the term shall have the meaning ascribed to it by the competitive solicitation.

Purchase Order – A purchaser's document to formalize a purchase transaction with a vendor, conveying acceptance of a vendor's proposal or authorizing a particular transaction pursuant to a contract. The purchase order should contain statements as to quantity, description and price of the supplies, services, or construction ordered and applicable terms as to payment, discounts, date of performance, transportation, insurance and other factors or suitable references pertinent to the purchase and performance by the vendor.

Qualified or Responsible Bidder/Proposer/Respondent – A vendor who has the capability in all respects to perform fully the contract requirements and has the integrity and reliability that will assure good faith performance.

Quotation – An informal or formal notice by a vendor to the buyer stating the prices, terms and conditions under which they will furnish certain goods or services.

Request For Proposals – A written solicitation for competitive sealed proposals with the title, date, and hour of the submittal deadline, and public opening designated. The RFP may be used when Wellington is incapable of specifically defining the scope of work for which the commodity, group of commodities, or contractual service is required and when Wellington is requesting that a qualified offeror propose a commodity, group of commodities, or contractual service to meet the specifications of the solicitation document. Price of the goods or services may not be the primary criteria for the evaluation and award.

Requisition – Form used to request the purchase of commodities or services which serves to inform the Purchasing Division of the needs of the user Department and to correctly define the material requested.

Responsive Bid/Proposal/Reply – A bid/proposal/reply submitted by a responsive, and responsible vendor, which conforms in all material aspects to the solicitation.

Responsive Bidder/Proposer/Respondent – A vendor who has submitted a bid/proposal/reply that conforms in all material respects to the solicitation.

Selection Committee – A group of persons appointed to rank in preferential order those persons, firms or entities interested in providing services on a particular project and to negotiate a final contract with the highest ranked firm, and for final approval by the awarding authority.

Service or Services – The furnishing of labor, time, or effort by a contractor, above and beyond the sale and delivery of commodities, and which may include, but are not limited to, professional services, construction services, and general services.

Single/Sole Source Purchase – The purchase of goods and/or services from the only available source which is exempt from quotation or competitive solicitation requirements.

Sole Brand – The only known brand or only brand which is reasonably capable of fulfilling the needs of Wellington.

Specification – Any description of the physical or functional characteristics, or of the nature of a supply, or service item. It may include a description of any requirement for inspection, testing or preparing a supply or service item for delivery.

Supplies – All property, including but not limited to, equipment, material, printing and leases but specifically excluding the acquisition of leasehold interests in real property by Wellington.

Surplus Property – Any supplies, vehicles, equipment, or other personal property which no longer has any use to Wellington. This includes obsolete supplies or equipment, scrap materials, and non-expendable supplies that have completed their useful life cycle.

Term Contract – An indefinite quantity contract wherein a party agrees to furnish commodities or contractual services during a prescribed period of time, the expiration of which concludes the contract.

Using Department – Any governmental body of Wellington which utilizes any supplies, services, or construction procured under this code.

Vendor – Means an actual or potential supplier of commodities or services to Wellington, and may be a sole proprietor, partnership, corporation, limited liability company, joint venture or other business entity recognized by law.

Wellington – Means the Village of Wellington, a Florida municipal corporation, including its officers, employees and departments.

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Purchasing Card Procedures

January 2012

VILLAGE OF WELLINGTON
PURCHASING CARD PROCEDURES

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SECTION I

A. PURPOSE

Wellington has established a Purchasing Card Program (p-card) to simplify the purchasing/disbursement process. Procurement responsibility is delegated to the Department, enabling an authorized cardholder to place an order directly with the vendor.

Each purchasing card is issued to an individual and The Village of Wellington is clearly shown on the card as the governmental buyer of the goods and services. Our goal is to maximize the use of the Purchasing Card. You, as the Cardholders, are encouraged to identify and use the card for all transactions that fall below the threshold of $10,000. The P-Card will be utilized for purchasing non-restricted goods and services in person, via fax, phone, mail or Internet. This Purchasing Card Policy and Procedural Manual shall establish operational instructions for users as a means of curbing improprieties and maintaining public confidence in the Purchasing Card Program.

The Purchasing Card Administrator in the Finance Department will monitor the performance of the program. All questions or concerns should be directed to the Finance Department. These procedures are intended to accomplish the following:

- To provide a convenient method for making purchases of goods and services not exceeding pre-authorized purchase dollar limits.
- To enhance productivity and significantly reduce paperwork.
- To ensure that appropriate internal controls are established so that Purchasing Cards are used only for authorized purposes.
- To ensure prompt payment to vendors.
- To provide timely and meaningful management reports.
- To ensure that Wellington bears no legal liability from the inappropriate use of purchasing cards.
- To provide for disciplinary action if the purchasing card is misused.

The policies and procedures provided herein are minimum standards for each Department. Each department may establish additional controls if necessary.

B. RESPONSIBILITIES

Departmental employees are required to review each purchasing card expenditure to ensure the goods or services was received and for business use.

When purchases are questioned, the Department Head or their designee will be responsible for resolving the issue with the cardholder. If the issue cannot be resolved, the cardholder must provide either a credit voucher indicating the item(s) were returned for credit or reimburse Wellington for the full amount of the purchase.

Cardholder

- Hold and secure purchasing card.
- Order materials and services as authorized by the Department Head.
- Save sales receipts and match receipts with the monthly billing statement.
- Review monthly billing statements for validity of all transactions.
- Identify and handle disputed charges. **(Attachment 3)**
- Approve and sign monthly statement to substantiate that the goods and/or services were received by the Wellington.
- Review monthly billing statement with the Departmental Coordinator (if applicable).
- Ensure all Wellington Procurement Policies are followed (use of quotes, contracts, review of Purchasing threshold limits, etc.) when making a purchase.

Departmental P-Card Representative (Coordinator or Cardholder if no Coordinator in the Department)

- Review monthly billing statements with each cardholder in the department.
- Ensure all charges have supporting documentation.
- Verify the appropriateness of general ledger codes and enter these codes into the Purchasing Card software program.
- Work with Cardholder and Purchasing Card Program Administrator to resolve disputed items.
- Forward billing statement(s) with supporting receipts to the Department Head and communicate any irregularities.
- Ensure that sufficient budget exists to cover all expenditures to date. If not sufficient, communicate with Cardholder and Department Head.

Department Head or designee

- Request Purchasing Card for designated employees. **(Attachment 1)**
- Set Department spending limits within established guidelines and communicate all set parameters, as well as any subsequent changes thereto, to all affected parties including the Purchasing Card Program Administrator.
- Designate representatives responsible for authorizing charges.
- Collect cards from cardholders who end employment.
- Evaluate the need to cancel or reissue cards when employees transfer or have duties reassigned.
- Notify the Purchasing Card Program Administrator of terminated cards or other changes.
- Supervise the Departmental Coordinators' functions.
- Ensure that sufficient budget exists to cover all expenditures to date. If not sufficient, work with OFMB to determine whether budget needs to be amended.
- Review monthly billing statements for validity of all transactions.
- Approve and sign monthly statement to substantiate that the goods and/or services were received by Wellington.
- Review to ensure purpose of purchase has been adequately documented.
- Review to ensure that Procurement Policies were followed (use of quotes, contracts, review of threshold limits, etc.) when the purchase was made.

Purchasing Card Program Administrator

- Approve/disapprove all Purchasing Card requests.
- Evaluate Purchasing Card feedback from suppliers.
- Coordinate and maintain internal controls.
- Coordinate issuance and cancellations of cards.
- Coordinate program procedures and issues.
- Participate in ongoing program reviews.
- Participate in resolving billing disputes.
- Maintain Procedures and Cardholder guides/manuals.
- Conduct a monthly review of disputed charges
- Review and approve A/P P-Card transactions (monthly)
- Conduct training to all P-Card users at a minimum once per year

Accounting

- Receive approved monthly billing statements from all card holders.
- Receive consolidated monthly billing statement from Purchasing Card Provider.
- Confirm that all statements are approved by Cardholder and Department Head.
- Confirm that Coordinator has indicated all supporting documentation is complete.
- Notify Departments & Purchasing Card Program Administrator when approved monthly billing statements are not received timely.
- Pay all charges from consolidated billing statement.
- Post account data into the financial reporting system (or reconcile electronic postings, as applicable).
- Generate reports summarizing all purchases for management and audit use.
- Review selected statements monthly to ensure compliance with P-Card policy.

SECTION II – PROCEDURES

A. ASSIGNMENT AND CONTROL OF THE PURCHASING CARD

1. REQUESTS FOR AND ISSUANCE OF PURCHASING CARDS

   a. Purchasing cards will be issued to individual employees who frequently purchase goods and services in single purchase amounts of $10,000.00 or less.
   b. A purchasing card may be issued to the Accounts Payable Specialist or Accounting Technician who processes accounts payable. This card will be processed solely for paying for goods and services typically procured by purchase order and may exceed $10,000.00. This card may not to be used for purchases made in the field.
   c. The purchasing card will have the employee's name, Wellington name, the sales tax exemption number, and the expiration date embossed on the face of the card. The Purchasing Card Provider will not have individual cardholder information other than the cardholder's work address. No credit records, social security numbers, etc. of the cardholder are maintained.
   d. All requests for new cardholders or changes to current cardholders will be done by submitting a "Purchasing Card Request" Form (**Attachment 1**). The

completed form will be forwarded to the Purchasing Card Program Administrator.

e. All requests for Purchasing Cards must be approved by OFMB, the Department Head, and the Purchasing Card Program Administrator.
f. After the Purchasing Card Program Administrator receives a Purchasing Card from the Purchasing Card Provider, the cardholder will be required to personally take receipt of the card and sign the "Cardholder Agreement" Form (**Attachment 2**). The cardholder will be given a copy of the Purchasing Card Procedures.

2. LOST OR STOLEN PURCHASING CARDS

   a. If a purchasing card is lost or stolen, the cardholder must immediately notify Bank of America at 1-800-538-8788 **and** the Purchasing Card Program Administrator of the loss, verbally and in writing.

3. TERMINATION OR TRANSFER OF CARDHOLDER

   a. When an employee ends his or her employment, the Department Head shall collect the purchasing card immediately and destroy it, and then submit the destroyed card to the Purchasing Card Program Administrator within 3 days.
   b. If the Department Head is unable to collect the purchasing card when an employee terminates, he/she shall immediately notify the Purchasing Card Program Administrator. The Purchasing Card Program Administrator will ensure that the card is cancelled immediately.
   c. When an employee is transferred, the Department Head for the newly transferred employee will request in writing to the Purchasing Card Program Administrator that the card be reassigned to his/her department.

B. LIMITATIONS ON USE OF PURCHASING CARD

1. CARDHOLDER USE ONLY

   The purchasing card may be used **only** by the employee whose name is embossed on the card. All precautions shall be used to maintain confidentiality of the cardholder's account number and expiration date of the Purchasing Card.

2. WELLINGTON PURCHASES ONLY

   The purchasing card is to be used for Wellington authorized purchases only. **The purchasing card cannot be used for any personal use and any such use will require immediate reimbursement and may result in disciplinary action which can include dismissal and/or criminal charges.**

3. DOLLAR THRESHOLDS

a. The Department Head approving the assignment of a purchasing card will set the appropriate spending category. The spending category is made up of two limits, the monthly and single purchase.

Category 1 (2,500/$500)

Category 2 ($5,000/$2,000)

Category 3 ($10,000/$3,500)

Category 4 ($25,000/$5,000)

Category 5 ($50,000/$10,000)

Authorization requests exceeding above limits will be declined by Bank of America. Requests for spending limit changes or additional limitations must be initiated and authorized only by the Department Head, subject to approvals by the Director of OFMB and Purchasing Card Program Administrator.

b. The card issued to the employee responsible for Accounts payable will be issued a limit that will be conducive to the needs of processing payables. This limit will be established and approved by the Director of OFMB and may exceed the category limits described above.

c. A purchase may be made of multiple items, but the total invoice amount cannot exceed cardholder's single purchase limit. Charges for purchases shall not be split to stay within the single purchase limit. Splitting charges will be considered an abuse of the purchasing card program and may result in cancellation of the card and/or disciplinary action.

d. Purchases which will be expensed to a Fixed Asset Account are permitted.

4. PROHIBITED USES OF PURCHASING CARDS

The following types of items may **not** be purchased with a purchasing card, regardless of the dollar amount:

a. Cash advances
b. Alcohol and/or tobacco products
c. Personal purchases
d. Any additional goods or services not authorized by the Department Head

Any purchase of above goods will require immediate reimbursement and may subject cardholder to disciplinary action up to and including cancellation of P-Card and termination.

5. PURCHASING CARD SECURITY

a. STORAGE OF THE PURCHASING CARD – Keep your purchasing card in an accessible, but secure location. Since you, as the Cardholder, will be the only one using the purchasing card, it needs to be accessible only to you.

b. ACCOUNT NUMBER – Guard the purchasing card account number carefully! Do not post it at your desk or write it in your day planner.

c. SHARING (OR USE BY SOMEONE OTHER THAN THE CARDHOLDER) – The only person entitled to use the purchasing card is the person whose name appears on the face of the card. Do not lend your purchasing card to another person for use. Sharing of your purchasing card will void the Fraud Protection Program provided by the issuing bank.

C. PROCEDURES FOR MAKING AND PAYING FOR PURCHASES

1. When using the Purchasing Card, Cardholders should:

   a. Ensure that the goods or services to be purchased have your departmental Head's approval.

   b. Tell the supplier/merchant that the purchase will be made using the VISA Purchasing Card issued by Bank of America through Wellington.

   c. Inform the merchant that the purchase is tax-exempt. Provide a copy of the tax-exempt card and review the receipt **before** leaving the store. If taxes were included on the receipt, request a credit. A reasonable attempt shall be made to receive a refund of any sales tax paid.

2. Documentation of over the counter purchases

   a. Cardholder must obtain documentation supporting the purchase made.

   b. The Departmental Coordinator must verify the documentation is attached to the billing statement.

   d. All items purchased over the counter must be immediately available. Any items ordered, but not available, cannot be charged in full to the Wellington account until delivery is made.

3. Travel, Restaurants, Hotels, Airfare and other Travel related transactions

   a. All receipts documentation for hotel & airfare shall include: justification (i.e. conference invitation, itinerary or agenda schedule)

   b. All receipts documentation for restaurants shall include: reason/purpose, attendees and detail of meals and beverages purchased when available.

   c. Tips will be paid on a reasonable and customary basis.

4. TELEPHONE AND ONLINE ORDERS

   a. The cardholder must confirm that the vendor will charge the purchasing card ONLY when shipment is made so that receipt of the supplies or service may be certified on the monthly billing statement with the exception of partial payments (e.g. deposits).

5. RETURNING MERCHANDISE PURCHASED WITH THE CARD – If an item needs to return to a supplier, the cardholder will contact the supplier and obtain instructions for the return. Note that some suppliers may charge a restocking or handling fee for

returns. All returns should be indicated in the attached supporting documentation along with a notation of any restocking or handling fees.

6. MISSING DOCUMENTATION – If for some reason the cardholder does not have documentation of transactions to send with the monthly statement, he/she must first request a copy of the receipt from the vendor. If the vendor is unable to provide a duplicate receipt the cardholder must submit a "Lost Receipts Form" (Attachment #4) and request a copy through Bank of America at 1-800-538-8788 at a charge of $3.00, which may be charged to the cardholder through payroll deduction. Continued incidents of missing documentation will result in the cancellation of the employee's purchasing card.

7. RECEIPTS – Electronic receipts and copies of receipts are acceptable in lieu of original receipts. Copies of receipts meet auditing standards and promote Wellington's paperless efforts.

8. PAYMENT AND INVOICE PROCEDURES

   a. The Purchasing Card Administrator distribute individual billing statement to the cardholder at their office and one consolidated billing statement for all cardholders to Accounts Payable. The individual billing statement will list all transactions processed during the billing cycle.
   b. The cardholder must review their individual billing statement with the Departmental Coordinator. Charge slips/receipts for all items listed on the billing statement **shall** be included with the billing statement in the order they appear, along with any dispute forms which have been faxed to the Purchasing Card Provider. The charge slips/receipts will be signed by the cardholder and the Departmental Coordinator to substantiate that the goods and/or services were received by Wellington.
   c. All purchasing card charges will be posted to the designated general ledger account number.

D. DISPUTES

1. A disputed item must be identified and reported to Bank of America immediately.
2. The cardholder's supervisor and Purchasing Card Administrator must be notified immediately after the dispute is reported to the bank.
3. If a dispute between card holder and a vendor/supplier is irreconcilable, then the cardholder completes a Cardholder Statement of Disputed Items Form (**Attachment 3**) and faxes to the Purchasing Card Provider explaining the reason(s) for the dispute as well as a copy of the billing statement, if the item has been posted. The Purchasing Card Provider will then place the transaction into a disputed status. If problems continue with a particular merchant, the cardholder should notify the Purchasing Card Program Administrator of the problems.

E. P-CARD INVENTORY & REVIEW OF PURCHASES BY DEPARMENTS

1. INVENTORY - Annually, the Purchasing Card Program Administrator will provide to each department a list from the Purchasing Card Provider of purchasing cards issued to its employees. Departments should conduct a physical inventory of purchasing cards and a review of cardholder limits and report any discrepancies, issues, or recommended changes to the Purchasing Card Program Administrator.

ATTACHMENT 1

VILLAGE OF WELLINGTON
PURCHASING CARD PROGRAM
REQUEST

Request to issue / amend a Village of Wellington Purchasing Card for:
(Circle One)

Employee Name_____

Position_____Department_____Division_____

Internal Coordinator_____

Authorization Criteria:

_____ Category 1 (2,500/$500)
_____ Category 2 ($5,000/$2,000)
_____ Category 3 ($10,000/$3,500)
_____ Category 4 ($25,000/$5,000)
_____ Category 5 ($50,000/$10,000)

Department Manager:_____ Date:_____
Signature

Director of Finance and Administration:_____ Date: _____
Signature

FOR PURCHASING CARD PROGRAM ADMINISTRATOR USE ONLY

Authorization Code:_____

Purchasing Card Program Administrator: _____
Signature Date

Card Number:_____

Date Received from Purchasing Card Provider_____

ATTACHMENT 2

WELLINGTON
PURCHASING CARD PROGRAM
CARDHOLDER AGREEMENT

I AGREE TO THE FOLLOWING REGARDING THE USE OF WELLINGTON PURCHASING CARD ASSIGNED TO ME FOR OFFICIAL WELLINGTON BUSINESS ONLY.

1. I understand that I am being entrusted with a powerful and valuable tool and will be making financial commitments on behalf of Wellington and will strive to obtain the best value for the tax payers.
2. I understand that under no circumstances will I use the Purchasing Card to make personal or unauthorized purchases, either for myself or others. Willful intent to use the Purchasing Card for personal gain or unauthorized use may result in disciplinary action up to and including termination of employment and prosecution to the extent permitted by law.
3. I understand that I will not request or receive cash from suppliers as a result of exchanges or returns but will follow the Wellington's established procedures for the crediting of returns.
4. I will follow Florida law, purchasing policies and procedures of my employing agency, and the established guidelines for using the Purchasing Card. Failure to do so may result in revocation of my card privileges and/or other disciplinary action.
5. I have been provided a copy of the Purchasing Card Procedures and understand the Purchasing Card Program. I have been given an opportunity to ask any questions to clarify my understanding of the Purchasing Card Program.
6. I agree to surrender the Purchasing Card immediately upon retirement, termination, and transfer to another department or upon request. I understand that use of the Purchasing Card after privileges are withdrawn is prohibited.
7. If the card is lost or stolen, I will immediately notify the issuing bank by telephone. I will confirm the telephone notification by mail or facsimile to the issuing bank with a copy to the Finance Department. I understand that failure to promptly notify the issuing bank of the theft, loss, or misplacement of the Purchasing Card could make me responsible for any fraudulent use of the card.
8. I agree that, should I violate the terms of this Agreement, I will be subject to disciplinary action up to and including termination of employment, and that I will reimburse Wellington for all incurred charges and any costs related to the collection of such charges. Additionally, any such charges that I owe Wellington may be deducted from any money which would otherwise be due and owing to me, including salary or wages.
9. This Agreement shall be construed in accordance with the laws of the State of Florida.
10. Should any dispute arise from this Agreement venue shall be in Palm Beach County, Florida.
11. This Agreement shall not be construed against the party who drafted same.
12. This Agreement is binding upon the parties hereto, their heirs, successors, and assigns.
13. Should Wellington have to institute any action to enforce the terms of this Agreement and Wellington is determined to be the prevailing party, Cardholder agrees to pay the Wellington's reasonable attorney's fees and court costs.

POLICY ACKNOWLEDGMENT FORM

I have received, read and understand Wellington's Purchasing Card Agreement (Revised July 2011) and I understand it is my responsibility to comply with this policy.

I understand that any future policy releases, revisions to the Employee Manual or resolutions adopted by Council will supersede any and all previous versions. I understand that this policy in no way limits my, or Wellington's right to terminate employment at any time for any reason.

_____

CARDHOLDER'S NAME (printed):

_____

CARDHOLDER'S SIGNATURE:

DATE: _____

ATTACHMENT 3

WELLINGTON PURCHASING CARD
CARDHOLDER STATEMENT OF DISPUTED ITEMS

Vendor Name	
Cardholder Name	
Cardholder Phone Number	

Billing Cycle End Date	**Transaction Date**	**Merchant Name/Description**
Amount	**Posting Date**	**Reference Number**
$		

Check the description appropriate to your dispute. If you have any questions contact Bank of America at 1-800-538-8788.

☐ **Alteration of Amount:** The amount of the sales receipt or charges has been altered from $_____ to $_____. (Include copy of the sales draft/receipt)

☐ **Unauthorized Mail or Phone Order:** I certify the charge listed above was not authorized by me or any person authorized by me to use this account. I have not ordered merchandise by phone or mail, or received goods and services as represented above.

☐ **Cardholder Dispute:** I did participate in the above transaction, however, I dispute the entire charge, or a portion, in the amount of $_____ because _____

☐ **Credit Not Received:** The merchant has issued me a credit slip for the transaction listed above, however, the credit has not posted to may account. The date on the credit slip is between 30 and 90 days old. (Include a copy of the credit slip.)

☐ **Imprinting of Multiple Slips:** The above transaction represents multiple billing to my account. I only authorize one charge from this merchant for $_____. I am still in possession of my card.

☐ **Merchandise Not Received:** My account has been charged for the above transaction, but I have not received this Merchandise. I have contacted the merchant.

☐ **Merchandise Order Canceled:** My account has been charged for the above transaction, but I have since contacted this merchant and canceled the order. I will refuse delivery should the merchandise still be sent.

☐ **Merchandise Returned:** My account has been charged for the transaction listed above, but the merchandise has been returned. (Provide a description of the circumstances and include a postal receipt if applicable.)

☐ **Inadequate Description/Unrecognized Charge:** I do not recognize this charge. Please supply a copy of the sales draft for my review.

☐ **Dispute Resolved Since Filing a dispute:** Dispute with merchant has been resolved and you wish to withdraw your original dispute filed on _____. (Provide copy)

_____

Cardholder Signature and Date

Billing Statement – Monthly record of charges and credits.

Billing Cycle – The monthly billing period that begins the 4th day of each month and ends the 3rd day of each month with a 14-day grace period before payment is due.

Cardholder – Wellington employee to whom a written Delegation of Authority has been given granting the use of the Purchasing Card to make purchases within preset limits on behalf of the Wellington.

Cardholder Profile – Parameters that are set for a designated Cardholder that identify the Cardholder, and provide restrictions or spending limitations in the VISA Purchasing Card system.

Cash Advance – Prohibited on the Purchasing Card as well as personal purchases.

Charge Slip/Documentation – Itemized list of individual purchases on receipt.

Credit – Charged amount removed from total owed by Wellington.

Cycle Limit – A maximum dollar value of charges and/or number of transactions that may be applied to a Cardholder's purchasing authority for the billing cycle.

Delivery Address – Complete address including Cardholder's name and location (where applicable.)

Departmental Coordinator – A person delegated the responsibility of reviewing Cardholder transactions to ensure the appropriateness of activity and timely processing of charges.

Dispute – For items purchased and found defective or faulty, the Cardholder can return the item to the merchant who will initiate a credit that will appear on the next month's statement of account.

MCC – Merchant Category Code assigned to a merchant by VISA which identifies the primary goods or services provided by the merchant.

Monthly Limit – A maximum dollar value of charges and/or number of transactions that may be applied to a Cardholder's purchasing authority during a month.

Non-Stock Materials – Materials not available through Central Services or existing Blanket Purchase Orders.

Official Use – Necessary merchandise purchased for the Wellington's use.

Purchasing Card – A credit card that is used as an alternative payment method.

Purchasing Card Administrator – The individual who is responsible for the Wellington's Purchasing Card Program, Central Services Administrator.

Purchasing Card Provider – Bank of America

Purchasing Card Request – A document issued by the Director that establishes the individual as an authorized Cardholder. The delegation of authority will specify spending and usage limitations unique to that Cardholder.

Reconciliation – Balancing charge slips with monthly billing statement.

Services – Non-personal temporary work.

Single Purchase Limit – Each Cardholder will be limited to a maximum $1,000 on any single small non-stocked product or service.

Small Purchase – An acquisition of supplies, non-personal services, and construction in the amount of $1,000 or less.

Tax Exemption – All purchases shall be exempt from state and local taxes, in accordance with state law.

DIVISION 3. REIMBURSEMENT FOR TRAVEL AND TRAINING [5]

Sec. 2-126. Purpose of division.
Sec. 2-127. Scope of division.
Sec. 2-128. Expense guidelines.
Sec. 2-129. Travel advances.
Sec. 2-130. Reconciliation of travel advance/expense reconciliation form.
Sec. 2-131. Sales tax exemption; reasonable expenses.
Sec. 2-132. Transportation.
Secs. 2-133—2-155. Reserved.

Sec. 2-126. Purpose of division.

The purpose of this division is to set forth the policy and procedures for travel advances and expense reconciliation for the village council and all village staff.

(Ord. No. 97-01, § 1, 1-28-97)

Sec. 2-127. Scope of division.

This division establishes guidelines for allowable expenses and the procedure for accurate and timely reconciliation of travel expenses.

(Ord. No. 97-01, § 1, 1-28-97)

Sec. 2-128. Expense guidelines.

General guidelines for travel and training expenses are as follows:

(1) Travel and training expenses shall reflect correct and complete expenditures (registration fees, lodging, transportation, etc.) that were incurred by the requesting party and shall be reported to the finance department using the "Travel Advance/Expense Reconciliation Form," as adopted by the council by resolution, with receipts attached. This form shall be submitted to the finance department within a reasonable time of return, generally within seven working days of return.

(2) No reimbursement shall be allowed where those costs are incurred and accounted by another person (i.e., two persons traveling in one vehicle cannot claim duplicate mileage/travel costs).

(3) Subsistence shall be reduced for any meals or lodging included in the conference, seminar or meeting registration.

(4) No reimbursement shall be allowed for the spouse (or any other traveling companion) of the village council or village staff.

(5)

No reimbursement shall be allowed for costs not actually incurred.

(Ord. No. 97-01, § 1, 1-28-97)

Sec. 2-129. Travel advances.

(a) If a travel advance is required, a check request must be submitted to the finance department at least two weeks prior to the date required. Department directors may consider using petty cash to facilitate the advance if it is under the $250.00 limit as established for petty cash. Support for estimated expenses must be provided to substantiate the requested advance.

(b) A separate request must be used for each traveler, even though the traveler may be joined by one or more village personnel from the same or another village department.

(c) The finance department shall issue a check to the traveler and retain a copy of the check request and supporting documentation in order to compare to actual expenditures reported as outlined in this division.

(Ord. No. 97-01, § 1, 1-28-97)

Sec. 2-130. Reconciliation of travel advance/expense reconciliation form.

(a) All columns of the travel advance/expense reconciliation form must be completed. If an advance was received, a copy of the check request and backup must be attached and agreed to the amounts reflected as prepaid. Vendor name must be included on the travel advance/expense reconciliation form for registration fees, lodging and commercial fare transportation.

(b) Original receipts must be attached to the travel advance/expense reconciliation form.

(c) A photocopy of the program or agenda of the conference, seminar or meeting itemizing meals, lodging or fees must be attached to the travel advance/expense reconciliation form, when available.

(d) The traveler must submit an expense reconciliation form within a reasonable time of return, generally seven working days. If a refund is due to the village, a check shall be attached to the travel advance/expense reconciliation form.

(e) The finance department will verify receipts and expenses to village guidelines and will file the form with original travel request in accounts payable.

(Ord. No. 97-01, § 1, 1-28-97)

Sec. 2-131. Sales tax exemption; reasonable expenses.

(a) When possible, the village shall be billed directly for travel expenses (i.e., airfare, lodging and registration). A copy of the certificate of tax exemption shall be submitted with the reservation, thus entitling the village to sales tax exemption. Actual hotel invoices must be submitted (not credit card slips). Payments made directly by an employee disallow the sales tax exemption. Departments should process requests for payment early enough to obtain available discounts. The village's certificate of tax exemption is only applicable in the state.

(b) Per diem reimbursement for meals shall be in accordance with the Department of Treasury Internal Revenue Service (IRS) Publication 1542 "Per Diem Rates For Travel Within the Continental United States" (if the traveler left before 8:00 a.m. and returned after 8:00 p.m. or spent the night) as currently applicable and as these rates are amended from time to time, meaning when the rates for the Department of Treasury Internal Revenue Service (IRS) Publication 1542 "Per Diem Rates For Travel Within the Continental United States" change, the village rate will automatically change accordingly.

(c) No receipts are required for per diem rates. Meals which exceed these limits by reason of location or type of function will be reimbursed if receipts are provided, and the exception shall be approved by the village manager. Conference or seminar banquets and lunches in excess of the per meal allowance are allowable exceptions; however, these must be noted on the program or agenda.

(d) Tips on food will be reimbursed on a reasonable and appropriate basis, i.e. 15 percent on food.

(e) No entertainment or alcoholic beverage expenses shall be reimbursed.

(Ord. No. 97-01, § 1, 1-28-97; Ord. No. 2003-29, § 1, 10-28-03; Ord. No. 2006-11, § 1, 8-22-06)

Sec. 2-132. Transportation.

(a) *Airfare.* The traveler/department shall arrange for the most economical means of airfare possible, taking advantage of special rates, when available.

(b) *Mileage.* The rate of reimbursement for the use of a personal car will be in accordance with the most current standard mileage rate of Department of Treasury IRS Publication 463 "Travel, Entertainment, Gifts and Car Expense". Reimbursement shall generally not exceed the reasonable cost of commercial airfare, including transportation to and from the airport.

(c) *Village vehicle.* Receipts for gasoline purchases for village vehicles must be provided.

(d) *Rental car.* A copy of the lease agreement for a rental car must be provided.

(e) *Taxi/limousine service.* Receipts must be provided for a taxi/limousine service.

(f) *Tolls, parking facilities.* Receipts must be provided for all tolls and parking charges.

(Ord. No. 97-01, § 1, 1-28-97; Ord. No. 2003-29, § 2, 10-28-03)

Secs. 2-133—2-155. Reserved.

FOOTNOTE(S):

--- (5) ---

Charter reference— *Expenses of councilmembers, § 5(E).* *(Back)*

Cross reference— *Any blank form adopted by the council pertaining to travel advances or expenses saved from repeal, § 1-8(14).* *(Back)*

State Law reference— *Per diem and travel expenses, F.S. § 112.061.* *(Back)*

RESOLUTION NO. 2013-51

A RESOLUTION OF WELLINGTON, FLORIDA'S COUNCIL ADOPTING A PUBLIC PURPOSE EXPENDITURE POLICY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Municipal Home Rule Powers Act, Chapter 166, Florida State Statutes provides that the governing body of each municipality has the power to enact legislation concerning any subject matter upon which the it may act, and;

WHEREAS, the question of what constitutes a public purpose is properly determined by the Village Council; and

WHEREAS, the Village Council of the Village of Wellington, Florida has determined on certain occasions and that in certain circumstances, it is appropriate to provide meals and refreshments for employees, visitors, and guest of the Village; and

WHEREAS, the Village Council of the Village of Wellington, Florida has determined that the expenditure of public funds for certain meals and refreshments serve a public purpose.

NOW THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF THE VILLAGE OF WELLINGTON, FLORIDA, that:

SECTION 1: The forgoing recitals are hereby affirmed and ratified as being true and correct.

SECTION 2: The Village Council of the Village of Wellington hereby adopts the "Public Purpose Expenditure Policy".

SECTION 3: This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED this 8th day of October 2013,

ATTEST:

By: Awilda Rodriguez

Awilda Rodriguez, Wellington Clerk

WELLINGTON

By: Bob Margolis

Bob Margolis, Mayor

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

By: Laurie Cohen

Laurie Cohen, Attorney for Wellington

VILLAGE OF WELLINGTON
PUBLIC PURPOSE EXPENDITURE POLICY

PURPOSE: This policy recognizes that there will be circumstances when it is appropriate for Village of Wellington ("Village") funds to be used for specific types of expenditures that have been determined to be of a public purpose and therefore, are permitted given specific budgetary and procurement controls. The policy also defines the types of expenditures that have been determined to be prohibited and therefore, are not approved expenditures nor reimbursable. This policy does not apply to program specific expenditures approved by the Village of Wellington.

SCOPE: The policy is not applicable during Village declared emergency events nor does it supersede provisions of Sections 2-131 and 2-132 of Wellington's Code of Ordinances.

PROCEDURE:

This policy provides guidance on when the payment or reimbursement of meals or refreshments is allowed by the Village. Applicability of this policy is limited to non-travel business meals and refreshments. Non-travel business would include meetings, training sessions, conferences or other Village related events which serve a public purpose.

Officials, Directors, Managers and Supervisors may authorize payment or reimbursement for meals and non-alcoholic beverages under the following procedure.

Officials, Directors, Managers and Supervisors shall use discretion and prudent judgment in administering this policy.

DEFINITIONS

(a) *Meals.* Consist of food and non-alcoholic beverages provided at breakfast, lunch, and dinner

(b) *Refreshments.* Consist of coffee, tea, cookies, chips, pastries, fruit, cake, soft drinks and other such items usually eaten between regularly scheduled meals

NON-ALLOWABLE EXPENSES

Certain types of expenses generally are not considered to serve a public purpose, and therefore may not be paid or reimbursed with Village funds. Non-allowable expenses include:

(a) Entertainment and alcoholic beverages;

(b) Meals generally may not be provided in conjunction with regular recurring staff meetings or other regularly scheduled business meetings of employees. Certain

circumstances may exist that warrant meals to be provided at a staff meeting. However, prior written approval is required from the Village Manager or designee;

(c) Gifts purchased for Village officials, staff, employees, relatives, or any other individual in recognition of life events such as birthdays, births or deaths (this does not apply to greeting cards);

(d) Office parties, holiday celebrations or meals for employees;

(e) Political events, contributions or donations

ALLOWABLE EXPENSES

It is <u>not</u> the policy of the Village to routinely buy meals for Directors, Managers, Supervisors or employees. Reimbursement of meals or refreshments may be allowed when:

(a) The meal charge is part of a workshop or conference;

(b) It is necessary to hold a meeting or activity to conduct Village business that extends through breakfast, lunch, or dinner and the primary purpose of the meeting or activity is not a meal. In this circumstance, the meal expense requires prior written approval from the Village Manager or designee.

(c) Refreshments may be provided during official Village meetings open to the public at the discretion of the Village Manager.

(d) Refreshments may be provided for staff retreats held for the purposes of team-building, and work related planning. A meal may also be provided for day-long staff retreats with prior written approval from the Village Manager or designee.

(e) Recognition events for employees may be hosted by the Village Manager or others with prior written approval from the Village Manager. Recognition may be for safety, performance, innovation, retirement, etc. Employees are not prohibited from voluntarily contributing or providing gifts at their own expense. Employees may be provided with awards and other incentives purchased by the Village.

(f) Refreshments may be provided for employees, visitors and guests of the Village.

(g) Meals may be provided when the Village sponsors conferences, meetings involving representatives of other levels of government, industry, public interest groups, etc. or

protocol events when hosting members of international or national organizations or delegations.

The cost associated with meals provided under the ALLOWABLE EXPENSES section shall not exceed per diem rates established by the Department of Treasury Internal Revenue Service (IRS) as currently applicable and as these rates are periodically amended. Village rates will automatically change when rates for the Department of Treasury Internal Revenue Service rates change.

PAYMENT AND REIMBURSEMENT

In order to qualify for reimbursement of expenses for meals or refreshments, the claim must include:

(a) Department Head must certify that the event served a public purpose;

(b) Provide an explanation of the public purpose served

(c) List of attendees and their position;

(d) Date, time and location of the event;

(e) Itemized invoice or receipt, including unit costs from the vendor who provided meals or refreshments;

(f) Evidence of prior written approval, when required.

Claims for expenses incurred for meals and refreshment reimbursement shall be submitted to the Finance Department within 30 days of the meal/refreshment expenditures. Failure to submit the proper receipts and documentation may be grounds for denying reimbursement and/or to avoid taxation per to IRS guidelines.

FUNDING

This policy does not commit funding for public purpose items noted above. Any and all funding for anticipated expenditures shall be provided for within individual departmental budgets. All funding will be subject to availability.

EXCEPTIONS

Under certain circumstances, it may be in the best interest of the Village to invoke an exception to this policy. Exceptions may be granted at the sole discretion of the Village Manager or designee.

ORDINANCE NO. 97-01

AN ORDINANCE OF THE VILLAGE COUNCIL OF THE VILLAGE OF WELLINGTON, FLORIDA, ADOPTING A TRAVEL AND TRAINING REIMBURSEMENT POLICY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.

WHEREAS, it is necessary for the Village Council of the Village of Wellington, Florida, to adopt a travel and training reimbursement policy; and

WHEREAS, the procedures for adoption of same are set forth herein.

NOW THEREFORE, BE IT ORDAINED BY THE VILLAGE COUNCIL OF THE VILLAGE OF WELLINGTON, FLORIDA, THAT:

SECTION 1. The Village Council shall adopt the attached travel and training reimbursement policy identified as "TRAVEL AND TRAINING REIMBURSEMENT POLICY' in accordance with applicable laws, including but not limited to Section 112.061, Florida Statutes and the Municipal Home Rule Powers Act, Ch. 166, F.S.

SECTION 2. The provisions of this Ordinance may become and be made part of the Code of Ordinances of the Village of Wellington, Florida. The sections of this Ordinance may be renumbered or relettered to accomplish such, and the word "ordinance" may be changed to "section," or any other appropriate word.

SECTION 3. If any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for any reason held by a court of competent jurisdiction to be unconstitutional, inoperative or void, such holding shall not affect the remainder of the Ordinance.

SECTION 4. The provisions of this Ordinance shall become effective immediately upon adoption.

PASSED this 14th day of January, 1997, on first reading.

PUBLISHED this 24th day of January, 1997, in The Palm Beach Post.

PASSED AND ADOPTED this 28th day of January, 1997, on second and final reading.

VILLAGE OF WELLINGTON, FLORIDA

	FOR	AGAINST
BY: Mary K. Foster, Mayor	✓	
Dr. Carmine A. Priore, Vice Mayor	✓	
Paul A. Adams, Councilmember	✓	
Michael McDonough, Councilmember	✓	
Thomas Wenham, Councilmember	✓	

ATTEST:

BY: Awilda Rodriguez
Awilda Rodriguez, Village Clerk

TRAVEL AND TRAINING REIMBURSEMENT POLICY

PURPOSE

The purpose of this policy is to set forth the policy and procedures for travel advances and expense reconciliation for Village Council and all Village staff.

POLICY

This policy establishes guidelines for allowable expenses and the procedure for accurate and timely reconciliation of travel expenses.

PROCEDURES

General guidelines for travel and training expenses:

A. Travel and training expenses shall reflect correct and complete expenditures (registration fees, lodging, transportation, etc.) that were incurred by the requesting party and shall be reported to the Finance Department using the "Travel Advance/Expense Reconciliation Form (Exhibit A)," with receipts attached. This form should be submitted to the Finance Department within a reasonable time of return, generally within seven (7) working days of return.

B. No reimbursement shall be allowed where those costs are incurred and accounted by another person (i.e. two persons traveling in one vehicle cannot claim duplicate mileage/travel costs).

C. Subsistence shall be reduced for any meals or lodging included in the conference, seminar or meeting registration.

D. No reimbursement shall be allowed for the spouse (or any other traveling companion) of Village Council or Village Staff.

E. No reimbursement shall be allowed for costs not actually incurred.

TRAVEL ADVANCES

A. If a travel advance is required, a check request must be submitted to Finance at least two (2) weeks prior to the date required. Department Directors may consider using Petty Cash to facilitate the advance if it is under the $250 limit as established for Petty Cash. Support for estimated expenses must be provided to substantiate the requested advance.

B. A separate request must be used for each traveler, even though the traveler may be joined by one or more Village personnel from the same or another Village department.

C. The Finance Department shall issue a check to the traveler and retain a copy of the check request and supporting documentation in order to compare to actual expenditures reported as outlined below.

RECONCILIATION OF "TRAVEL ADVANCE/EXPENSE RECONCILIATION FORM"

A. All columns of the "Travel Advance/Expense Reconciliation Form" must be completed. If an advance was received, a copy of the check request and back up must be attached and agreed to the amounts reflected as prepaid.

Note: Vendor name must be included on the "Travel Advance/Expense Reconciliation Form" for registration fees, lodging and commercial fare transportation.

B. **Original** receipts must be attached to the "Travel Advance/Expense Reconciliation Form."

C. A photocopy of the program or agenda of the conference, seminar or meeting itemizing meals, lodging or fees must be attached to the "Travel Advance/Expense Reconciliation Form" when available.

D. The traveler must submit an expense reconciliation within a reasonable time of return, generally seven (7) working days. If a refund is due to the Village, a check should be attached to the "Travel Advance/Expense Reconciliation Form."

E. The Finance Department will verify receipts and expenses to Village guidelines and will file the form with original travel request in Accounts Payable.

GUIDELINES FOR REASONABLE EXPENSES

A. When possible, the Village should be billed directly for travel expenses (i.e. airfare, lodging, registration). A copy of the "Certificate of Tax Exemption" should be submitted with the reservation, thus entitling the Village to sales tax exemption.

Actual hotel invoices must be submitted (not credit card slips). Payments made directly by an employee disallow the sales tax exemption. Departments should process requests for payment early enough to obtain available discounts.

Note: The Village's "Certificate of Tax Exemption" is only applicable in the State of Florida.

B. Reimbursement for meals shall be: $30.00 per diem (if traveler left before 8:00 a.m. and returned after 8:00 p.m. or spent the night) or as follows, as applicable:

1. Breakfast, ($5.00) - Travel begins before 6:00 a.m. and extends beyond 8:00 a.m.
2. Lunch, ($7.50) - Travel begins before noon and extends beyond 2:00 p.m.
3. Dinner, (17.50) - Travel begins before 6:00 p.m. and extends beyond 8:00 p.m.

C. No receipts are required for per diem rates. Meals which exceed these limits by reason of location or type of function will be reimbursed if receipts are provided and the exception approved by the Village Manager. Conference or seminar banquets and lunches in excess of the per meal allowance are allowable exceptions; however, these must be noted on the program or agenda.

D. Tips on food will be reimbursed on a reasonable and appropriate basis (i.e. 15% on food).

E. No entertainment or alcoholic beverage expenses shall be reimbursed.

TRANSPORTATION

A. **Airfare** - The traveler/department should arrange for the most economical means of airfare possible, taking advantage of special rates, when available.

B. **Mileage** - The rate of reimbursement for the use of a personal car will be $.29 per mile. Reimbursement shall generally not exceed the reasonable cost of commercial airfare, including transportation to and from the airport.

C. **Village Vehicle** - Receipts for gasoline purchases must be provided.

D. **Rental Car** - A copy of the lease agreement must be provided.

E. **Taxi/Limousine Service** - Receipts must be provided.

F. **Tolls/Parking Facilities** - Receipts must be provided.

TRAVEL & TRAINING REQUEST FORM

Print Employee Name:	Date:

PART I. TRAVEL AUTHORIZATION REQUEST

Justification and explanation: The travel is to be incurred in connection with official business of Wellington. Include purpose and period of travel, estimated cost to Wellington, a copy of a program or agenda of convention or conference. Itemize registration fees, meals included and lodging. Please do not staple receipts together and tape small receipts to a blank 8.5x11 sheet of paper for ease of scanning.

Purpose	Location:
Start Date & Time:	
Employee's Signature:	Date:
Supervisor's Signature:	Date:
Department Director's Signature:	Date:

Advance Payment (description):	$
Meals:	$
Cash Advance Total	**$**

PART II. REIMBURSEMENT AND RECONCILIATION

Description	Direct Payments	Out of Pocket Expenses
Registration:	$	$
Hotel: ____ nights @ _____per night	$	$
Meals (per current GSA rates based on destination): Per Diem ___ Breakfasts @ $_____ea. ___ Lunches @ $_____ea. ___ Dinners @ $_____ea.	$	$
Airline/Train Fare	$	$
Mileage: _____miles @ .565¢ per mile	$	$
Tolls	$	$
	$	$
	$	$
	$	$
TOTAL EXPENSES	$	$

APPROVED FOR PAYMENT:

I certify that the travel expenses listed above are true and correct as to every material matter and incurred as necessary travel expenses in the performance of my official duties.

Employee's Signature: _____ Date:_____

Supervisor's Signature: _____ Date:_____

OFMB Approval: _____ Date:_____

Minus Cash Advance (Amount should equal total in Part I)	$
Amount Owed to Employee	$
Amount Owed to City	$

NOTE: 1) Per Diem rates can be found at www.gsa.gov/perdiem.
2) Travel Expense reconciliation should be submitted within thirty (30) days of return.

Council
Bob Margolis, Mayor
John Greene, Vice Mayor
Matt Willhite, Councilman
Howard K. Coates, Jr., Councilman
Anne Gerwig, Councilwoman

Manager
Paul Schofield

Village of Wellington Policy Manual

Title: Non-Discrimination in City Contracting

Effective Date: July 15th, 2014 Policy #: 2014-10

Approved by: Tanya Quickel, Asst. Village Manager Signature: Tanya Quickel

Purpose

The Village of Wellington seeks to promote equal employment opportunities in its contracting for goods and services. In order to attain this goal, the Village of Wellington requires the following non-discrimination policy be adopted and adhered to by all vendors of the Village of Wellington.

Policy

NONDISCRIMINATION EQUAL EMPLOYMENT
OPPORTUNITY AND AMERICANS WITH DISABILITIES ACT

CONTRACTOR shall not unlawfully discriminate against any person in its operation and activities or in its use or expenditure of funds in fulfilling its obligations under this Agreement. CONTRACTOR shall affirmatively comply with all applicable provisions of the Americans with Disabilities Act (ADA) in the course of providing any services funded by this Agreement, including Titles I and II of the ADA (regarding nondiscrimination on the basis of disability), and all applicable regulations, guidelines, and standards. In addition, CONTRACTOR shall take affirmative steps to ensure nondiscrimination in employment against disabled persons. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruiting advertising, layoff, termination, rates of pay, other forms of compensation, terms and conditions of employment, training (including apprenticeship) and accessibility.

CONTRACTOR's decisions regarding the delivery of services under this Agreement shall be made without regard to or consideration of race, age, religion, color, gender, sexual orientation, gender identity, gender expression, national origin, marital status, physical or mental disability, political affiliation, or any other factor which cannot be lawfully used as a basis for service delivery.

Scope

Formal solicitations by the Village of Wellington (Invitations to Bid, Requests for Proposal, etc.) and all contracts with the Village of Wellington are to include the policy language stated above. The Village of Wellington will attempt to include the content of this revised policy in contract renewals and extensions, where it was not included in the original contract.

Fixed Assets Accounting and Control

Purpose

To establish a policy for the acquisition, disposition, and monitoring of Village owned property that is governed by Chapter 274 of the Florida Statutes and Rule 69I-73 of the Florida Administrative Code.

Responsibility

The Purchasing Department shall be responsible for ensuring new assets are tracked and the Office of Financial Management and Budget shall ensure fixed assets and tangible personal property are reviewed annually as part of the budget process.

Policy

Fixed assets are specific items of property that are tangible in nature, have an expected life longer than one year and have a value of $5,000 or more. The significant value test is important because the Village has many assets that are tangible and long-lived, but whose value is so small that the time and expense to maintain detailed accounting and inventory records for them is not justified.

Fixed Assets - are recorded at historical cost. Historical cost is measured by the amount of consideration given or received and includes the following:

- Purchase costs before trade-in allowances and less discounts
- Job order costs if constructed by personnel of the Village
- Professional fees of attorneys, architects, engineers, appraisers, surveyors, feasibility studies, and the like.
- Site preparation costs such as clearing, leveling, filling, and demolition of unwanted structures
- Fixtures attached to a building or other structure
- Transportation and installation charges
- Any other expenditure required to put the asset into its intended state of use.

Donated assets are capitalized at their fair market value at the time received.

Capital maintenance is the cost to improve an existing asset and should be capitalized if it meets the capitalization threshold and at least one of the following criteria:

1. Extends the useful life of the existing assets.
2. Increases the effectiveness or efficiency of an asset.

Repairs and Maintenance are the ongoing costs of maintaining an asset in an operational capacity without extending the useful life or increasing the effectiveness or efficiency of an asset.

Construction in progress are the costs associated with the construction of tangible assets before it is ready to be placed in service.

Items to which the Village has title and meet the definitions outlined in the table below will be entered into the accounting records as fixed assets. Physical and accounting control must be maintained over fixed assets to prevent assets from being misplaced, stolen, or inaccurately counted or classified.

Governmental Fixed Asset Classifications – These assets are depreciated on a straight-line basis over the estimated useful lives with the exception of Canals and Roads. Canals are treated as a permanent land improvement and are not depreciated. Roads are under the "Modified Approach" of depreciation. The Modified Approach allows governments to record the current cost of preserving eligible infrastructure in lieu of depreciation. To use this approach, we maintain an up-to-date inventory of eligible infrastructure assets. Condition assessments must be performed at least every three years and the annual amount to maintain and preserve the eligible infrastructure assets at or above a prescribed level is estimated. Documentation that the Village is providing sufficient maintenance efforts to preserve the assets is also maintained.

Enterprise Funds Fixed Asset Classifications - These assets are depreciated on a straight-line basis over the estimated useful lives.

Classification	Useful Life	Fixed Assets (Governmental)	Fixed Assets (Enterprise Funds)
Land	-	All parcels of land acquired for buildings & other facilities, recreational & park sites, unspecified or future use & rights of way.	All parcels of land acquired for building, plant sites, unspecified or future use and rights of way.
Land Improvements	10	Major landscape projects, paving, sidewalks, fencing, & site grading throughout the Village.	Major landscape projects, paving, sidewalks, fencing, & site grading at utility plants.
Parks & Sports fields	10	Tennis & basketball courts, roller hockey rinks, baseball and other sports fields, fencing, major park & sports fields landscaping projects and paving.	
Canals	20	Construction & major improvements of all canals.	
Culverts	15	Construction & major improvements of culverts.	
Roads	Modified	Construction & major improvements of all roads.	
Pump Stations	10	Construction & major improvements of all pump stations.	
Buildings	30	All structures & facilities, including permanently attached fixtures installed during construction. The subsequent addition of equipment or furniture is recorded in categories for machinery or office equipment & fixtures; major improvements, such as building additions are capitalized.	All structures & facilities, including permanently attached fixtures installed during construction. The subsequent addition of equipment or furniture is recorded in categories for machinery or office equipment & fixtures; major improvements, such as building additions are capitalized.
Water Utility Plant	30		Construction costs of water plant, buildings, facilities and attached fixtures installed during construction, includes Reverse Osmosis Plant and Storage Tanks.
Wastewater Utility Plant	30		Construction costs of wastewater plant, buildings, facilities and attached fixtures installed during construction.

Classification	Useful Life	Fixed Assets (Governmental)	Fixed Assets (Enterprise Fund)
Wells:			
Water	20		Reverse Osmosis & regular water wells
Wastewater	20		Deep Injection Well
Machinery & Equipment:			
Maintenance	15	Major equipment (large dollar items with a life of 15 or more years) in the Overall Village.	
Parks/ Sportsfields	10	All equipment where cost exceeds $5,000 for Parks/Sports Programs & Fields.	
Water	15		Major equipment (large dollar items with a life of 15 or more years) in the Water /Reverse Osmosis Plants.
Wastewater	15		Major equipment (large dollar items with a life of 15 or more years) in the Wastewater Plant.
Distribution Lines	40		All water & wastewater lines, lift stations, & force mains (often contributed by developers).
Telemetry	20		Computer Equipment used to monitor lift stations and force mains.
Meters	10		All utility meters
Furniture/ Fixtures Small Equipment & Vehicles:			
Government	5	All small equipment, office furniture & fixtures, & vehicles where unit cost exceeds $5,000	
Water	5		All equipment, office furniture, fixtures & vehicles where unit cost exceeds $5,000.
Wastewater	5		All equipment, office furniture, fixtures & vehicles where unit cost exceeds $5,000.
Computer Equipment	3	All computers, related equipment & software where unit cost exceeds $5,000.	All computers, related equipment & software where unit cost exceeds $5,000.
CIP		Construction projects in progress	Construction projects in progress

Procedures

Asset Control

The Village maintains a fixed asset system, which is part of the accounting software system containing detailed records for each fixed asset. The original invoice and a copy of the check are kept to support each record. These records contain the following information:

- Asset Identification number
- Description of asset
- Physical location – (General Location)
- Asset Group
- Asset Category & Class
- Sub Account (type of asset)
- Name, make, or manufacturer
- Year and/or model
- Manufacturer's serial number or vehicle identification number (VIN) (if applicable)
- Date acquired
- Cost or value at date of acquisition
- Purchase order number
- Asset tag number
- Asset ownership (Government or Proprietary)
- Method of Acquisition (Purchased or donated)
- Check date
- Check number
- Wellington vehicle # (F#)
- Depreciable (Yes or No)

This information is entered into the Asset Management System. At disposition, the full circumstances of the disposition of the item are entered into the system as well as any other pertinent information.

Machinery, mobile equipment, office furniture, and equipment (TPP) are physically tagged with fixed asset control numbers per applicable state law. The purpose of tagging the fixed assets is to aid in obtaining a record of the property belonging to the Village in order to improve control and financial reporting.

All information regarding the purchase or acquisition of a fixed asset is obtained by the Purchasing Department at the time the purchase or acquisition is made. Once the Purchasing Department obtains the manufacturer, make, model and serial number or vehicle identification number and affixes the tag, the information is entered into Asset Management. All information is checked for accuracy and posted to the general ledger by finance.

In some cases a project is included in the budget. The project number that corresponds with the General Ledger number is assigned during the budget process. As the project is being completed, and payments are made, the information is kept in a "Construction In Progress" account. Purchasing compares expenditures to approved bids. Any approved change orders are taken into consideration and all CIP costs are monitored with any changes from the original bid investigated. When a payment request has met all requirements, it is paid and charged to a CIP general ledger account through the accounts payable process. The CIP accounts are balanced quarterly. At year-end, project status is analyzed and completed projects are transferred to fixed assets as appropriate. Interest is capitalized on construction projects in accordance with GAAP.

Distribution Lines

A maze of underground transmission lines supply customers with potable water and relieves them of wastewater. The system also includes force mains and lift stations. As developers begin construction in sub-divisions, the existing water and wastewater systems are expanded through developer contributions. Upon completion of the lines, the developers donate them to the Village and they become the Village's responsibility to maintain. In some cases, usually force main or lift station expansions, the Village absorbs the cost of installation; therefore these are not considered as contributions.

As sub-divisions, main relocation or expansion projects are completed, the following steps are taken to insure that all lines have been properly accounted for:

Contributions

- When the lines are accepted by Palm Beach County Health Department, the Village accepts the responsibility and ownership of the lines.
- The developer provides the value of the lines (generally supported by construction contract costs) to be used by the Village to recognize the contribution and asset.
- The information for the new lines is submitted to the Village Council for formal acceptance.
- As soon as the lines are accepted, Customer Service places the accounts on stand-by status.
- At the end of the fiscal year, in conjunction with audit preparation, a study is completed, comparing records from Customer Service, Engineering, Utility Departments and Village Council Packets to ensure all dedicated lines have been accounted for properly and all records are complete.

Non-Contributions (Village Installations)

These types of distribution system enhancements are completed as Construction in Progress (CIP) Projects.

- These projects are approved by management and the Village Council through the budget process.
- When the project is completed, the total value (actual construction costs incurred by the Village) of installation will be recognized as an asset.

Annual Inventory

The existence and condition of all fixed assets owned by the Village are verified annually through a physical inventory. A master listing of all fixed assets, separated into groups by location, is generated and physically verified to each asset listed. If an asset appears on the listing, but is not at the location, a search is made for the item and the discrepancy is brought to the attention of the Department Manager for further investigation. If the asset is never found, it will be removed from the fixed asset system as un-located. If new items appear in the location but do not appear on the inventory listing, investigation is done to determine ownership by the Village. If ownership is verified, the item is added to the inventory and fixed asset records. Inventory rotates annually with a full inventory being performed every third year; alternate years an inventory of items over $5,000 is performed.

Acquisition of Capital Assets

1. After a department determines a need for a capital asset, approval to purchase the item from the Village Council is required during the annual budget process. In the event a capital

asset needs to be purchased and was not approved in the budget, the department will require approval from the Village Council through a budget amendment or line transfer.

2. After approval is obtained, the requesting department shall enter a requisition into the system and forward it to the Purchasing Department with the required authorizations. The requisition shall contain a detailed description of the item and the cost. The requisition must be approved by all required before a Purchase Order can be issued.

3. After receiving a capital asset, the requesting department will send the approved invoice and the receiving copy of the purchase order to the Finance Department for payment. If the item is a replacement for an existing capital asset, a Disposition Form must be sent to the Finance Department prior to the purchase of the new asset.

4. The Finance Department shall be responsible for placing an inventory tag on all capital assets, if practical.

Asset Disposal

The Village has the discretion to classify as surplus any of its property that is obsolete or the continued use of which is uneconomical, unsafe, or inefficient, or which no longer serves a useful function. The following procedures are performed annually with respect to surplus property:

1. All requests for disposition of capital assets must be submitted to the Finance Department on a Disposition Form. The form must be initiated by the department personnel and approved by the department head or designee.

2. The Finance Department will provide the Purchasing Department a copy of the disposition form request.

3. The Purchasing Department will prepare a list of assets to be disposed to be presented to the Village Council for disposition approval. Once approval has been provided by the Village Council and the asset has been disposed of, the Finance Department will remove those assets from the capital asset system, with prior approval from the Purchasing Manager. **No item shall be removed from the capital asset system or disposed of by user departments without prior approval from the Purchasing Manager.**

4. All approved items will be disposed of pursuant to the Village's disposition of assets procedures found in the Village's Purchasing Manual.

5. Before any capital asset can be used as a trade in on the purchase of a new capital asset over the purchase threshold ($25,000), it must be approved by the Village Council. All trade-ins of capital assets require a disposition form to be provided to the Finance Department. Once the disposition approval has been provided by the Village Council and the asset has been traded in for the new asset, the Finance Department will remove the asset from the capital asset system, with prior approval of the Purchasing Manager.

Reconciliation

Annual reconciliation of all Fixed Asset and CIP general ledger accounts is performed and compared to the general ledger and the Asset Management system. Any discrepancies are researched and corrected.

Prepaid Expenses and Inventories

Purpose

To establish a policy for the proper accounting of prepaid expenses and inventories (other than fixed assets) of the Village in accordance with accounting principles generally accepted in the United States of America.

Responsibility

Each Department shall be responsible for ensuring that inventory is tracked and the Office of Financial Management and Budget shall ensure prepaid expenses and inventory are reviewed annually.

Policy

Procedures are followed to ensure that prepaid expense amounts are properly identified and recorded in the general ledger. Prepaid expenses represent amounts that have been paid but the related service or benefit due the Village has not yet been received. Types of these expenses can include Deposits, Insurance Premiums or Lease Payments. The portion of any amount paid that relates to a service or good to be received in a future period shall be recorded as prepaid.

Year-end procedures will be performed to ensure prepaid expenses and inventories are properly valued.

Procedure

Prepaid Expenses

The Financial Analyst is responsible for identifying and preparing records of prepaid expense amounts. After properly identifying prepaid amounts, the Financial Analyst determines the portion of the amount paid that is prepaid. An entry is prepared to record the prepaid in the current period and is reversed in the future period to record the expense.

Inventory

Inventories are valued at the lower of cost (first in, first out) or market. The Village uses the consumption method wherein all inventories are maintained by perpetual records, expensed when used and adjusted by an annual physical count.

Storage Facilities

An adequate inventory control system provides facilities for the storage of materials and protection from loss by theft, breakage, unauthorized withdrawals, fire damage, exposure to the elements and other damage. The Village's inventory is comprised of motor fuels (gasoline and diesel), and, if material, chemicals used in the plants. The Village's inventory of materials (meter parts, spare parts) shall be sorted by types and each grouping will be labeled with pertinent information such as description, size, manufacturer, part number, etc.

These storage areas are staffed daily during working hours. Personnel have access to these materials when required for emergency use at night or during a holiday or weekend. In those cases, materials may be withdrawn and a requisition is left in the office to cover such withdrawals.

Physical Inventory

The Village conducts a physical inventory of motor fuels and chemicals in stock at the end of each fiscal year, if material, and adjusts the control records to agree with the balance disclosed by the physical inventory. A physical inventory may be made more frequently, as desired, or, when there is a change in personnel in the storeroom that justifies a complete inventory.

Payroll and Personnel Administration

Purpose

To establish a policy to ensure accurate and timely transmission and the proper accounting of payroll and related accruals and expenditures of the Village.

Responsibility

The Human Resources Director or designee will maintain changes in pay rate, promotion, demotion, transfer, leave of absence with or without pay, temporary suspension from duty, and the like.

The Payroll Specialist will maintain changes to taxes, deductions or benefits which affect the Finance Department's processing of gross earnings, for either a new employee or an existing employee. The changes will only be made upon receipt of a completed and approved form authorizing the change.

The Accounting Supervisor verifies that annual changes have been made and entered correctly into the database for IRS tax tables, FRS contributions and insurance rates.

Policy

The payroll procedures of the Village are designed to permit the accurate and timely transmission of the payroll to the Village's bank and payment to its employees. Payroll policy is governed by rules of the Internal Revenue Service and Wellington's Employee Manual. The Internal Revenue Service publishes an Employer's Tax Guide (Publication 15) that, among other things, describes the various employment taxes, due dates, and information on whether fringe benefits are taxable or not.

To ensure accurate and timely transmission of payroll, the following records are used:

- Personnel Records. The Human Resource Director maintains the personnel records.

- Time Sheets. A record of the hours to be paid to each employee in the various activities in which the Village engages. The Village uses an electronic timekeeping system to record the hours.

Payroll Register. A permanent record detailing the gross earnings, deductions and net pay for each employee. This is part of the detailed computer based records for each employee which include various personnel information, such as date of employment, rate of pay, authorized deductions, personal exemptions claimed, accrued leave time and earnings, deductions and withholdings per pay period and year to date.

Federal income tax regulations require an employer to withhold income taxes from all employees based upon their earnings for a payroll period and the exemptions claimed by employees on the withholding certificates. The following procedures are applicable.

- Request each new employee to complete the applicable federal form and submit to the Human Resource Director.

- Request all present employees to prepare and submit revised withholding exemption certificates when there is a change in their exemptions/status.

- Forward documents to Human Resources for entry on an employee's payroll record.

Procedures

Payroll Preparation

The Village's pay period covers a two week cycle beginning at 12:01 AM on Saturday and ending 14 days later at 12:00 midnight on Friday. The Village's normal workweek is 40 hours.

Detailed payroll processing procedures are included in the Payroll Desk Manual. Summary procedures related to the preparation of biweekly payroll are as follows:

- Human Resources updates the personnel records database for all new employees and for changes to existing employee records (i.e., rate/salary, deductions) based upon approved documentation with verification by Director of Financial Management and Budget.

- The Payroll Specialist prints, reviews and downloads time sheets biweekly from the timekeeping system.

- The time sheets are totaled and reviewed for accuracy, proof of electronic supervisor approval, and consistency of pay codes.

- The timekeeping file containing timesheet data is exported into the accounting system.

- "Hours Proof" and "Employees Without Hours" reports are generated and reviewed. Check totals are compared.

- The automated payroll system is utilized in processing the payroll calculations, the register, advise slips and related reports. These reports are reviewed by the Payroll Specialist and Accounting Supervisor and retained as needed.

- The Payroll Specialist enters and balances the deferred compensation deductions and net payroll to the payroll register for direct deposit through ACH to the Village's bank. The Payroll Specialist will transmit the file electronically and the Staff Accountant verifies the amount deducted through the daily bank reconciliation process.

- The accounting system automatically generates an Accounts Payable group for garnishments, child support and other deductions. Before checks are released the garnishment order is verified to the amount deducted from the employee. The payroll tax deposit is transmitted to the IRS via a telephone wire in accordance with a journal entry prepared by the Payroll Specialist and approved by the Accounting Supervisor.

- The accounting system controls the general ledger account postings. If an error occurs payroll cannot be updated to the general ledger before the correction is made. The budgeting department controls payroll distribution account coding and makes adjustments if necessary.

- The employer/employee contribution for FRS (Florida Retirement System) and FICA are checked by the Accounting Supervisor for the proper amount as shown on the payroll register.

- The Payroll Specialist verifies direct deposit amount to the payroll register, logs on to the system, and electronically transmits direct deposit and 457 contribution data.

- Payroll Specialist generates manual payroll checks and direct deposit advice slips and forwards the registers to the Accounting Supervisor.

- Checks and direct deposit advice slips will be given directly to the person responsible for distribution on Thursday. This person cannot be someone who has control over processing payroll.

- The Payroll Specialist transmits data into the General Ledger system (GMBA) after verifying Edit List is accurate.

- A Payroll Register report is printed and reviewed by the Payroll Specialist and the Accounting Supervisor.

- The Accounting Supervisor reconciles the check and direct deposit registers to the payroll register.

Special Payroll Processing

If an employee's pay is incorrect, or a manual payroll check has to be issued and/or updated, the payroll record and the general ledger is corrected through the payroll adjustment procedure utilizing the automated payroll system. All approvals, self-reviews, supervisory reviews and approvals shown under payroll preparation is applicable to this activity as well.

Employees are eligible to be paid for unused leave time at termination of employment or at the end of each fiscal year in accordance with policy contained in the Personnel Manual.

Upon written authorization from individual employees indicating the amount they wish to buy back, a separate payroll is prepared and transmitted prior to the last regular payroll in September. Any leave hours paid are deducted from the employee leave accrual balance. This payment is made pursuant to the policy contained in the Personnel Manual.

Employee Deductions

The Village participates in various Deduction Plans with each plan described in detail within the Personnel Manual. For example, the Village provides various benefits to its employees in the form of medical, dental and life insurance of which the employee is required to contribute a certain amount depending upon the selected coverage. In addition, the Village participates with other third parties whereby deductions are taken out for Deferred Compensation, garnishments and child support payments.

Benefit deductions are pursuant to Bentek deductions, the Village's electronic benefit enrollment and tracking system. Other deductions are supported by an initial source document, which is retained in the employee's personnel file.

The Village is participating in two plans, which defer certain payroll taxes. They are (1) a Section 125 Plan for medical, dental and life insurance premiums and (2) a 457 Deferred Compensation Plan. As applicable, each deduction may or may not be subject to the deferral of payroll taxes. The Payroll Specialist reviews the calculations for FICA and withholding taxes to verify the validity of the deferral status.

Per IRS Publication 15-B for the amounts to be nontaxable, work clothes and uniform allowances and reimbursements must meet the accountable plan rules and 1) be specifically required as a condition of employment; 2) not be adaptable to general usage as ordinary clothing; and 3) not worn for general usage. If the determination is made that the clothing is a taxable benefit according to Publication 15-B, the Accounting Supervisor shall provide the invoice, name of effected employee(s), and clothing value to Payroll for inclusion as taxable income in the next pay.

Month-End Procedures

The following functions are performed by the Payroll Specialist at each month end.

- Review the following:
  - Workman's Compensation by insurance code and department
  - Deductions by benefit plan and category
  - Labor by department worked
    - Retirement
    - Overtime

- Complete automated month-end closing process as described in the payroll system user's manual.

- Calculate the following and prepare the invoices for payment:
  - Florida Retirement System liability
  - Disability premium
  - Dental, medical (PPO, HMO & COBRA) and life insurance premiums
  - The above is reviewed by the Accounting Supervisor

- Reconcile the payroll labor and fringe benefit accounts to the general ledger.

End of Quarter Procedures

At the end of each calendar year quarter (March 31, June 30, September 30 and December 31), the Payroll Specialist performs the following jobs:

- Print 941 report and summary, calendar YTD labor earnings detail and fiscal YTD labor distribution by department.
- Print quarterly workman's compensation report by insurance code and department.
- Update workman's compensation spreadsheet by insurance code.
- Prepare Florida Unemployment Compensation Quarterly Tax and Wage Report.
- Prepare Form 941, Employee's Quarterly Federal Tax Return.

The Payroll Specialist reconciles all balances reported on the quarterly reports to the quarterly payroll per the general ledger; this is reviewed by the Accounting Supervisor and Controller. The Director of OFMB reviews and signs tax forms. All quarterly reports are filed timely with the appropriate agency. Additional account analysis are generated for FICA and FRS expense as well as all other related payroll accounts.

End of Year Procedures

At the end of the calendar year, the Payroll Specialist performs the following:

- Calendar year wage reports are generated and reviewed; these are balanced to the various wage totals to the quarterly 941's and to the wages as posted to the general ledger.
- Prints Form W-2, Wage and Tax Statement and Form W-3, Transmittal of Income and Tax Statements for submittal to the Internal Revenue Service. The Director of OFMB reviews and signs all information submitted to the IRS.
- Delivers or mails the W-2 forms to employees prior to January 31st of each year.
- Year-end closing procedures for the automated payroll system are performed as described in the payroll system user's manual.

References

Internal Revenue Service, Federal Employment Taxes –
http://www.irs.gov/businesses/small/article/0,,id=172179,00.html
Florida Unemployment Taxes – http://dor.myflorida.com/dor/taxes/unemploy_comp_law.html

Debt Administration

Purpose

To manage the issuance of debt obligations and maintain the ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to and necessary for essential services.

Responsibility

The Office of Financial Management and Budget shall ensure the adherence of all debt administration.

Policy

The Internal Revenue Code, F.S., local charter and/or ordinances outline legal borrowing authority, restrictions and compliance requirements while the Florida Constitution and Statutes authorize the issuance of bonds by counties, municipalities and certain special districts.

In Florida, there is no legal debt limit. All general obligation debt pledging payment from ad valorem taxes must be approved by referendum, unless it is to refund outstanding debt. Article VII, Section 12 of the Florida State Constitution states "Counties, school districts, municipalities, special districts and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness or any form of tax anticipation certificates, payable from ad valorem taxes and maturing more than twelve months after issuance only to finance or refinance capital projects authorized by law and only when approved by vote of the electors..."

Procedures

All applicable debt covenants such as ratios of net income to debt service, sinking funds and insurance coverage required to be met are pursuant to the bond documents.

Continuing disclosure requirements as contemplated by Rule 15c2-12 under the Securities Exchange Act (the "Rule") and the bond document:

1. Financial or operational information:
    a. Annual financial information concerning issuers or other obligated persons, or other financial information and operating data provided by issuers or other obligated persons
    b. audited financial statements for issuers or other obligated persons, if available.

2. Event notices:
   - principal and interest payment delinquencies;
   - non-payment related defaults, if material;
   - unscheduled draws on debt service reserves reflecting financial difficulties;
   - unscheduled draws on credit enhancements reflecting financial difficulties;
   - substitution of credit or liquidity providers, or their failure to perform;
   - adverse tax opinions, Internal Revenue Service (IRS) notices or events affecting the tax status of the security;
   - modifications to rights of security holders, if material;
   - bond calls, if material;
   - tender offers;
   - defeasances;
   - release, substitution, or sale of property securing repayment of the securities, if material;
   - rating changes;
   - bankruptcy, insolvency, receivership or similar event;
   - merger, consolidation, or acquisition, if material; and appointment of a successor or additional trustee, or the change of name of a trustee, if material; and
   - notices of failures to provide annual financial information on or before the date specified in the written agreement.

Exception to the Continuing Disclosure under the Rule:

Continuing disclosure information generally is not provided for an issue where the size of the issue is $1 million or less; where bonds are sold to investors in units of no smaller than $100,000 ($100,000 minimum denomination) and are sold to no more than 35 "sophisticated" investors; where bonds are sold in $100,000 minimum denomination and mature in nine months or less from initial issuance; or where bonds were sold prior to December 1, 2010 in $100,000 minimum denomination and the bond owners can require the issuer to purchase back the bonds at face value every nine months or more frequently (demand securities). For demand securities issued on or after December 1, 2010, and for previously-issued demand securities that undergo certain conversions in interest-rate mode on or after December 1, 2010, continuing disclosure agreements will be entered into under Rule 15c2-12 that will require provision of continuing disclosures to EMMA for such demand securities.

Arbitrage Rebate monitoring and filing

The Village will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract or other documents to avoid arbitrage. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the Village will follow a policy of full compliance with all arbitrage rebate requirements of the federal tax code and Internal Revenue Service regulations, and will perform (internally or by contract consultants) arbitrage rebate calculations for each issue subject to rebate. All necessary rebates will be filed and paid when due in order to preserve the tax-exempt status of the outstanding debt.

Reference:
Section 125.013 – General Obligation; Revenue Bonds
- Chapters 130 & 132 – County Bonds & General Refunding Law
- Section 154.219 – Revenue Bonds
- Chapter 159 – Bond Financing
- Section 163.01(7) – Florida Interlocal Cooperation Act of 1969
- Chapter 166, Part II – Municipal Borrowing
- Chapter 215 – Financial Matters: General Provisions
- Chapter 218, Part III – Local Financial Management & Reporting

Village of Wellington

Debt Management Policy

Village of Wellington
Debt Management Policy

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Section 1 – Purpose and Framework

Regularly updated fiscal policies are an important tool in ensuring the use of the Village of Wellington's resources to meet its commitments in providing the required services to the citizens of Wellington and to maintain sound financial management practices. Policies are therefore guidelines for general use and allow for exceptions in extraordinary conditions.

The Village recognizes that the foundation of any well-managed debt program is a comprehensive debt policy. The following Debt Management Policy is enacted in an effort to standardize and rationalize the issuance and management of debt by the Village of Wellington and demonstrates a commitment to long term financial planning objectives.

This Debt Management Policy, as amended and adopted by Village Council (the Council), sets forth the goals and objectives of the program and authorizes the Village's Director of Administrative and Financial Services to further define targets and benchmarks within these parameters.

This debt policy is designed to:

- Establish parameters for issuing and managing debt;
- Provide guidance to decision makers related to debt affordability standards;
- Facilitate the actual financing process by establishing important policy decisions in advance;
- Promote objectivity in the decision making process and
- Document the objectives to be achieved by staff, both before the issuance and after.

Any policy should consider exceptions and cannot foresee the particular circumstances that are involved on any one transaction. Bond resolutions are brought to the Council by the Director of Administrative and Financial Services for authorization. If the resolution should contain exceptions to this policy, they should be recognized and authorized by the Council separately. If during the course of a transaction an exception requires immediate attention the Director of Administration and Financial Services may proceed with the Village Manager's acknowledgement of the exception.

The Village's overriding goal in issuing debt is to respond to and provide for the needs of its citizens while maintaining its fiscal responsibilities. The Village issues debt instruments, administers debt proceeds and debt service payments, acting always with prudence and diligence and attention to the prevailing economic condition. This policy documents the Village's goals for the use of debt instruments and provides guidelines for the use of debt for financing the Village's capital needs.

An important goal of the Village is to maintain Wellington's high rating by the credit rating agencies. Wellington's ratings reflect positively upon the general reputation of the

Village and its management and allow the issuance of debt at a lower interest rate compared to entities with lower ratings.

The Village will also seek to minimize borrowing costs by taking advantage of favorable economic conditions. Awareness of market conditions and investor sentiment are an important means of minimizing the costs of debt and the burden on the citizens. To accomplish this, the Village will seek input from financial consultants who closely monitor the financial markets.

The Village will adhere to the following legal requirements for the issuance of debt.

- State law, which authorizes the issuance for debt
- The federal and state laws which govern the eligibility of tax exempt status;
- The federal and state securities laws, which govern disclosure, sale and trading of debt.

Section 2 - Credit Worthiness Objectives

Rating agencies issue a credit rating based upon their opinion of the credit worthiness of the borrower relevant to the risk factors. The rating assists the purchasers of the debt to determine the likelihood of full and timely repayment of the debt.

The four primary factors that contribute to the overall rating of the issuer include the economic, financial, administrative/management and debt factors. Not all are under control of the Village but are considerations of the overall credit quality of the Village.

- Economic factors include employment opportunities and trends, leading industries, diversity of taxpayer base, wealth and income indicators future growth prospects and surrounding regional economy.
- Financial factors include the capacity to raise revenue, expenditure mandates, stated fiscal goals and policies and historical performance.
- Administrative/management factors include planning effort, clear goals and policies, adherence to goals and policies, relationship between elected and appointed officials.
- Debt factors include current debt burden ratios, current debt structure, debt repayment schedule and future capital financing needs.

Ratings are generally expressed by the rating agencies with a letter symbol. Generically the ratings are as follows:

- AAA – the highest rating indicating the issuer's capacity to meet its financial commitment on the obligation is extremely strong and carries the smallest degree of investment risk.
- AA – differs from AAA rating only in a small degree indicating the issuers capacity to meet its financial commitment is still strong and is considered along with AAA bonds to be "high grade" bonds
- A –indicates the issuer is somewhat more susceptible to the adverse effects of changes in the circumstances and economic conditions than higher rated bonds though the issuer capacity is still strong and are considered upper medium grade bonds.

The Village currently maintains an AA General Obligation (G.O.) rating which allows it to pay less interest expense on its obligations. Not all of the Village's debt carries the same credit quality as a G.O. pledge; other revenue pledges are separately rated.

All debt issues need not be rated, the Director of Administrative and Financial Services shall be responsible for determining if a rating shall be requested for a particular financing. Based on a cost benefit analysis, the Village may purchase bond insurance to increase the rating to AAA. In that circumstance a higher underlying credit rating lowers the bond insurance premium.

Maintenance of the G.O. AA rating is an indicator of the overall financial stability and management and allows the Village to enter into the bond market in an economic manner

when needed. Moody's Investors Services publishes a national median of all governments rated, segregated by population and ratings. It is important that the Village of Wellington use these medians as a guideline for creditworthiness.

Municipal Financial Ratios - U. S. Cities (50,000<population<100,000)					
	Group Medians (Most Recent Available)				
Selected Medians	Aaa	Aa	A	Baa	Ba
General Fund Balance as % of Revenue	29.00	26.80	20.70	7.20	3.10
Unreserved, Undesignated General Balance as % of Revenue	15.90	20.40	13.00	3.20	1.20
Direct Net Debt as % Full Value	0.80	1.10	1.10	2.90	11.00
Debt Burden (Overall Net Debt as%of Revenues)	2.00	2.80	3.00	4.30	12.70
Full Value ($000)	$9,888,184	$4,968,200	$3,486,831	$2,741,904	$1,232,353
Full Value per capita	$148,969	$73,804	$53,377	$34,963	$22,167
Population 2000 Census	67,742	66,237	59,643	71,329	61,821
Per capita Income (2000 Census)	$37,582	$23,242	$20,058	$16,488	$15,721
Source Moody's Investor Service 2005					

Though this table incorporated only those factors that are easily quantified and comparable on a national scale it does not include the other factors that are considered in a rating review.

A good credit rating is advantageous in the calculation of future debt service costs, as shown in the schedule below, the higher ratings the lower the overall interest rate. From the schedule below, the difference between an AA rating and an A rating for a 10 year bond is 13 basis points per year. Which is equivalent to $13,000 a year on $10 million bond and $130,000 over the 10 year life until maturity.

	Representative Municipal Bond Yields					
Maturity	Insured	AAA	AA	A	BBB	Treasury
3 M	3.53	3.49	3.53	3.6	3.76	4.95
6 M	3.54	3.49	3.54	3.61	3.78	5.13
1 Y	3.55	3.49	3.55	3.61	3.82	4.84
2 Y	3.58	3.52	3.58	3.66	3.91	4.8
3 Y	3.61	3.54	3.6	3.73	3.94	-
5 Y	3.67	3.59	3.66	3.8	4.02	-
10 Y	3.91	3.81	3.89	4.02	4.32	-
15 Y	4.14	4.03	4.12	4.28	4.54	-
20 Y	4.3	4.18	4.29	4.44	4.65	-
30 Y	4.47	4.34	4.47	4.58	4.81	-

Source: Standard and Poor's September 11, 2006

Section 3 – Capital Planning and Financing Systems

The total cost of desired capital projects generally exceeds the currently available funds. The capital planning process will prioritize projects and identify the funding needs. The debt management process will determine 1) the availability of funds which can be raised through debt, based on the debt limit; 2) the projects that can be accomplished and when they will commence. Close coordination of capital planning and debt management will ensure that Wellington citizens will achieve maximum benefit from limited funds and that potential for inappropriate spending and waste will be minimized. This coordinated program will be referred to as the Capital Improvement Program (CIP).

The Village will develop a system for use in preparing a multi-year CIP to be considered and adopted by the Council as part of the budget process. Individual departments and related agencies shall prepare multi-year capital plans. Coordination and preparation of the CIP shall reside with the Departments of Administrative and Financial Services and Engineering and Environmental Services. The CIP shall incorporate the upcoming five years and shall be updated periodically. The CIP shall contain a comprehensive description of the sources of project funds, timing of capital projects, future operating and capital budgets, financing arrangements, revenue projections and debt service. The CIP shall ensure that the planned financing conforms to the policy targets regarding:

- Magnitude and composition of the outstanding debt.
- Economic and fiscal resources of the Village to afford such debt over the next five years.

Affordability impacts of the CIP shall be evaluated in consultation with the various Village Departments. Such planning will consider a long term horizon so that project priorities and future commitment of funds are visible for both management decisions and public comment.

A. Financing Priorities

It shall be the responsibility of the Director of Administrative and Financial Services, within the context of the CIP, to oversee and coordinate the timing, process of issuance and marketing the Village's borrowings and capital funding activities in support of the CIP. In this capacity the Director of Administrative and Financial Services shall make recommendations to the Council regarding necessary and desirable actions and shall keep it informed through regular and special reports as to the progress and results of current year activities under the CIP.

B. Funding of Capital Outlays

As part of the capital funding philosophy, the Village shall make contributions from its own current revenue when available or from outside funding sources, such as state or federal grants, to finance capital projects. The Department of Administrative and Financial Services will have the responsibility to evaluate and recommend the funding

method of each capital project. The Village shall contribute to the General Governmental segment of the CIP program an amount equal to the equivalent of 1 mil in property taxes per year. If the Village has a dedicated portion of ad valorem tax going to debt service (General Obligation Bonds related debt service) that amount does not count towards the equivalent 1 mil contribution. The General Governmental segment is defined as funded by revenues other than ad valorem taxes that can be used for any lawful governmental purpose. Projects that cost less than $1 million will not be funded from borrowings unless as a part of a group of projects.

Debt will be issued for a capital project when it is appropriate means to achieve a fair allocation of costs between current and future beneficiaries. As the Village addresses the needs at any one period of time, the Council must both be prepared to ensure the flexibility of this and future generations of elected officials to meet the present needs and challenges that face the community.

C. Competing Projects

Competing projects requesting funds will be evaluated according to priorities established departments and then approved by the Council. In the selection of the projects to be funded, a balance will be established between the projects' abilities to meet the Village's priorities and the financial requirements of the projects. For each project, the following information is necessary to assess the approvability of the project and its funding with debt:

- Nature of Project and Use of Funds - For each project for which debt is proposed, the nature of the project, as well as the intended use of the debt proceeds will be described.

- Cost-Benefit Analysis of Project – The benefits of a proposed project will be defined and where appropriate, quantified in monetary terms. The sources and uses of funds will be identified and estimated. Where revenues are part of the benefits, all assumptions made in deriving the revenues will be documented. The validity of the assumptions and the risk associated with the revenue streams will be assessed. The costs of the project will be estimated, with the basis of estimates documented and the risk associated with the estimates assessed. Where Governmental Funds are proposed, the impact upon budgets and taxes will be assessed.

- Expenditure Plan and Sources of Debt Service – A detailed plan for the funds expenditure and debt repayments will be developed for each project. The plan will demonstrate the timely matching of funds availability with project expenditures and that debt service will commence with the flow of revenues needed to pay interest and principal on the debt. The need for Capitalized Interest (funds for interest borrowed in the debt plan to pay the interest expense during construction) will be documented and analyzed. The estimates for the project cost

expenditure plan and basis of revenue cash flow estimated will be documented and the risk associated with these revenue streams will be analyzed.

D. Maintenance, Replacement and Renewal

Consistent with the philosophy of keeping the capital facilities and infrastructure systems in good repair and to maximize the capital stock's useful life, the Village should set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal.

Section 4 -Conditions of Debt Issuance

A. Purpose of Debt

The Village may only borrow in order to finance capital expenditures. The issuance of debt to fund operating deficits or operations is not permitted. A prerequisite for the approval of a project for funding by debt is that it satisfies the capital acquisition needs of the Village as determined by the Council. The Council may make exception to this standard if is in the best interest of the Village. An example would be to issue pension obligation or OPEB bonds in which the proceeds reduce the Village's exposure to another liability.

The final maturity of the debt issued shall not be longer than the estimated useful life of the capital asset constructed or acquired and shall be 20 years or less. The final maturity may be less than the useful life of the capital asset if it has been determined by the Director of Administrative and Financial Services to be in the best economic interest of the Village.

The Director of Administrative and Financial Services will determine the call option, if any, the call protection period and the call premium for each bond issuance and sale based on the financing team's recommendations. A call option gives the Village the right to prepay debt or retire debt prior to its stated maturity. This option may allow the Village to achieve interest saving through refunding the bonds. The investor or purchaser of the bond sometimes requires a higher interest rate if the call protection period is shorter than acceptable market standards. In addition, the Village may have to pay a call premium to the investor if the call is enacted. Because the options can vary widely depending on the market conditions, evaluation of the factors should be conducted in connection with each issuance.

B. Refunding Criteria

Periodic reviews of the Village's outstanding debt will be undertaken to determine refunding opportunities by the Village Financial Advisor. Within tax law restraints, a refunding will be considered if and when there is a net economic benefit or if it is essential in order to modernize previously issued debt covenants that have become burdensome to the operations of the Village.

Advance refunding is used to refinance outstanding debt before the date the outstanding debt becomes due or is callable. New bonds which are issued to refinance an outstanding bond issue before the call date are called advance refunding bonds. Proceeds of the advance refunding bonds are placed in an escrow account with a fiduciary and used to pay interest and principal on the refunded bonds and then redeem them at their maturity or earliest call date.

Current refunding are used when to refinance outstanding debt on or after the date the callable. It may be to the benefit of the Village to issue current refunding bonds to take advantage of the more favorable market conditions and lower market interest rates, restructuring the principal and interest payments or eliminating burdensome covenants.

The Village may issue advance or current refunding bonds when advantageous, legally permissible, prudent, and when aggregate net present value saving, expressed as a percentage of the par amount for the refunding bonds, exceeds a target rate of 5% or when the average annual savings are greater than $10,000 per year. Refunding with a negative savings will not be considered unless the there is a compelling public purpose. The Director of Administrative and Financial Services will determine if the criteria exist to pursue either an advance or current refunding.

To fund the refunding escrow the Village will purchase State and Local Government Securities (SLGS) from the Federal government. At the direction of the Director of Administrative and Financial Services the Village may choose to fund the escrow with securities on the open market when market conditions make such an option financially preferred. If the securities are to be purchased on the open market the Village will have procedures in place that will allow an open competition from at least three vendors.

Section 5 – Types of Debt Pledges

There are many types of debt available to the Village to finance its capital needs. The Village should choose the revenue pledge that best associates the benefit received to the payer of the debt. Available revenue pledges should be used conservatively, the Village has a limited number of revenue streams that are that are credit worthy to be "bondable".

A. General Obligation Bonds

General Obligation bonds (G.O. bonds) are secured by an ad valorem tax beyond operating levels levied on the real and tangible personal property within the Village. They carry the Village's requirement to levy the tax to pay the annual debt service. G.O. bonds usually achieve lower rates of interest since they are perceived to be of low risk and have a legal basis to be repaid.

G.O. bonds are limited by Florida law not to exceed a tax of 2 mils or $2 per $1000 of assessed valuation. The Village is required by State Statute to pass a referendum prior to issuing any G.O. bonds that have a term longer than one year.

B. Covenant to Budget and Appropriate

Covenant to Budget and Appropriate Bonds are backed by of all lawfully available governmental revenues except ad valorem taxes. No particular revenue stream is pledged to the repayment of the debt. This debt is not as credit worthy as the G.O. bonds. Since this debt it does not pledge the taxing authority of the government, it does not require a referendum.

C. Special Revenue Bonds

Special Revenue Bonds are repaid by a pledge of specific governmental revenue such as Public Service Tax, Gas Tax or Sales Tax. This type bond requires that the revenue stream be used first to satisfy the bond covenants and then used to for any lawful governmental purpose.

New revenues sources should not be pledged towards a bond issue until there is a basis for evaluating the credit worthiness of the revenue stream. If there is a new revenue item from the State that is guaranteed, the Village may only pledge up to 50% of the annual revenue received for debt service. A new revenue source is defined as revenue previously not received by the Village in any form.

D. Utility Revenue Bonds

Utility Revenue Bonds are issued to support the capital needs of the utility. The repayment is pledged to come from the utilities revenue stream of user fees. The pledge

of the revenue of the utility will require that the Village maintain the revenue rates at a level to adequately pay the operations and the debt service.

E. Special Assessment Bonds

Special Assessment Districts are legally designated geographic areas with the Village, which pay for basic infrastructure and public improvement to the area through a supplemental assessment. Special assessments districts may or may not be a legally separate entity form the Village. Bonds issued for financing projects of the district are repaid from special assessments of the property owners. This financing approach achieves the objective of repayment of debt from those property owners who directly benefit for the improvements financed.

Section 6 – Types of Debt Instruments

The following are brief summaries of the type of instruments for debt the Village might issue. Other types exist or may be created in reaction to the market demand. These new instruments may be added to the list after an analytical review is performed by the Director of Administrative and Financial Services and they are deemed to be in the best interest of the Village in view of the financial plan goals and objectives. The Director of Administrative and Financial Services shall choose the best structure of debt warranted by the market conditions and the project to be financed.

With each instrument the Village has the option to issue debt whose interest payments to individuals are tax-exempt from Federal income tax or to issue taxable debt. Taxable debt has a higher interest rate than tax-exempt due to the tax advantages to the investor, but is useful to finance those projects that do not meet the legal definitions for a tax-exempt issue. Taxable debt does not have the legal constraints of tax-exempt debt.

The Village also has the option of participating in one of the many bond pools, where local governments have joined together to issue debt to gain economy of scale to reduce issuance costs or to enter into a market segment or gain access to debt instruments unavailable to smaller issuers.

A. Fixed Rate Bonds

Fixed Rate bonds have the future principal and interest payments scheduled and amounts determined at the time of issuance. The maturity of the serial bonds determines the total payment amount in the future. The payment structure is usually based on a level principal and interest payment whereas the annual amount paid stays constant or as a level principal payment where the annual amount of the principal retired stays constant and total amount paid decreases annually. Other structures can call for the principal payments to be front loaded or rear loaded based on the project to be financed and the best economically means to pay for the project.

B. Variable Rate Notes

Variable rate notes are when the amount of interest paid changes in reaction to market demands and investor's preference. There are two principal types of variable rate notes 1) in Variable Rate Demand Bonds (VRDBs) interest rate changes based on a predetermined schedule such as daily, weekly, or monthly at a rate based on current market conditions. 2) Commercial Paper is when the debt is issued with various maturities from 1 to 270 days. When that debt matures it is reissued for a period of 1 to 270 days. Each time the buyer negotiates an interest for the period, which is market based.

Interest rates on variable rate notes are generally favorable to an issuer relative to interest on other forms of debt. Should the opportunity for the Village to participate in a variable

rate note or commercial paper pool the Director of Administrative and Financial Services should evaluate from a cost/ benefit prospective.

C. Lines or Letters of Credit

Where the use is considered prudent or the most economic means to satisfy financial objectives, the Village has the power to enter into agreements with local banks or other financial entities the for purpose of acquire loans or letters of credit that shall provide the Village access to capital under terms and conditions beneficial to the Village. These financing tools can be used as either a supply of emergency money to fund temporary cash flow demands or as a support to demand notes.

There are instances whereas the best most economic capital is available at a commercial bank through a bank loan. This financing is usually for a small project with a limited duration of the loan. Bank loans can be either fixed or variable rate.

Section 7 – Affordability and Capacity Targets

Given the significant restrictions in Florida on local government revenue sources, the Village is aware of the need to gauge the effect of ongoing debt service on its budgets and priorities over time. Issuance of debt is one of the longest term commitments that a government can make and should make with a complete understanding of the long term budget effects. Therefore the Village will consider generally accepted debt standards in evaluating when and why and how much debt should be issued. These standards lead to a debt plan the keeps the debt levels within acceptable ranges and promotes fiscal stability while maintaining the flexibility for the future.

The Village believes that debt is an equitable means of financing projects and represents an important means of providing for Wellington's needs. Debt will be used to finance projects only if it the most cost effective means available for the Village. The "pay-as-you-go" means of using current revenues to pay for capital projects is often considered the most preferred means of financing as it ensures fiscal responsibility and avoids interest payments. The "pay-as-you-go" method is not always equitable, however, since it requires current citizens to pay taxes or fees to accumulate available capital over long periods of time. This means that the future citizens reap the benefits of projects paid for by the past taxpayers. In some cases, it is more equitable for citizens to acquire the benefits of a project while they are paying taxes or fees for the project or a"pay-as-you-use" philosophy.

A. Targets for General Governmental Debt

The Village shall use an objective analytical approach to determine whether it can afford to assume new debt. Governmental debt is defined as debt that is non-self supporting and is paid from a revenue stream that could support any lawful Village purpose. This process shall compare generally accepted measures of affordability to the current values of the Village.

These measures shall include:

- Debt per Capita
- Debt as a percent of taxable value
- Debt service payments as a percent of current revenues and expenditures
- The level of overlapping net debt of all taxing jurisdictions

In assessing affordability, the Village shall also examine the direct cost and benefits of the proposed project. The decision on whether or not to assume new general debt shall be based on these costs and benefits, current conditions of the municipal market and the Village ability to "afford" new debt as determined by the previous measurements.

B. Targets for Revenue Bonds

When appropriate, self supporting revenue bonds shall be issued before general governmental debt or general obligation bonds. Self supporting revenue bonds are those bonds that have a dedicated revenue stream legally segregated for their repayment, whereas the funds cannot be used for any other operating purpose. An example would be a utility revenue bond. In determining the affordability of the proposed revenue bonds, the Village will perform an analysis comparing proposed annual revenues to the estimated average annual debt service and to the maximum annual debt service (MADS). A forecast will be developed to project anticipated revenues from the new project or expansion. The Village will increase any related rate in order to attain the revenue necessary to achieve the required coverage ratio.

C. Targets and Ranges

The table below addresses the targets and ranges of the affordability criteria for the Village of Wellington. The ranges will provide analytical guidelines in assessing new debt and its effect on the fiscal health of the Village and the fiscal flexibility for future generations.

Description	Targets
General Government Debt Service as percent of non-ad valorem General Fund expenditures:	
Debt Limit	20%max.
Goal/ Target	10% max
Contribution to CIP for General Government Capital and Debt Service	1 mil
Weighted Average Maturity of All Debt Programs	
Governmental	15 year max
Enterprise	20 year max
General Government Debt per Capita	$850 max
Overlapping Governmental Debt per Capita	Information Only
Net Direct Tax Supported as a percentage of property values	3.0%max
Overlapping Governmental Debt as percentage of property values	5.00%
General Funds Reserve as Percentage of current year's operating budget	22% to 30%
Revenue Bond Coverage:	
As percent of MADS	110% min
As percent of Average Annual Debt Service	125% min.
Target for planning purposes	150%

Section 8 – Method of Issuance and Sale

The Director of Administrative and Financial Services coordinates the administration and issuance of debt and is responsible for selecting the financing team and for the accuracy of disclosure and other bond related documents. The Director of Administrative and Financial Services may assign other staff members as appropriate to assist on the finance team.

The Director of Administrative and Financial Services, working with the Village Attorney will manage any legal activities that may arise with respect to the issuance of bonds. In circumstances where there are may be legal uncertainty about some aspect of a proposed bond transaction, the Village may pursue a validation action to obtain judicial approval before the bonds are issued.

Debt issues are sold to an underwriter syndicate either through competitive bid or a negotiated sale. The selected method of sale will be that which is the most advantageous to the Village, in the judgment of the Director of Administrative and Financial Services, in terms of lowest net interest rate, most favorable terms in the financial structure used, market conditions and prior experience. The Village Council must approve the process selected prior to the sale.

A. Negotiated Bonds

In general the Village debt is issued through a negotiated process with the exception of the Village's G.O. Bonds. The Village staff, in conjunction with the financing team, is in continuous communication with the rating agencies, trustees and the municipal debt market. The negotiated sale of debt provides the Village control over the financing structure, the issuance timing, and provides flexibility of distribution

B. Competitive Bonds

All General Obligation Bonds (G.O. Bonds) issued by the Village should generally be sold on a competitive basis, except in the case of an advance refunding. The security of the tax authority pledge makes these bonds a readily marketable commodity. In a competitive basis, bids will be awarded on a true interest cost basis (TIC), providing other bidding requirements are satisfied. If the bids are unsatisfactory the Village shall have the right to reject all and negotiate for the sale of the securities.

C. Bond Pools

Bond pools may be used when determined advantageous by the Director of Administrative. Bond pools may or may not be the lowest TIC but may offer other

advantages such as economies of scale in issuance costs and lower administrative expenses and should be evaluated with total cost considerations.

D. Private placement

When determined appropriate by the Director of Administrative and Financial Services the Village may negotiate terms with banks and finance institutions of specific borrowing. Typically the bank financing are carried out by the Village to avoid the costs of public offering and therefore reduce the overall cost of borrowing funds. These issues are for less than $10,000,000.

There may be a time that when the transaction is unusual and large, the securities may appeal to a large sophisticated investor. This private placement scenario avoids many of the costs and disclosure required under a public offering.

Section 9 – The Financing Team (Consultants and Service Providers)

The Director of Administrative and Financial Services shall be responsible for establishing a solicitation and selection process for securing professional services that are required to develop and implement the Village's debt program. Goals of the solicitation and selection process shall include encouraging participation from qualified service providers, both local and national, and securing services at competitive prices.

The Village will maintain professional service agreements with qualified professionals related to the issuance and management of debt. Payments and fees for all professionals will be decided on a case by case basis and will be paid out of bond proceeds, if appropriate.

A. Bond Counsel

The Village will retain external bond counsel for all debt issues. As part of the responsibility to oversee and coordinate the marketing of all Village indebtedness, the Director of Administrative and Financial Services shall make recommendations to the Council regarding the selection of Bond Counsel to be employed and the duration of the employment or for a series of related financings. Bond counsel will prepare the necessary authorizing resolutions, agreements and other documents necessary to execute the financing. All debt issued by the Village will include a written opinion by bond counsel affirming that the Village is authorized to issue debt and stating that the Village has met all state constitutional and statutory requirements necessary for issuance and determining the debt's federal tax status. Generally, the bond counsel will also serve as the Disclosure Counsel.

B. Underwriter's Counsel

If the financing is to be sold on a negotiated basis, the Village will select an underwriter's counsel with the concurrence of the underwriter. Underwriter's counsel primary responsibility is to provide legal advice to the underwriter, prepare the bond purchase contract and the disclosure documents (OS).

C. Financial Advisor

The Village will select a financial advisor for all transactions. The financial advisor will advise on the structuring of obligations to be issued, inform the Village of various options, advise the Village as to how choices will impact the marketability of debt. The primary duties of the financial advisor are to advise and assist on all of the provisions of the transaction and generally act as an independent financial consultant and economic market expert on behalf of the Village. To ensure independence the financial advisor will not bid or underwrite any Village debt issues.

D. Trustee and Paying Agent

The Director of Administrative and Financial Services shall periodically solicit for trustees and paying agent services from qualified commercial or trustee banks.

E. Underwriters

The underwriting syndicate is a firm or group of firms that will purchase all of the bonds for resale to investors. The criteria used to select an underwriter in a competitive sale will be the true interest cost (TIC) For all negotiated sales, underwriters will be required to demonstrate sufficient capitalization and experience related to the debt issuance proposed. The Director of Administrative and Financial Services will recommend to the Village Council the selected underwriter. The selection of the underwriter may be for a single transaction or for a series of transactions for a specific timeframe.

The criteria for selecting an underwriter will be:

- Overall experience
- Marketing philosophy and distribution
- Capability
- Previous experience as managing underwriter
- Financial strength, as evidence by the firms current financial statements
- Experience of the public finance team assigned
- Resources to complete the financing
- Total overall, and breakdown of the underwriter's discount

F. Other Consultants

Other consultants may be required due the specific nature of the bond issue. For example, a utility bond may require a rate or feasibility consultant to determine the adequacy of the revenue stream and a consulting engineer to discuss the projects to be constructed. An arbitrage consultant should be consulted before issuance to foresee and prevent problems with IRS compliance.

Section 10 – Credit Enhancements and Derivatives

The Village shall seek credit enhancements (letter of credit, bond insurance, surety bonds, etc.) when such credit enhancements prove to be cost effective. Credit enhancement may be used to establish a credit rating on a obligation even if such credit enhancement is not cost effective if, in the opinion of the Director of Administrative and Financial Services, the use of such credit enhancement meets the Village's financing goals and objectives.

The Village may choose to enter into contracts and financing agreements involving interest rates swaps, floating/fixed rate auction of reset securities, or other forms of debt bearing synthetically determined interest rates as authorized under the applicable statutes. The Village will consider the use of derivative products on a case-by-case basis and consistent with the law, financial prudence and the Village's financing goals and objectives.

Before entering into such contracts of agreements, the Director of Administrative and Financial Services will review the risks and benefits of such financing techniques and expected impacts on the long term financial operations and credit rating. The report will include an analysis of the contract and the resulting cash flows under different interest rate scenarios in the short and long term timeframe. The report will be presented to the Village Council for authorization and implementation approval.

Section 11 – Financing Proposal

Any financial proposal or refunding proposal made to the Village of Wellington involving a pledge or extension of the Village's credit through the sale of securities, execution of loans or leases, or making guarantees or otherwise involving directly or indirectly the lending or pledging of the Village's credit shall be referred to the Director of Administrative and Financial Services.

The Director of Administrative and Financial Services shall be responsible for analyzing the proposal, responding to the proposal and recommending to the Village Manager and/or the Council if in the opinion of the Director of Administrative and Financial Services the proposed financing agreement is beneficial to the Village and complies with the Village's long term financial planning.

Section 12 - Post Issuance

The Director of Administrative and Financial Services will be responsible for the on going administration of the Village's debt program including investment of the bond proceeds, maintenance of the debt service accounts, arbitrage compliance, and continuing disclosure and any other legal or administrative compliance issues.

A. Maintenance of Bond Accounts

The bond covenants or agreements require that certain accounts are created and maintained. The Director of Administrative and Financial Services will create the accounts in the Village's book and records and ensure compliance with the underlying covenants. If cost effective and in compliance with the long term plan of the Village, the Director of Administrative and Financial Services may substitute a surety agreement in place of a funded debt service reserve account.

B. Investment of Bond Proceeds

The proceeds of the bond sales will be invested until expended for the intended project in order to maximize the utilization of the public funds. The investments will comply with the Village's investment policy unless superseded by a bond covenant or related agreement. All bond proceeds shall be invested in manner to avoid if possible and minimize any potential negative arbitrage over the life of the bond issue. Bond proceeds to be used for the construction or acquisition of the capital assets shall be conservatively invested according to the draw schedule which shall be provided at the time of the bond issuance. The project draw schedule will be amended as needed.

C. Continuing Disclosure Requirements

The Director of Administrative and Financial Services with the assistance of professional support will produce all the necessary documents for disclosure. All debt issues will meet the disclosure requirements of the SEC and other government agencies before and after the bond sales take place. The Village's Comprehensive Financial Report (CAFR) will be the primary vehicle for compliance with the continuing disclosure requirements. The CAFR may be supplemented with additional documentation as required. The Village will follow a policy of "full disclosure" in its CAFR and bond prospectuses. The Director of Administrative and Financial Services will be responsible for providing disclosure on the status of the following material events to the Nationally Recognized Municipal Security Information Repository, (NRMSIRs), as obligated:

- Principal and interest payment delinquencies
- Nonpayment related defaults
- Unscheduled draws on reserves
- Unscheduled draws on credit enhancements

- Substitution of credit or liquidity providers, or the failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the security
- Modifications to the rights of security holders
- Bond calls
- Defeasances
- Matters affecting collateral
- Rating changes

D. Policy Compliance

Each year included in the CAFR, the Village will report it's compliance with the target and goals of this Debt Management Policy. Included in the Supplemental Information will be a chart that contains the Debt Affordably and Capacity Targets vs. the Actual amounts as of the current fiscal year end.

Grants

Purpose

To establish a policy to ensure accurate and timely application for and the proper accounting of grant awards of the Village.

Responsibility

The Grant Liaison team and OFMB work together throughout the grant application, administration, tracking, compliance and closeout of all Village grants in accordance with the Grant Policies and Procedures Manual as made a part of and incorporated herein and attached as Appendix A.

Policy

To facilitate the use of available grant monies for programs that are deemed beneficial to the citizens of the Village, the Village will apply for such grants in accordance with the Grant Policies and Procedures Manual as made a part of and incorporated herein and attached as Appendix A.

Procedures

As per the Grant Policies and Procedures Manual as made a part of and incorporated herein and attached as Appendix A.

GRANT POLICIES AND PROCEDURES MANUAL

Wellington, Florida

From the Office of Financial Management and Budget

2013-2014

GRANTS PROCEDURES

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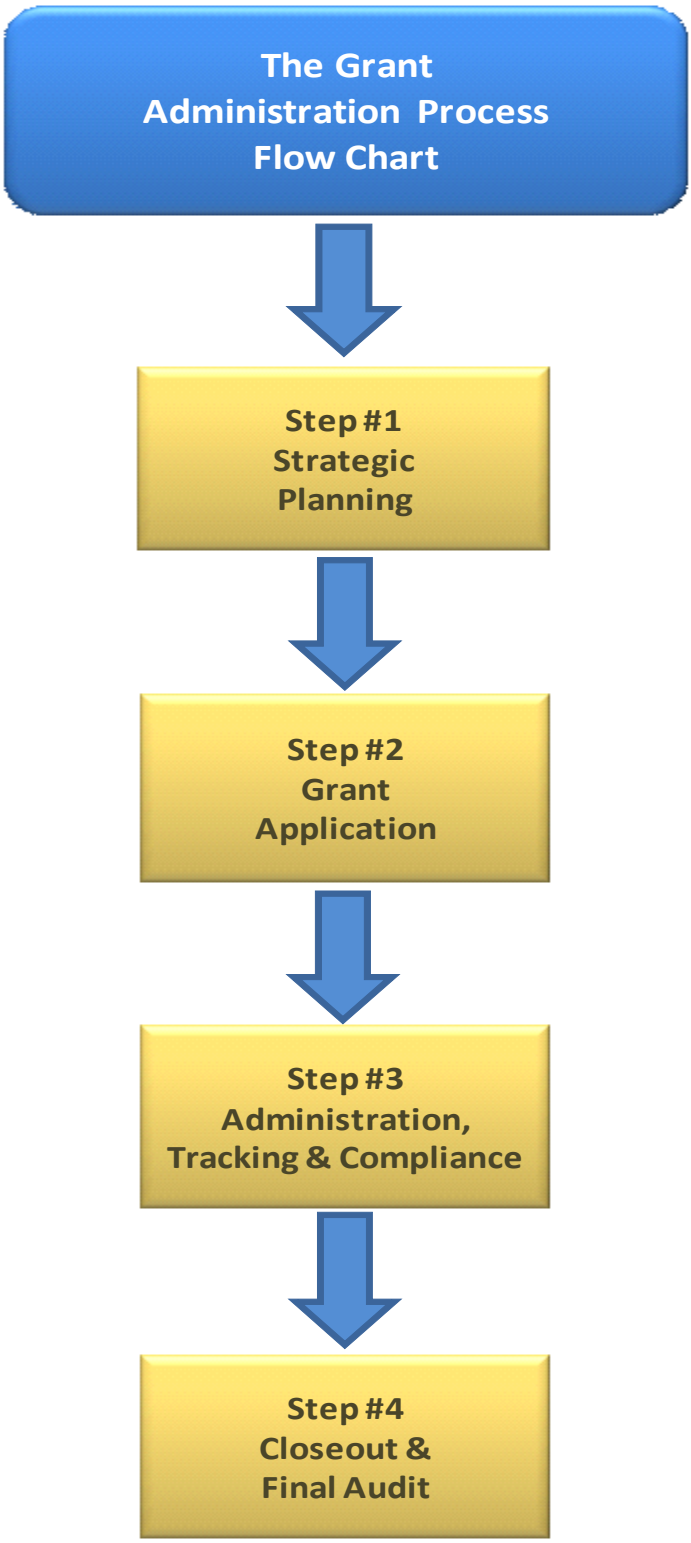
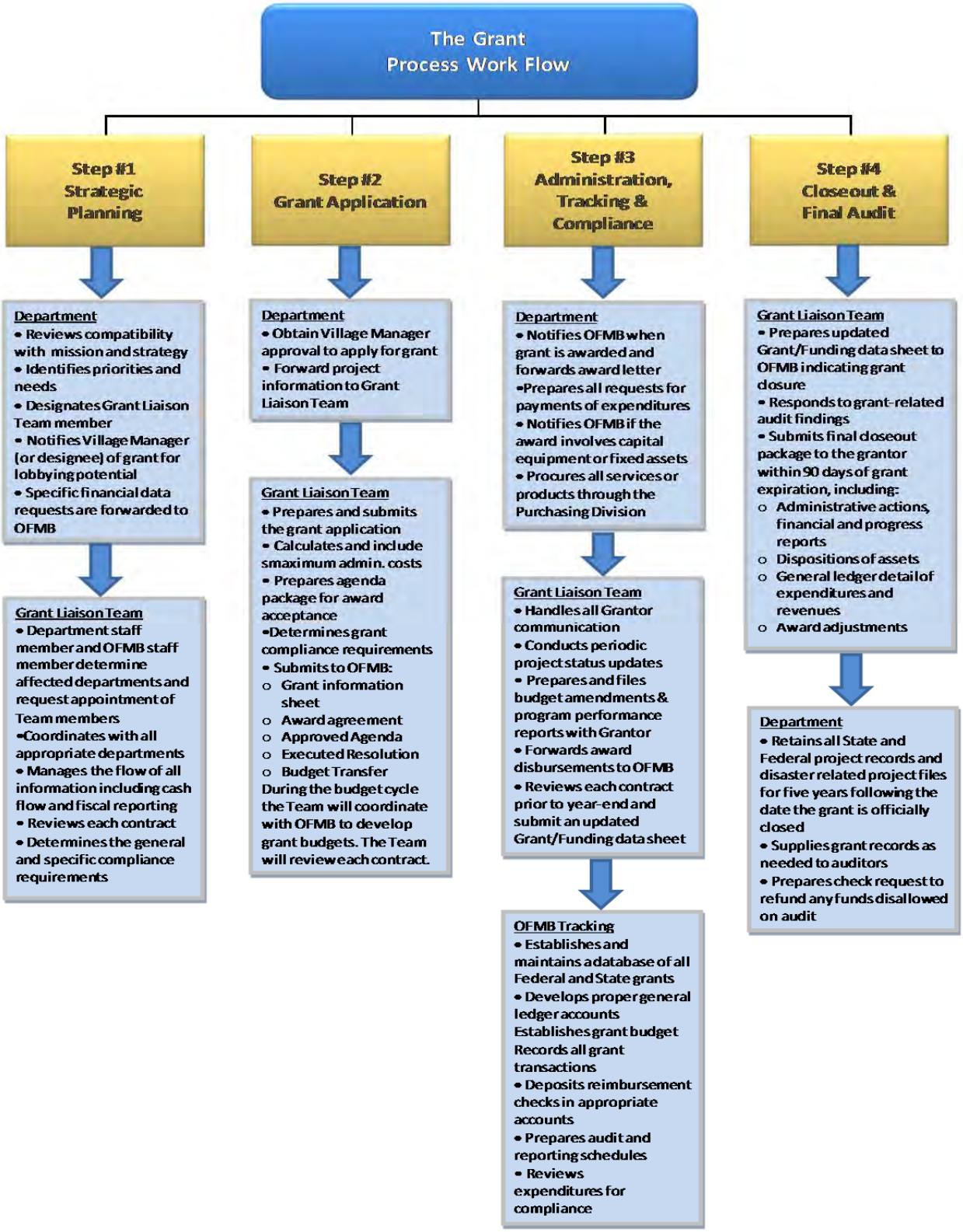
GRANT PROCESS FLOW CHART



GRANT PROCESS WORK FLOW



PRE-AWARD PHASE AND GRANT APPLICATION

Department responsibilities in the application process:

- When considering the funding opportunities of a grant, each department director shall review compatibility with the mission and strategic plan of Wellington.
- The department shall analyze the objectives and funding needs and determine the expected results or benefits of the program. Grant funding should not replace or supplant existing funds, and should not be used to provide services already provided, unless specifically allowed by the Grant.
- The department shall secure permission from the Village Manager (or his/her designee) to apply for the grant.
- The department shall appoint a staff member to begin working with the OFMB to assemble the Grant Liaison Team.
- If the application contains requests for specific financial data including bank account information, the Department Project Administrator will forward the document to OFMB.
- Once the grant application is completed the Project Administrator shall forward all documentation and the agenda, and minutes to OFMB for final approval before submission to the granting agency.

Grant Liaison Team responsibilities in the application process:

- A Grant Liaison Team will be created for each grant, and will include, at a minimum, the Project Manager and/or Project Administrator from the applying Department and an OFMB staff member. Department and OFMB staff will determine the department(s)/area(s) impacted by the grant (including support departments such as ITS, Human Resources, and Purchasing), and will request that management of each area appoint a staff member to the Grant Liaison Team.
- The Grant Liaison Team will determine the general and specific compliance requirements of the grant and other requirements as applicable.
- The Grant Liaison Team shall prepare and submit the grant application using the format prescribed by the grantor agency within the required timeframe. All applications must be retained in electronic format by OFMB.
- All grant applications shall include charges for administrative costs to the maximum allowed in accordance with the specific grant rules.

GRANT ADMINISTRATION AND COMPLIANCE

Developing the Agenda Package:

If/when the grant is awarded, the Grant Liaison Team will prepare and submit a complete agenda package to Council requesting authorization to accept the grant. The Council must also approve the budget resolution for appropriation of the grant award, associated match/in-kind funds, and budget amendments. The complete Agenda package shall include:

- A copy of the grant application
- The budget resolution, coordinated with OFMB for account assignment, must include:
  - Grants accounts
  - Match and/or In-kind accounts
- Support documents as required or available, include correspondence with granting agency and certification of availability of local match or in-kind.

Setting up the Budget:

Prior to appropriation of the grant award, the Grant Liaison Team will submit to OFMB for each executed award or amendment, electronic copies of:

- Grant Data Sheet
- Grant Award Notification/Agreement/Amendment
- Approved Council Agenda
- Executed Budget Resolution
- Completed Budget transfer form that includes:
  - Amount of grant award
  - In-kind or match requirements
  - Grant Name and Contract number
  - Beginning and ending dates of the grant contract
  - If an interfund transfer is necessary for facilitating a grant match, both the source fund and destination fund must be included on the budget transfer form.

During the March budget preparation cycle, the Team shall coordinate with OFMB to establish accurate grant budgets when submitting department budget requests for the new fiscal year. This pertains to grant award periods beginning in one fiscal year and ending in a subsequent fiscal year as described below:

1. Grant funds that are available at the end of one fiscal year must be authorized by the grant agreement or by a grantor-approved extension to be budgeted in the next fiscal year. This includes award funds and any other associated funds, such as match or in-kind.
2. Prior to budget submission, the Grant Liaison Team will review each grant contract, expenditures and receipts to estimate the amount of grant funds that will be available on October 1 of each year.

3. The Grant Liaison Team will ensure the grant contract allows for expenditure beyond the grant period. If necessary, the Team will contact the grantor for written authorization for extension of the contract and submit to OFMB with budget request.

Administration of the Grant:

1. The Department Director, OFMB, and Grant Liaison Team shall carefully review and understand all terms and conditions of the award. This includes satisfaction of all requirements as per the grant agreement, including, but not limited to preparing and submitting financial and project reports, reimbursement requests, close out reports and any other documents required per the grant agreement.
2. The Grant Liaison Team will designate one Team member to act as the primary contact person for all correspondence with the grantor.
3. The OFMB will maintain a grant project file throughout the life of the grant, preferably in electronic format.
4. The Department shall procure all grant related services or products as authorized per grant terms and agreements in accordance with Wellington Purchasing Policies and Procedures through the Purchasing Division.
5. The Department shall be responsible for preparation of all requests for payments of grants related expenditures in compliance with current Accounts Payable policies. The expenditures shall be charged to the prescribed accounts according to the award agreement and Council-approved budget.
6. OFMB shall ensure all expenditures meet the authorized use of funds as per the grant agreement. All submittals for reimbursement must be reconciled against actual reimbursement receipts from the grantor. Any discrepancies will be rectified and coordinated with OFMB.
7. When the grant award involves capital equipment or fixed assets, the Department shall notify OFMB and provide all documentation required to record, tag, and inventory.
8. The Grant Liaison Team shall prepare and submit regular expenditure reports, progress reports, or any other required reports to the grantor. The Grant Liaison Team will complete any compliance checklists prescribed by the grantor or the Village.
9. All disbursements received from the Grant Award shall be sent to OFMB for recording.
10. The Grant Liaison Team will prepare and submit grant amendments as needed. OFMB will revise the grant budget to reflect any amendments. If the actual award is greater than the amount previously authorized by Council, an amendment to the Resolution and Budget is necessary. All documentation will be processed by the Grant Liaison Team and routed through Wellington's Agenda Process.
11. The Grant Liaison Team will designate the appropriate Team member to coordinate any grant monitoring or audits.
12. Grant-related audit findings will be provided to the Team, which will designate the appropriate Team member to formulate the Village's response.

TRACKING GRANT APPLICATIONS AND AWARDS

OFMB tracking responsibilities include:

OFMB is responsible for oversight of grant accounting, budgeting, and financial administration. OFMB shall establish and maintain supporting documentation for all Federal and State Grants that comply with OMB Circular A-133, where applicable, including:

1. OFMB shall establish and maintain a database composed of all Federal and State Grants that comply with OMB Circular A-133, "Audits of States, Local Governments and Non Profit Organizations." Grant CSFA/CFDA and Contract Grant Identification numbers will be tracked within the database.
2. OFMB will work with the Grant Liaison Team to establish the proper general ledger accounts in accordance with the Uniform Accounting System. Matching and in-kind revenues and expenses will be budgeted and all budgets shall equal the total award from the grantor.
3. Grant award revenue shall accurately reflect Federal (331), State (334) or Local (337) sources per the Uniform Accounting System. OFMB shall process interfund transfers for grant match based on actual grant expenditures booked to the applicable accounts. Journal entries will be processed on a periodic basis throughout the fiscal year to ensure compliance with grant requirements.
4. Departments shall submit to OFMB all applicable grant revenue checks for State and Federal Grants reported under Federal OMB Circular A-133 and deposit into the appropriate revenue accounts. OFMB shall coordinate and track documentation of all Electronic Funds Transfers (EFTs).
5. The Grant Liaison Team and the OFMB shall review each grant award prior to fiscal year-end to ensure accurate close-out or continuation of funding into a new fiscal year. Grant expenditures will be reconciled to each reimbursement request.
6. OFMB shall develop schedules as required for year-end audit.
7. OFMB shall adhere to best practices for budgeting and process interfund and budget transfers in accordance with established OFMB procedures.
8. The OFMB will maintain update the grants database and contracts management software to reflect current grants.
9. At fiscal year-end if the grant balance is being carried forward, the amount of the carry forward should be communicated to the Budget Department for inclusion in the upcoming budget as described on page 4.

Project Administrator tracking responsibilities include:

1. Project Administrator ensures that all program performance and/or other required reports/documents are provided to the granting agency in a timely manner. For specific reporting instructions and requirements, the specific program guidance for each grant is utilized.
2. OFMB will be contacted by the Project Administrator as soon as there is notification regarding monitoring visits or audits by granting agencies and shall provide copies of monitoring and/or audit reports.

GRANT APPLICATIONS WITHDRAWAL

Withdrawal of Application or Award

In the event the Village decides to withdraw a grant application or to decline a grant award, the Grant Liaison Team shall prepare an agenda item requesting Council to authorize the Village Manager or his designee to execute a letter of withdrawal to terminate the agreement as applicable. The Grant Liaison Team will forward the request to the grantor. The OFMB will update all grant databases and records to reflect the change.

CLOSE OUT

1. The Grant Liaison Team shall accumulate all information requested by grantor deemed necessary to officially close the award. This includes:
   - All applicable administrative actions
   - All financial and progress reports
   - Data collected on measurable outcomes
   - Disposition of grant-acquired assets
   - Adjustments to award
   - General ledger details of expenditures and revenues
2. The Team shall submit to the grantor a final close-out report within 90 days of expiration of grant agreement or termination of grant related work.
3. At the close-out of each grant the Team will finalize the Grant/Funding Data Sheet indicating that the grant is closed and shall include revenue and expenditure information for the grant. The OFMB will retain the Sheet as part of its grant files.
4. Unless otherwise specified in the grant documents, all state and federal project file records that are passed through the State of Florida and disaster-related project files shall be retained through September 30 for five years following the date the grant is officially closed. Records for Federal awards received directly from the Federal agency shall be retained through September 30 for three years following the date the project is officially closed.
5. All grant files, including source documentation, shall be made available by the Project Administrator in the event that the grantor or an auditor conduct a formal audit of the grant program during the records retention period.
6. The Department shall prepare a check request to refund to grantor any funds received that are subsequently determined to be disallowed as a result of an audit conducted following the close of the grant (during records retention period).

GRANT/FUNDING DATA SHEET

Status: **1. Approved:_____** **2. Update:_____ Dated:_____** **3. Closed:_____ (List details below)**	**Funding for Fiscal Year:** **_____/_____** **Grant Department # _____**
Department Name: **Project Administrator/ Telephone Number:**	
Grant Name:	
Grant Number:	
Funding Agency:	
Agency Address:	
Agency Contacts:	
Contact Telephone Number:	
Purpose of Grant Funding:	
CFDA # (if applicable):	
State Grant? (Yes/No) State Grant Number:	
Record retention period (begins when project is closed)	
Funding Amount:	
Match Amount (if applicable):	
Match Type/Source & Account Number:	
Term of Grant/Project (Start/End Date):	
Revenue Account Number:	
Date of Application:	
Date Returned by Grantor with Approval:	
Date Budget Resolution approved by Council:	
Notes/Comments/Other:	
Close-Out of Grant/Project:	

GLOSSARY OF TERMS

Allowable Cost - Applicable OMB cost principles, agency program regulations, and the terms of grant and sub-grant agreements to be followed in determination of the reasonableness, allowability and allocability of costs.

Administrative Costs - All direct and indirect costs associated with the management of grant programs. These costs are often capped by the grantor at a certain percentage of the grant.

Assurances - Represent a listing of a variety of requirements, found in different federal laws, regulations, and executive orders that applicants agree to meet when signing an application.

Budget Amendment - A budget amendment shifts funding levels between line-items within the department. The overall departmental budget total will not be affected by this process. The amendment is a fiscal process of internal control implemented by the Office of Management and Budget in conjunction with a Director/Manager.

Budget Resolution - The resolution is a fiscal process to amend the annual approved budget. A Budget resolution may only be approved by a formal favorable vote by the Council.

Capital Assets - Fixtures and tangible personal property with a minimum value set by the Florida legislature, and with a useful life of one year or more.

Closeout - A grant activity involving review of all documentation, financial records and reports in conjunction with final submission of all necessary reports to the granting agency. A grant is not officially closed until a formal letter stating that closeout has occurred has been received.

Contract Execution - Follows the Council's approval, and occurs when both the Mayor and the authorized representative at the granting agency have signed the grant. Grant activities expected to be reimbursable may not begin until after execution unless specifically addressed in the contract or formal award letter to Wellington.

Cost Allocation Plan - a document that identifies (in a logical and systematic matter), accumulates, and distributes allowable direct and indirect costs under grants and contracts, and identifies the allocation methods used for distribution. Direct costs are easily attributable to a specific cost objective, whereas indirect costs are incurred for common or joint purposes, and therefore are not assignable to a single cost objective.

Financial Assistance - Assistance required to be reported on the official Schedule of Expenditures of Federal Awards and State Financial Assistance provided by a State or Federal agency in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.

Financial Monitoring - A type of grant activity comparing the documentation in support of grant activities for expenditures and disbursements with the budgets and scope of activity agreed upon in the application and contract for the provision of the grant. It ensures compliance with the financial requirements contained in the grant documents, the Federal Office of Management and Budget circulars, applicable federal laws, and the laws of Florida.

Grant Management - Managing all financial assistance, from the point of application (if there is one) through to the final closeout audit, whether the funding source be federal, state or a public/private foundation, for the purpose of providing specific programs, services or activities.

Indirect Costs - Costs associated with the administrative and general functions of municipal government that support direct services of a grant. These costs have been incurred for a common or joint purpose, benefit more than one activity/function/program, and cannot be readily and specifically identified with one particular final activity/function/program. Each program should bear a fair share of the indirect costs in reasonable relation to the benefits received from the costs. Indirect costs include such things as salaries, fringe, travel, training, depreciation or use allowance, maintenance and repairs, motor pools, data processing, insurance, accounting and payroll, and information technology. The indirect cost rate is calculated by dividing total indirect costs by total direct costs, resulting in a percent (it's the ratio of indirect to direct costs). Changes in either direct or indirect costs will, therefore, necessitate computing the rate again (typically change annually).

Matching Funds - Generally used to refer to a statutorily specified percentage of program or project costs that must be contributed by another source or sources in order to be eligible for funding from the grantor.

Monitoring/Oversight - A grant activity of project administration involving the review of all relevant files to a specific grant contract to ensure the terms of the agreement are being met by the County. The two primary types of monitoring or oversight are financial and programmatic.

Programmatic Monitoring - Grant activity that compares the service levels and scope of activities in the application and contract with the level of service and scope provided. Ensures compliance with non-financial requirements outlined in the grant documents.

Project Administration - Grant activities that begin at application phase through award of grant, contract execution, to final closeout and audit, unless the department applying for the grant delegates authority for administration of the grant to another department.

Project Administrator - Person responsible for project administration at departmental level and for maintaining a complete file of all grant documents, providing copies, and ensuring compliance with all grant terms and requirements including, but not limited to, compliance with Wellington policies and procedures, the granting agencies' requirements, the provisions of the Federal Office of Management and Budget, applicable federal laws, and the laws of Florida.

Project Manager - Person responsible for project management in the field and for providing all information to the Project Administrator who is completing paperwork and reimbursement requests for the grant; if the Project Manager is a member of management, he/she must review all reimbursement requests prepared by the Grant Administrator prior to submittal to grantor.

Reimbursement Request - Documents prepared to request reimbursement from the grantor; also referred to as a "Payment Request," "Request for Payment," or "Invoice."

Source Documentation - The original records that back up general ledger reports such as cancelled checks, paid bills, payroll and attendance records, contract and sub-grant award documents, etc.

Supplanting – Deliberate reduction local funds because of the existence of Federal funds. For example, when Local funds are appropriated for a stated purpose and Federal funds are awarded for that same purpose, the Local replaces its Local funds with Federal funds, thereby reducing the total amount available for the stated purpose.

Technical Assistance - The provision of staff time to assist with a grant activity.

Fund Balance

Purpose

To establish a Fund Balance policy that meets the needs of the Village of Wellington to establish a level of funding that protects against unanticipated events that would negatively impact Wellington's financial condition.

Adequate fund balances and reserve levels are a necessary component of Wellington's overall financial management strategy and a key factor in external agencies' measurement of Wellington's financial strength. Maintenance of fund balance for each accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages. Reserve funds are necessary to enable Wellington to deal with unforeseen emergencies or changes in condition.

Responsibility

The Office of Financial Management and Budget shall ensure the adherence of fund balance.

Policy

General Policy
Wellington shall maintain reserves required by law, ordinance and/or bond covenants. Additionally, minimum reserve balances will be maintained as defined herein. All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by Wellington's Council for expenditures within Wellington's annual budget by resolution. If reserves and/or fund balances fall below required levels as set by policy, the adopted annual budget will include a plan to restore reserves and/or fund balance to the required levels. All required reserves will be presented in Wellington's annual budget.

Minimum Level of Fund Balance:
Wellington will maintain a diversified and stable revenue system to protect from short-term fluctuations in any one revenue source. Wellington will project revenues conservatively to ensure minimum levels of fund balance are maintained through each budget cycle. The General Fund Unassigned Fund Balance, at year end, will range, at a minimum, between 22% and 30% of the following year's General Fund budgeted expenditures. In any fiscal year where Wellington is unable to fund the minimum reservation of fund balance as required in this section, Wellington will not budget any amount of unassigned fund balance for the purpose of balancing the budget.

Established reserves

Disaster Contingency Fund - Wellington will maintain a Disaster Contingency Fund to provide sufficient resources to ensure continued operations as well as to fund unplanned expenditures in the event of a hurricane, major storm, or other natural or man-made disaster. Funds will be authorized to be spent from the Disaster Contingency Fund as authorized during the budget process by Council Resolution or upon Declaration of Emergency and Wellington Council approval.

Insurance Reserve - Wellington will maintain an insurance reserve to offset future premium increases. Wellington's insurance functions similar to a self-insured plan and as such will have annual surpluses and shortfalls. Surpluses will be deposited into the reserve. Future anticipated shortfalls may be funded from the reserve upon Council action. The amount of this reserve will be reviewed and established annually as part of the budget process.

Rate Stabilization Reserve - Wellington shall set aside a portion to offset future rate increases as approved by Wellington's Council. This amount shall only be used in order to prevent increases to the millage rate to offset short-term economic conditions. Funds shall be released from the Rate Stabilization Reserve only upon Council Resolution. The amount in the Reserve will be reviewed annually as part of the budget process.

Village of Wellington
Fund Balance Classifications and Reserves Policy
June 30, 2014

A. *PURPOSE:*

Wellington hereby establishes and will maintain Fund Balance, as defined herein, in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund Balance shall be composed of non-spendable, restricted, committed, assigned and unassigned amounts.

Adequate fund balance and reserve levels are a necessary component of Wellington's overall financial management strategy and a key factor in external agencies' measurement of Wellington's financial strength. Maintenance of fund balance for each accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages. Reserve funds are necessary to enable Wellington to deal with unforeseen emergencies or changes in condition.

B. *GENERAL POLICY:*

Wellington shall maintain reserves required by law, ordinance and/or bond covenants. Additionally, minimum reserve balances will be maintained as defined herein. All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by Wellington's Council for expenditure within Wellington's annual budget by resolution. If reserves and/or fund balances fall below required levels as set by this policy, the adopted annual budget will include a plan to restore reserves and/or fund balance to the required levels. All required reserves will be presented in Wellington's annual budget.

C. *DEFINITIONS:*

Fund Balance – As defined by the Governmental Accounting, Auditing and Financial Reporting of the Government Finance Officers Association, fund balance is "The difference between assets and liabilities reported in a governmental fund."

Nonspendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted Fund Balance – include amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or through enabling legislation.

Committed Fund Balance – include amounts that can only be used for specific purposes pursuant to constraints imposed by the actions of Wellington Council, Wellington's highest level of decision making authority, set in place prior to the end of the period. These amounts cannot be changed unless Council takes the same action to remove or change the constraint.

Assigned Fund Balance – include spendable amounts established by Wellington that are intended to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made through a motion by Wellington Council, are generally temporary and normally the same formal action need not be taken to remove the assignment.

Unassigned Fund Balance – include amounts that are not assigned to other funds and have not been restricted, committed or assigned to specific purposes.

D. MINIMUM LEVEL OF FUND BALANCE RESERVES:

Wellington will maintain a diversified and stable revenue system to protect from short-term fluctuations in any one revenue source. Wellington will project revenues conservatively to ensure minimum levels of fund balance are maintained through each budget cycle. The General Fund Unassigned Fund Balance, at year end, will range, at a minimum, between 25% and 30% of the following year's budgeted expenditures. In any fiscal year where Wellington is unable to fund the minimum reservation of fund balance as required in this section, Wellington will not budget any amount of unassigned fund balance for the purpose of balancing the budget.

E. RESERVES:

1. **Emergency Reserve** – Wellington will maintain an Emergency Reserve to provide sufficient resources to ensure continued operations as well as fund unplanned expenditures in the event of a hurricane, major storm, or other natural or man-made disaster. Funds will be authorized to be spent from the Disaster Contingency Fund as authorized during the budget process by Council Resolution or upon Declaration of Emergency and Wellington Council approval.

2. **Insurance Reserve** – Wellington will maintain an Insurance Reserve to offset future insurance premium increases. Any insurance increases to be funded from this reserve require Council action. The amount of this reserve is reviewed and established annually as part of the budget process.

3. **Rate Stabilization Reserve** – Wellington shall set aside a portion of reserves to offset future rate increases as approved by Wellington's Council. This amount shall only be used in order to prevent increases to the millage rate to offset short-term economic conditions. Funds shall be released from the Rate Stabilization Reserve only upon Council Resolution. The amount in the Reserve will be reviewed annually and established as part of the budget process.

General Ledger and Financial Reporting

Purpose

To establish a policy to ensure accurate and timely recording of the financial transactions of the Village in order to provide timely and accurate financial reporting as required by Florida Statutes and other requirements and to maintain transparency.

Responsibility

The Office of Financial Management and Budget shall be responsible for the general ledger and financial reporting for the Village.

Policy

The Village utilizes a double entry system that includes the general ledger, books of original entry and suitable subsidiary records. The general ledger information is stored in an automated general ledger system. The general ledger and subsidiary ledgers are kept current.

Physical safeguards are maintained over the accounting records. A back-up copy, is updated three times a week and maintained by IT and monthly backups are maintained off-site. Access to accounting records is restricted to employees with designated responsibility for the records by IT. All personnel in a position of trust are adequately insured by the Village in case of employee theft.

Periodic and annual financial reporting is required to inform management and Council about the financial position of the Village as well as the results of operations. Wellington publishes its annual and periodic reports on its website to also ensure accountability and transparency to its constituents. Two required reports must be filed annually:

- State Annual Financial Report: Section 218.32, F.S., requires each local government that is determined to be a reporting entity, as defined by GAAP, to submit to the Florida Department of Financial Services an AFR in a format prescribed by the department. The department-prescribed AFR and the local government's annual audit report must be sent to the department within forty-five (45) days after the completion of the audit report but no later than nine (9) months after the end of the fiscal year. In the event that the local government is not required to have an annual audit in accordance with, s. 218.39, F.S., the AFR must be submitted to the department no later than April 30 of each year.
- Audited Financial Report Comprehensive Annual Financial Report: Section 218.39, F.S., requires that local governments that meet specific criteria outlined in the chapter shall have an annual financial audit of its accounts and records completed within nine (9) months after the end of its fiscal year. However, the Government Finance Officers Association of the United States and Canada (GFOA) recommends that a Comprehensive Annual Financial Report (CAFR) be issued as a best practice for financial reporting. Wellington prepares an annual CAFR in accordance with GFOA Certificate guidelines in the spirit of transparency and full disclosure.

Journal Entries

Journal entries are used to record all financial transactions in the general ledger. There are two types of journal entries. Journal Entry Sources are used to identify where the journal entry originated from. The sources are:

- Manual Journal Entry
- Payroll System
- Purchasing/Inventory
- Cash Receipts
- Asset Management

Computer Generated Journal Entries

Upon completion of their work, other accounting personnel (i.e., Accounts Payable, Payroll, Accounting) update their journal entries automatically on the computer system. This is accomplished by updating the completed work. Various checks and balances are completed along the way to ensure accuracy.

Manual Journal Entries

Journal entry forms are prepared to document all manually prepared journal entries and are the source document to record information in the general ledger.

Various accounting personnel are responsible for preparing this type of journal entry. A Supervisor or designee approves each manual journal entry prepared by staff and posts it into the accounting system. Approval is evidenced in the monthly Journal Entry Log as well as in the accounting system as prepared by and updated by the user. The document contains the following data:

- Transaction date
- Journal entry number
- Account number (s)
- Account title
- Transaction debit or credit amount (s)
- Transaction description

Supporting documentation, where applicable, for the transaction being recorded is scanned and attached electronically to the journal entry record.

Daily, the computer generated journal entries and the manual journal entries are updated to the general ledger in accordance with the automated accounting based software.

Financial Reporting

Monthly reports of operating results position are prepared to facilitate management control of financial operations. The following end of the month reports are generated by Finance Staff and made available to all Departments and linked to the website:

- Detail Expense Report - Budget and Actual - Month and Year To Date.
- Revenue Report - Budget and Actual - Month and Year To Date.

A review of these reports is performed monthly by the Budget Manager and Director of OFMB.

The following reports are prepared quarterly by the Staff Accountant, Financial Analysts, and other Finance Staff. All reports are reviewed by the Controller and Director:

- Investment Report
- Quarterly Financials – This will include balance sheet and revenues and expenses

Quarterly all balance sheet accounts are reviewed and reconciled if applicable (cash, clearing, visa disputes). Each staff member is responsible for reconciling those accounts under their control; the Controller, Director of OFMB, Accounting Supervisor or Senior Financial Analyst is responsible for the review of these reconciliations. A quarterly analytical review is performed of revenues and expenses via the Budget Update report and quarterly financials. Additionally, materially significant revenue accounts are reviewed. If applicable, certain general ledger accounts are reconciled, reviewed, balanced and/or matched to independent information. For example, assessment revenue is matched to the advice notices from the tax collector. This activity is used for year-end audit activities.

References:
Section 218.32, F.S.; Annual Financial Report; Local Government Entities
Section 218.39, F.S.; Annual Financial Audit Reports

Other

Insurance

The Village obtains insurance policies to protect itself from the risks of loss from theft of, damage to, or destruction of assets, errors and omissions, and job-related illnesses or injuries to employees among others. Specifically, the Village insures for the following:

- Property
- Inland marine
- Boiler and machinery
- General liability
- Automobile liability
- Public officials and employees liability
- Health insurance excess loss
- Workers compensation
- Life and ADD
- Public Employee Dishonesty

All property and casualty insurance policies are for a period of one year and generally coincide with the Village's fiscal year beginning October 1. The policies are reviewed on an annual basis with the insurance consultant to insure the adequacy of coverage. The procurement of insurance is subject to the Village's purchasing policy.

Fuel Tax Report

State fuel usage taxes levied to fund road construction and maintenance are applicable to diesel fuel used by Village vehicles operating on public roads. The Village purchases diesel fuel from distributors, who do not collect the fuel road taxes directly from the Village as allowed by law, consequently the Village must remit the tax directly to the State.

The procedure required by the Florida Department of Revenue to report and pay state fuel taxes includes the preparation of a Special and Alternative Fuel Tax Return each month. The Department of Revenue forwards forms to the Village at the beginning of each month and a completed form and payment must be postmarked no later than the 20th of the month following the month that is reported.

At the end of each month, an inventory sheet for all fuels is sent to the four departments responsible for the fuels inventory for completion. A physical inventory is taken to establish the number of gallons of fuel in the ground at that specific time. (The inventory is to be taken on the last day of each month.) The inventory sheets are returned and the procedures for completing the report are as follows:

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Establish any diesel deliveries that occurred during the month. This can be done by viewing payment history records for the month. In addition, the paid invoice files can be used.

- In some cases, the product has been delivered but the invoicing has not been sent to Accounts Payable yet. If this is the case, contact the Purchasing Agent for the needed information.

- Using this information, a spreadsheet is completed to determine the total ending inventory, total gallons purchased, and the net gallons used for the month.

- The tax return is a step-by-step process, which is completed using the above information. The tax due is computed by completing Schedule J-1. A check request is prepared and sent for approval to the Director of OFMB and the Director of Administration and Financial Services. The check must be postmarked on or before the 20th of the month.

VILLAGE OF WELLINGTON PROCEDURE	
Subject:	Procedure for Administration of Property Tax Documents, Payments and Exemptions on Village-owned Properties
Date:	May 2014

I. **Purpose –** To establish a procedure for handling and filing of annual property tax documents pertaining to Village-owned properties

II. **Responsibilities –** Village Clerk, Financial Services/OFMB and Legal Services

III. **Scope –** This procedure describes the handling procedures and associated responsibilities to ensure the timely and accurate filing of property tax documentation, tax exemptions, tax payments and invoicing lessees of Village- and Acme Improvement District-owned properties**.**

IV. **Procedure** –
Village-and District-owned property is not subject to property tax unless leased to a third party.

A. Property Leased to a Third Party:
   1. Leases entered into on behalf of the Village or District are subject to legal review and final signature by the Legal Services department. Legal Services, upon execution of the lease, will notify the Village Clerk's Office designee, the Director of OFMB, and the Purchasing contract specialist of any property tax obligations arising from the lease agreement.

   2. In accordance with the Village of Wellington Procedure for Reporting Real Property Leases/Agreements (October 2013, see attached Exhibit A), the Village Clerk's Office will complete and file the lease disclosure documents with Palm Beach County by January 15th each year.

   3. In accordance with the Village of Wellington Mail Handling Procedures (October 2013), property tax notices are distributed to the Finance/OFMB department as part of the Village Clerk's daily mail processing procedures, see attached Exhibit B.

   4. Upon receipt of property tax notices, tax documents, payments and exemptions, the Finance/OFMB department will process said property tax document in accordance with the Accounting Manual policies and procedures.

NOTE: Per the Palm Beach County Property Appraiser's office, a new application is required **when/if there is a change in the property OR if the Property Appraiser, through an onsite inspection, determines that the property is no longer being used for agricultural purposes**. The property appraiser may conduct an inspection at any time or at multiple times. If they find that the property is no longer

being used for agricultural purposes, they will advise the property owner in writing. The property owner then has 30 days to appeal that decision.

Although an application is not required each year, it is prudent to file the application and provide a copy of the new lease each year to assure no lapse in the classification occurs. However, the Palm Beach County Property Appraiser can provide a confirmation that there has been no change in the classification. Said confirmation will be retained as part of the official Village of Wellington records maintained by the Village Clerk. The confirmation will be provided to the Village Clerk and by the Finance/OFMB Department upon receipt and verification of classification by the Village Legal Department.

EXHIBIT A	
VILLAGE OF WELLINGTON PROCEDURE	
Subject:	Procedure for Reporting Real Property Leases/Agreements
Date:	October 2013

I. **Purpose –** To establish a procedure for the timely reporting of real property leases/agreements to Palm Beach County.

II. **Responsibility –** Village Clerk

III. **Scope –** This procedure describes the process for reporting all real property leases/agreements in effect on January 1 of each year.

IV. **Procedure**

The Village Clerk's Office will maintain a file of all leases/agreements on city/district owned properties that have been authorized by the Village of Wellington/Acme Improvement District for each calendar year.

In December of each year, Palm Beach County will send a request to the Village for leases/agreements in effect on city/district owned property as of January 1. The form letter provided by the County will ask that you select one of the following options:

- We have no leases/agreements in effect on city/district owned property as of January 1
- There are <u>no additions, revision or deletions</u> to the report sent us listing all leases/agreements on city/district owned property from the prior year
- Yes, <u>we have new, revised or deleted leases/agreements</u> on city/district-owned property as of January 1.

The Village Clerk or designee will review all leases that have been authorized by the Village of Wellington and Acme Improvement District within the specified year.

- Leases that have been authorized by the governing body and fully executed by all parties on or prior to January 1 will be submitted to Palm Beach County.
- Leases that have been authorized by the governing body with an effective date of January 1, but NOT fully executed by all parties will be reported to Palm Beach County as a pending lease. A copy of the lease will be forwarded to Palm Beach County upon execution by all the parties.
- Leases that have been authorized by the governing body and NOT fully executed by all parties on January 1 will be forwarded to Palm Beach County upon execution by all parties.

Deadline for submitting lease information to Palm Beach County is January 15th for properties with effective leases as of January 1 of the specified year. The Village Clerk or designee will complete the form and attach the leases/agreements, if any, and submit to Palm Beach County by the required deadline. A copy of the transmittal will be provided to the Contract Specialist.

Exhibit B

VILLAGE OF WELLINGTON PROCEDURE

Subject: Procedure for Processing Mail

Date: October 2013

IV. Purpose – To establish a procedure for the processing of incoming mail and deliveries.

V. Responsibility – Village Clerk

VI. Scope – This procedure describes the mail process for all mail deliveries addressed to the Village of Wellington Village Hall located at 12300 Forest Hill Boulevard.

IV. Procedure for USPS mail:

A. Mail Delivery not requiring a signature

1. All mail will be processed by a member of the Clerk's Office as documented by a daily log showing date, time, and Clerk's staff responsible for processing.
2. Once U.S. mail has been delivered, the front desk receptionist shall contact the designated staff member from the Clerk's Office to advise them of the delivery.
3. The designated staff member will either pick up the mail bin or contact the maintenance staff to deliver the mail bins to their respective area, depending on the size of the mail.
4. The Clerk's Office will process the USPS mail (no signature required) and will place in the appropriate folders.
5. Mail for departments located outside of Village Hall: Community Center, Public Works, Water Treatment Plant, Wastewater Treatment/Field Services and Village Park will be placed in the designated buckets located in the scanning room.

B. Payments:

1. **Utility** payments will be given to the Utility Customer Service Supervisor (or an alternate designated staff member).
2. Payments addressed to individual departments will be placed in the appropriate department folder.
3. All other payments will be placed in the Finance mail folder.

C. Utility Service Requests:

1. Will be given to the Utilities Customer Service Supervisor (or an alternate designated staff member).

D. All other Customer Service Requests:

1. Will be given to the General Customer Service Supervisor.

E. Invoices

1. Will go to the addressee or placed in the Finance mail folder, if not addressed.

F. Certified Return Receipts:

1. Will be placed in the appropriate department or employee mail folder.

G. Returned Mail :

1. Will be placed in the appropriate department's mail folder.

H. Mail :that is Not Opened:

1. Will be date stamped on the envelope and placed in the appropriate mail cart folders for pickup. This includes mail addressed to Legal, Human Resources, Senator Abruzzo, Code Enforcement, Risk Management, Council or any mail marked "Personal & Confidential".

I. Departments Receiving Specialized Mail:

1. **Clerk's Office:**
   - Council mail
   - Election mail
   - Property Assessment Requests
   - Bankruptcy and Foreclosure documents

2. **Code Compliance**
   - Rental Licensing and parking Tickets

3. **Customer Service**
   - Business Tax Receipts
   - USPS Address Updates

4. **Finance:**
   - Risk Management, including Insurance cancellations
   - Tax Notices
   - Budget
   - Invoices
   - Notice to Owner/Contractor
   - Returned Checks
   - Payroll
   - Public Service Tax

5. **Legal**
   - Mail that is addressed to Legal or the Village Attorney.

J. Internal mail:

1. Is located in the scanning room and will be sorted once a day and will be placed in the designated mail folder by 3:00 p.m. each day.

K. Mail Notification:

1. Once all mail has been sorted and placed in each department folder, an email notification will be sent to each department liaison advising that the mail is ready to be

picked up.

2. The department liaison is responsible for mail pickup no later than 4:00 pm each day.
3.

V. Procedure for Mail with a Signature Required.

1. All mail deliveries that require a signature (to include USPS Certified Mail, Fed Ex, UPS, Couriers and/or Individuals) that are delivered to the front reception desk will be logged by the employee assigned to the front desk. (Volunteers will **NOT** sign for any deliveries). The following steps will be followed:
2. Information from each delivery will be logged (insert link) in separately and will include; Date & Time Received; Sender's Name; Addressed To; Delivery Method, and Department representative that was notified.
3. Once each piece has been logged, the staff member at the front reception desk will contact (by Telephone, Email and Communicator) the staff member and/or department liaison to advise them to pick up the item(s).
4. The staff member picking up the item(s) will complete the log by providing their name, date and time of pick up in order to obtain the item.
5. All items that are delivered in the morning will need to be picked up by noon. All items that are delivered in the afternoon will need to be picked up by 5:30 p.m. No item(s) will be left overnight at the front reception desk. Items will not be placed in the mail folders since the recipient will need to sign for the receipt of the item. If the item(s) is not picked up by the designated times, the designated member of the Clerk's Office will contact the party responsible for the pickup to make arrangements for pickup.

VII. Procedure for Council Mail

1. All mail will be opened and date stamped on the back of the document
2. All incoming Council mail will be copied to all Councilmembers; regardless of the addressee
3. Originals are not sent to Council; they are retained for the record
4. Council mail will be placed in individual Council folders located in the Council offices on a daily basis

Pensions and Other Post-Employment Benefits (OPEB)

Purpose

To establish a policy to ensure accurate and complete recording and reporting of the pension and OPEB plans.

Responsibility

The Office of Financial Management and Budget shall be responsible for the accounting and reporting of the pensions and OPEN plans for the Village.

Policy

The Village will obtain the necessary actuarial calculations and third party information in a timely manner in order to properly account for and report the pension and OPEB obligations in accordance with generally accepted accounting principles.

Procedure

The Village will work with the Florida Retirement System in obtaining the necessary actuarial report for the OPEB plan and also to obtain the necessary information for the pensions plan in order to accurately account for both plans in a timely manner to be included in the Comprehensive Annual Financial Report.