



Finance Department

Policies and Procedures Manual

Finance: Policies and Procedures Manual Preface

This manual has been assembled to provide the CITY OF LYNN HAVEN with guidance in fulfilling its fiscal responsibility to its funding sources.

The **Finance: Policies and Procedures Manual** establishes CITY OF LYNN HAVEN's policies in various financial-related areas and sets forth the procedures to be followed in adhering to those policies. This manual is to be used by CITY OF LYNN HAVEN and its employees to assure that the CITY OF LYNN HAVEN's financial resources are properly safeguarded and utilized only for authorized purposes.

Management realizes that the procedures set forth in this manual may become inadequate because of changes in conditions. As such, Management, as authorized by the City Commission will revise, modify, and update this manual as conditions warrant.

THE CITY OF LYNN HAVEN will follow the established policies and procedures in fulfilling its fiscal responsibility and in maintaining its accountability to its funding sources.

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Policy Number 1 - General Statement on Accounting Policies and Procedures

Policy:

1. CITY OF LYNN HAVEN shall maintain its accounting records in conformity with generally accepted accounting principles and in accordance with GASB (Governmental Accounting Standards Board) requirements.
2. Fund accounting - In order to ensure observance of limitations and restrictions placed on the use of resources available to CITY OF LYNN HAVEN, the accounts of CITY OF LYNN HAVEN are maintained in accordance with the principles of "fund accounting". Resources to be used for specific purposes are classified for accounting and reporting purposes into funds that are in accordance with activities specified. Fund balances restricted by outside sources are distinguished from unrestricted funds. Externally restricted funds may only be used according to the purposes established by the source. Unrestricted funds represent those funds over which the City Commission retains full control in achieving any of CITY OF LYNN HAVEN's purposes.
3. Government grants - Government grants are recognized as revenue by CITY OF LYNN HAVEN.
4. The policies and procedures set forth in this manual will be followed by CITY OF LYNN HAVEN in carrying out its daily operations. Variances will be allowed only when approved by the Director of Finance. If a grant funding source requires more stringent policies and procedures, the funding sources' policies and procedures shall be followed.

Procedures:

1. Accounting records will be maintained in accordance with CITY OF LYNN HAVEN's fiscal year, i.e., October 1 through September 30.
2. The double-entry method of bookkeeping and the modified accrual method of accounting shall be used.
3. CITY OF LYNN HAVEN's computer system will be utilized in maintaining and creating the general ledger, all related journals and financial reports.
4. All revenues, support and expenses shall be segregated by Fund programs, grants, projects, etc. to provide for a proper accounting of each program/grant by source of funds.
5. CITY OF LYNN HAVEN's financial statements will be audited by an independent certified public accounting firm on an annual basis in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. If applicable, the audit shall also satisfy the audit requirements set forth in the Office of Management and Budget (OMB) Circular No. A-133.

Policy Number 2 - Internal Control

Policy: CITY OF LYNN HAVEN will maintain an adequate system of internal accounting controls to provide management with reasonable assurance as to the safeguarding of assets against losses from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability of assets.

Procedures:

1. The characteristics of an adequate system of internal control will include the following:
 - a. Segregation of duties, when possible, within the organization based on functional responsibilities.
 - b. A system of authorization and record retention.
 - c. A degree of personnel competence commensurate with responsibilities.
2. To achieve these objectives, the following controls will be in place:
 - a. No one person shall have complete control over all phases of any significant transaction.
 - b. Whenever possible, the flow of work will be from one employee to another so that the work of the second, without duplicating that of the first, provides a check upon it.
 - c. Recordkeeping will be separated from operations or the handling and custody of assets.
 - d. Responsibilities in the Finance department will be clearly established and followed as closely as possible.

Policy Number 3 - Financial Statement Audit

Policy: CITY OF LYNN HAVEN will have its financial statements audited by an independent Certified Public Accounting firm on an annual basis.

Procedures:

1. CITY OF LYNN HAVEN will have its financial statements audited annually in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States, 1988 Revision in conjunction with the Government Accountability Office (GAO).
2. If applicable, CITY OF LYNN HAVEN's audit shall also comply with the auditing requirements mandated by OMB Circular A-133.
3. In preparing for the audit, CITY OF LYNN HAVEN should complete a self-check audit program.
4. Copies of the audited financial statements will be distributed to the City Manager, Director of Finance, Staff Accountant and others at the discretion of CITY OF LYNN HAVEN's Director of Finance. Additional copies will also be distributed to the City Commission.

Policy Number 4 - Financial Reports

Policy:

1. Internal financial reports will be completed and distributed to CITY OF LYNN HAVEN's City Manager and Department heads bi-monthly.
2. All financial reports required by a grant funding source will be properly prepared and filed in accordance with the applicable laws and regulations.

Procedures:

1. The monthly, internal financial reports held by the Director of Finance consist of the following:
 - a. Completed Bank Reconciliations from Prior Month
 - b. Balance Sheet,
 - c. Statement of Revenues and Expenditures,
 - d. Budget Variance Reports, provided to Directors when a transfer is requested from Staff Accountant to ensure balanced budgets,
2. The financial reports provided to Department heads/Directors consist of the following:
 - a. Budget Variance Reports, to be reviewed with the Staff Accountant bi-monthly.
3. CITY OF LYNN HAVEN's external reporting requirements as set forth in the terms and conditions of grants shall be adhered to.

Policy Number 5 - Budget Development, Overview and Responsibility

Policy:

1. CITY OF LYNN HAVEN will develop and utilize a budgeting process to monitor CITY OF LYNN HAVEN's financial assets and resources.
2. Budgets will be prepared annually and submitted to the City Commission for approval following review and recommendation by the City Manager, Director of Finance and Staff Accountant.
3. The City Manager, in conjunction with the Director of Finance, will be responsible for the oversight of the budget(s) throughout the year.
4. The Staff Accountant will run periodic Budget Reports and request a budget transfer from Directors for any account that is close to going over budget.
5. Monthly budget variance reports will be completed and distributed to the Director of Finance, department heads and/or project directors by the 20th day of the month.

Procedures:

1. Annually, the department heads are responsible for recommending a budget for the next fiscal year.
2. The Director of Finance and Staff Accountant will assist the department heads by providing information on past budget performance. The City Manager and Director of Finance will also review the budget requests for reasonableness, allowability and cohesiveness within CITY OF LYNN HAVEN's annual plan.
3. The Director of Finance will submit the budget to the City Manager. The City Manager will review, adjust, and otherwise confirm the budgets in consultation with each department head and the Director of Finance.
4. The Director of Finance presents the budget to the City Commission for its review and approval.
5. The City Commission reviews, adjusts as appropriate and approves the CITY OF LYNN HAVEN's budget for the next fiscal year before September 30th each year.
6. Budgets for grant-funded programs are developed by the Director of Finance, department heads and Staff Accountant. These budgets will be reviewed by the City Manager and submitted to the City Commission as part of the annual budget process described above.
7. Department heads must operate within the budget guidelines and dollar amounts approved for each fiscal year.

8. Department heads will receive a Budget vs. Actual (budget variance) report at least monthly.
9. Department heads are responsible for managing the funds allocated in their budgets and will be required to justify all budget overruns.
10. The Director of Finance, with the Staff Accountant, will oversee actual costs and expense allocations throughout the year to ensure adherence to budget(s).
11. Budget overages identified during the year are to be brought to the attention of the Director of Finance. Department heads must identify budget re-allocation to adhere to the approved budget.
12. Annually, the Director of Finance will inform the City Commission of the proposed budget revisions and seek their approval at mid-year. However, the City Commission, at any time, may adjust CITY OF LYNN HAVEN's budget at its discretion to reflect Commission initiatives or new conditions.
13. Budget revisions for Federally funded projects will be made according to applicable federal regulations and requirements.

Policy Number 6 - Cash Management

Policy:

1. CITY OF LYNN HAVEN will properly control and account for all cash.
2. All cash depository accounts will be held by Qualified Public Depositories.
3. The required Depositor Annual Report shall be submitted to the State of Florida annually as of September 30th.

Procedures:

1. All bank accounts shall be in CITY OF LYNN HAVEN's name.
2. All checks will be numbered and used in numerical order.
3. No checks will be prepared without proper supporting documentation.
4. Due to the cost of postage, check stock and envelopes it is not economically feasible to process and mail a check under \$2; therefore, to reduce costs and staff time, only checks \$2.01 and above will be processed, issued, and mailed.
5. Checks will not be made payable to "Bearer".
6. Blank check stock shall be kept in the Senior Accounting Specialist's office.
7. All checks must be accounted for. Void checks are to be defaced and scans kept for subsequent inspection.
8. All bank accounts will be reconciled monthly by the Director of Finance and/or Staff Accountant.
9. The Director of Finance will compare the reconciled cash balances to the General Ledger balances and investigate and resolve all variances.
10. Two authorized check signatures are required as follows:
 - a. Mayor
 - b. City Manager
 - c. One alternate to be appointed by the City Manager
11. The mechanical check signer key will be kept in a locked file cabinet separate from the blank check stock.

Policy Number 7 - Investments

Policy: All investments of CITY OF LYNN HAVEN's Pensions (Police, Firefighters' and General Employees) shall be in the appropriate Pensions' name and recorded in conformity with generally accepted accounting principles.

Procedures:

1. Each of the three CITY OF LYNN HAVEN's Pensions' investment portfolio will be diversified and managed by professional investment advisors selected by the Pension Boards in order to maximize return on investment and minimize the risk of any serious losses.
2. The Director of Finance and Pension Boards Chairmen will be responsible for the periodic review of the portfolio in order to maximize CITY OF LYNN HAVEN Pensions' return and avoid any potential loss.
3. All security instruments (stocks, bonds, etc.) shall be maintained by the custodian appointed by the City Commission and Pension Boards.
4. Each Pension Board Chairman shall be responsible for quarterly review and custody of the brokerage statements.
5. Each month the investment portfolio reports received from the investment advisors will be reconciled to the general ledger by the Director of Finance.

Policy Number 8 - Petty Cash

Policy: CITY OF LYNN HAVEN shall maintain department petty cash accounts not exceeding \$700.00.

Procedures:

1. Select departments may be the custodian of petty cash funds.
2. All petty cash funds will be kept in a petty cash box in a locked drawer or file cabinet. Only the petty cash custodian and/or the Director will have access to the petty cash box.
3. Disbursements of \$50.00 or less may be made from the petty cash fund for miscellaneous supplies and expenses.
4. The purchaser shall present the receipt to the petty cash custodian for reimbursement. The petty cash custodian will attach the receipt to the petty cash slip. A receipt for all purchases must be attached to the petty cash slip.
5. The petty cash custodian shall insure that the petty cash slip is properly completed, approved, and that a proper receipt is attached before payment is made.
6. At all times, the petty cash box will contain receipts and cash totaling the amount of the petty cash fund.
7. When replenishment is necessary the petty cash custodian will total the disbursements by account classification and submit all appropriate documentation necessary to the Senior Accounting Specialist to have the fund replenished via a check request.

Policy Number 9 - Accounts Receivable Collection

Policy: The Director of Customer Service shall be responsible for monitoring the timely collection of accounts receivable balances.

Procedures:

1. Utility bills will be mailed to all utility customers by the 15th and last day of the month. The East side bills will be mailed by the 15th of the month and are due by the 30th. West side bills are mailed by the 30th of the month and are due by the 15th. If payment is not received by the due date, a 10% late fee is applied.
2. If a bill is left unpaid for 30 days, services are subject to disconnection. If a customer requests an extension for payment, CSR (Customer Service Representative) staff will process the request. Customer will have an additional two weeks to submit payment before being subject to disconnection. A bi-weekly disconnect list is generated and processed for delinquent accounts. A disconnect fee is then added and all balances due must be paid before services are restored. If an account is left unpaid one week after disconnection for nonpayment, then the account is closed. Any deposits remaining on the account are then applied to balances due.
3. Once accounts are closed, either by request or due to non-payment, a final bill is generated and mailed to the customer within a few days of account closure. The customer has 30 days to pay the final charges. In the event the customer has a negative balance at the time of account closure, a refund is processed through the final billing program and an invoice is created. The workflow then submits the refund to be processed with the bi-weekly AP (Accounts Payable) warrant.
4. Each month, a report is generated to determine any outstanding balances from final bills. A letter is then mailed to the customer giving them another 30 days to submit payment. Due to the cost of postage, envelopes, and staff time, it is not economically feasible to process and mail a collections letter for balances under \$2; therefore, to reduce costs and staff time, only account owners with balances of \$2.01 and above will receive a collections letter. If payment is not received by the designated due date, the write-off process begins. Balances of \$10 or less are written off and a special condition is added to the account notifying staff members to collect the balance if the customer establishes services again. Balances of \$10.01 or more are written off and sent to collections.
5. The Director of Customer Service will report any major problems with collections receivable to the Director of Finance, and then, if necessary, to the City Manager.

Policy Number 10 - Procurement Standards

Policy: See CITY OF LYNN HAVEN purchasing policy last updated February 11, 2020. In the event that there are conflicts between these two policies the most current document will supersede.

Policy Number 11 - Receiving

Policy: All materials, supplies and equipment will be received and signed for by an authorized employee.

Procedures:

1. All materials, supplies and equipment received by CITY OF LYNN HAVEN are to be inspected, counted and checked against the receiving report (packing list) and/or a copy of the purchase order.
2. If applicable, all receiving reports are signed by the employee receiving the goods, provided the steps noted above do not disclose discrepancies between the goods received and the receiving report (packing list).
3. If any discrepancies are noted, the employee receiving the goods should bring the discrepancy to the immediate attention of the Department's Director.
4. If applicable, the receiving report is to be forwarded to the Procurement Clerk in the Finance department where it will be matched with the Purchase Order and invoice.

Policy Number 12 - Accounts Payable

Policy:

1. All invoices and check requests must be approved for payment by the Director of Finance and department heads where appropriate.
2. To establish CITY OF LYNN HAVEN's obligation for payment of invoices, all invoices are matched with Purchase Orders.
3. Coded invoices are to be reviewed by the Procurement Clerk and/or the Senior Accounting Specialist to ensure that the proper expense account, proper project/grant and is reported in the appropriate accounting period.
4. Invoices must be reviewed by the Senior Accounting Specialist for accuracy before the invoices are posted to the general ledger.
5. All support documentation must be intact before any invoice or check request is entered into the appropriate A/P warrant.
6. Invoices are to be digitally filed by vendor name and check dates.

Procedures:

1. Mail is opened and date stamped.
2. The Procurement Clerk matches all invoices with Purchase Orders and submits invoices to the appropriate department heads for review. Projects that have Construction Administrative Services through an Architect and/or Engineering firm must also be approved before processing. Once approved by the department head, all invoices and check requests are submitted to the Senior Accounting Specialist to pay.
3. The Senior Accounting Specialist will then perform the following tasks:
 - a. Review vendor files to ensure that invoice has not already been paid.
 - b. Run calculations to check any discounts, and addition.
 - c. Verify the coding of the invoice using the chart of accounts and any other document provided.
 - d. Enter the invoice into the Accounts Payable module by using the invoice and PO (Purchase Order) for recording the line items of expenditures for each separate invoice, and for coding expenses chargeable to grants.
 - e. Stamp invoice using “Entered” stamp and initial by stamp.

- f. Self-review of invoice entry before posting.
 - g. Post A/P invoices that have been entered into the general ledger.
 - h. Paper clip any remittance advises to the invoice.
 - i. File the entered invoices and supporting documentation in accordance with the "Open" A/P File by Vendor and Due Date.
4. The invoice and supporting documentation are then held by the Senior Accounting Specialist and are made available for review by the appropriate department heads and/or Commissioners upon request.

Policy Number 13 – Credit Cards

Policy:

1. Select Directors and Staff are provided a Hancock credit card based on job description and need.
2. Credit cards may be used for travel and emergencies only. Any other purchases need to be Pre-Approved by Director of Finance.
3. The initial credit limit is \$5,000 per month and can be adjusted in either direction based on demonstrated adherence to this policy.
4. All receipts must be sent to Finance Department within 3 days of Hancock Statement being received by the CITY OF LYNN HAVEN.
5. Any cardholder(s) that do not comply with policy are subject to being charged the applicable finance charges incurred on Hancock credit card statement.

Procedures:

1. The Hancock Credit Card Statement is received, and date stamped.
2. The Procurement Clerk reconciles and matches all receipts to the Hancock Statement and submits receipts with Statement to Senior Accounting Specialist.
3. The Senior Accounting Specialist will then perform the following tasks:
 - a. Review receipts and compare to the appropriate statement.
 - b. Run calculations to check any discounts, and addition.
 - c. Verify the coding of the receipts using the chart of accounts and any other document provided.
 - d. Enter the receipts/invoice into the Accounts Payable module by using the receipt/invoice and PO (Purchase Order) for recording the line items of expenditures for each separate receipt/invoice, and for coding expenses chargeable to grants, etc.
 - e. Stamp receipt/invoice using “Entered” stamp and initial by stamp.
 - f. Self-review of receipt/invoice entry before posting.
 - g. Post A/P receipts/invoices that have been entered into the general ledger.
 - h. Paper clip any remittance advises to the receipt/invoice.

i. File the entered receipts/invoices and supporting documentation in accordion “Open” A/P File by Vendor and Due Date.

4. The Hancock statement, receipts/invoice, and supporting documentation are then held by the Senior Accounting Specialist and are made available for review by the appropriate department heads and/or Commissioners upon request.

Policy Number 14 - Cash Receipts

Policy:

1. All cash receipts shall be properly recorded in CITY OF LYNN HAVEN's accounting system and deposited in a timely manner.

Procedures:

1. The city has several payment options.
 - Transactions can be made by cash, check or credit card. There is a \$3.00 credit card processing fee. In person transactions can be made in the Customer Service lobby or drive through.
 - Phone payments are processed by CSR (Customer Service Representative) staff using Clover credit card machines.
 - Auto-draft via checking/routing is entered into MUNIS and stored for a recurring draft process.
 - Online payments can be made using Citizens Self-Serve. The payment processor is Bridgepay. Customers can also use the online website to enroll in auto payments.
 - Payments can be made through a customer's banking bill pay option. Payments are received via VANCO.
2. The payment drop box is emptied at 7:30 am by the customer service department. Envelopes are opened and divided between multiple CSRs (Customer Service Representative). A payment batch is opened, and all checks are processed that morning. The checks are added up and compared to MUNIS to ensure they balance. Once balanced, payment batches are then output, released, journaled, and posted. The checks and batch paperwork are placed in the CSRs cash drawer until the end of business.
3. Mail is received midday and is processed by administrative staff. All payments are separated from the rest of the City's mail. Payments are evenly distributed between CSR staff to ensure that all payments are recorded by the end of business. Once all payments are entered into Munis, the checks are added up and balanced. Once balanced, payment batches are then output, released, journaled, and posted. The checks and batch paperwork are placed in the CSRs cash drawer until the end of business.
4. Cash drawers are counted every morning. Each CSR then opens a "Walk In" batch at 7:30 am each day to process all live payments. These payments include walk-in customers, drive-through customers, and phone payments. This batch stays open until the end of business. Upon office closure, all checks are counted and balanced to MUNIS. All cash drawers are counted down to \$200 with the difference balancing to MUNIS. All credit card machines are closed and balanced to MUNIS. Once the walk-in batch has been balanced, they are then output, released, journaled, and posted.

5. At the end of business, CSRs prepare their deposit. All payment batch documents are entered onto a balance sheet. This balance sheet records batch numbers, payment amounts, and journal numbers. All checks and cash are added up and entered onto the deposit portion of the balance sheet to ensure everything matches. The internal “balance sheet” is a locked spreadsheet that calculates discrepancies in journal paperwork versus deposit totals. The “balance sheet” is then printed out and placed with the batch paperwork. CSR then creates a deposit slip to match their “balance sheet”. Management then verifies all cash totals before placing them into deposit bag in front of the CSR. Deposits bags are then recorded on a deposit log and locked into the safe. Deposits are then picked up by a police officer the next business day and delivered to the bank. Once deposited, the police officer brings back a deposit receipt which is placed with the coordinating “balance sheet.”

6. Online payments are processed each morning through a “Web Payments Import” process. The imported payments in MUNIS are compared to the Bridgepay payment processing website for balancing.

7. All payments made through VANCO are processed midday when we receive a lockbox file via e-mail. Payments are processed and compared to the report provided for balancing.

8. Bridgepay and Vanco batches are then output, released, journaled, and posted. Paperwork is uploaded to the customer service sharepoint. A copy of the Journal paperwork containing the daily total is put aside when calculating daily work totals.

9. Daily deposits are verified and uploaded to the Finance sharepoint. Paperwork includes “balance sheet”, running totals slip, deposit slip, credit card slips and lockbox payment totals.

Policy Number 15 - Cash Disbursements

Policy:

1. All cash disbursements, except those from petty cash, will be made by check or EFT (Electronic Funds Transfer).
2. All cash disbursements shall be supported by an approved invoice and all applicable documentation.
3. Checks shall not be issued without bearing the payee and dollar amount.
4. All cash disbursements must be approved by the Director of Finance.
5. For all disbursements > \$2,000 and regular monthly bills as described in Policy #6, the Director of Finance will initial the invoice and return the approved invoice and disbursement package to the Procurement Clerk.
6. For all disbursements \geq \$2,000 (other than regular monthly bills), a copy of the approved invoice and supporting documentation is initialed/approved by the Director of Finance and City Manager. Once approved, the invoices are returned to the Procurement Clerk.
7. All supporting documents shall be scanned into the vendor files of the accounting software and the physical copies are filed numerically by check number.

Procedures:

1. Three days before the 15th and last day of the month, the Senior Accounting Specialist will print a Warrant Listing.
2. The Director of Finance and the Senior Accounting Specialist will review the Warrant lists, open invoices, check requests and travel vouchers.
3. The Senior Accounting Specialist will then send the Director of Finance the tentatively Approved Warrant Listing along with all the invoices and check requests for official review, questions, and inspection.
4. Once approved by Director of Finance, the Warrant Listing is sent to the Mayor and City Manager for review, questions, and inspection of any requested invoices. Commissioners are included for informational purposes.
5. Once the Warrant Lists have been approved by the Mayor and City Manager, the EFT payments will be processed the day before the 15th and/or last day of the month.

6. The computerized checks are printed on the 15th and last day of the month. A “pink” copy of the checks will be printed to attach to invoices and supporting documentation.
7. The Senior Accounting Specialist collates and reviews the pink check copies, invoices and supporting documents and scans all into the software program.
8. The Senior Accounting Specialist will be responsible for the mailing of all checks.
9. The Senior Accounting Specialist electronically files the supporting documentation in the appropriate vendor files and retains it for audit.

Policy Number 16 - Payroll

Policy:

1. Employees are paid twice bi-weekly. The payroll is processed using CITY OF LYNN HAVEN's in-house computer system.
2. Employee signed time sheets must be submitted to the Director of Human Resources and the Director of Finance for approval prior to payment. In no instance will an employee receive a paycheck if he/she has not submitted a properly signed detailed time sheet for the pay period.

Procedures:

1. Employees are paid bi-weekly.
2. Employees must submit signed time sheets to the Director of Human Resources and the Director of Finance for approval.
3. Approved time sheets will be submitted to the Payroll Specialist.
4. The Federal payroll tax deposits are calculated and paid by the Payroll Specialist on Friday; the same day as pay day. State payroll taxes are remitted as incurred.
5. All federal and state payroll reports are prepared by the Payroll Specialist and submitted to the appropriate Federal and State tax authorities by the due date of the return.
6. At the close of the calendar year, W-2 Forms are processed by the computer system.
7. The W-2 Forms are reviewed by the Payroll Specialist and compared to the appropriate payroll tax returns (Forms 941) for accuracy.
8. W-2 Forms are distributed to all employees before January 31.
9. W-2 Forms and all other required information will be submitted to Federal and State Agencies by the Payroll Specialist in accordance with the appropriate regulations.

Policy Number 17 - Payroll Taxes

Policy:

1. All payroll tax withholdings, expenses, filings, and related payments will be made in accordance with applicable Federal and State regulatory requirements.

Procedures:

1. The payroll taxes for which CITY OF LYNN HAVEN is responsible for paying and the applicable payroll tax forms are as follows:

- a. Federal Forms:

- Social Security (FICA) 941

The wage base for tax computation in 2022 is \$147,000. The tax rate for employees' withholding and the liability for employers is 6.2%. Employers must match the employees' FICA withholding for the Federal depository.

Additionally, the Employer must withhold from each employee's check and match Medicare at 1.45% for a total of 2.9% for all employee wages.

- Federal Income Tax Withholding 941

Employers must withhold income tax from their employees' wages according to a system of graduated withholding rates. Withholding tables are issued to employers under the cover of Circular E (Employer's Tax Guide).

- b. State of Florida:

- Income Tax Withholding – Not Applicable in Florida.

2. Payroll Tax Payments and Form Filings:

- a. FICA and Federal Income Tax Withholdings

The requirements for depositing federal income withholdings and FICA taxes are as follows found in Circular E: Publication 15 on the IRS website.

Quarterly tax returns (Form 941) must be filed on or before the last day of the month following the close of the calendar quarter to which it relates.

b. State of Florida Unemployment Tax:

Florida Unemployment Tax must be remitted quarterly by the last day of the month following the quarter ending date.

3. The Payroll Specialist shall be responsible for making sure that all payroll taxes are paid, and all payroll tax forms are prepared and filed in a timely manner.

4. INFORMATION RETURNS

a.) Federal Form W-2:

On or before January 31st of each year, employers must furnish to each employee three copies of Form W2, Wage and Tax Statement for the prior calendar year. If the employee asks for Form W-2, the copies must be furnished within 30 days of the request. The original copy of all Forms W-2 (Copy A) and Form W-3 (Transmittal of Income and Tax Statements) must be filed with the Social Security Administration by February 28th.

Wages, FICA tax and income taxes withheld, as reported on Forms W-2 shall be reconciled with the quarterly payroll returns (Forms 941) and the employer's records. This reconciliation should be retained, along with Copy D of all Forms W-2, by Payroll Specialist.

5. OTHER FORMS:

Form 1099-MISC and/or 1099-NEC must be filed to report payments totaling \$600 or more to a person (other than a corporation). These payments may include rents, fees, commissions or any other form of income.

Note: Forms 1099 are to be furnished to the recipient by January 31st, and to the Internal Revenue Service (Andover, MA 05501) along with Form 1096 (Transmittal) by February 28th. Forms 1099 must be filed based on a calendar year's activity.

6. The Payroll Specialist will be responsible for making sure that Federal Forms W-2, W-3 and the Senior Accounting Specialist will be responsible for making sure that 1099-NEC are properly prepared, filed and distributed to the appropriate recipients and Federal and State tax authorities in a timely manner.

Policy Number 18 - Property Management

Policy:

1. CITY OF LYNN HAVEN will capitalize all fixed assets (land, buildings, improvements and equipment) with an acquisition cost of \$5,000.00 or more and a useful life of more than one year.
2. CITY OF LYNN HAVEN will record all government transactions involving property and equipment in the fixed asset fund. As such, the fixed asset fund will reflect capital assets acquired during the year (at cost) and depreciation expense.
3. CITY OF LYNN HAVEN will also expense the cost of capital acquisitions in all Government funds as a direct deduction against the resources provided for their acquisition. This treatment is consistent with the principles of government fund accounting.
4. CITY OF LYNN HAVEN will use, manage, and dispose of all capital assets purchased in accordance with GASB (Governmental Accounting Standards Board) requirements.

Procedures:

1. All capital assets will be properly marked with a specific identification number.
2. Property records shall be maintained accurately and shall include:
 - a. A description of the property.
 - b. Manufacturer's serial number, model number, or other identification number.
 - c. Acquisition date and cost.
 - d. Location, use and condition of the property and the date the information was reported.
 - e. Unit acquisition cost.
 - f. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value.
3. Once the Electronic Assets Mobile is implemented in MUNIS, a physical inventory of all fixed assets shall be taken annually.

4. The results of the inventory will be reconciled to the general ledger and the "fixed asset" property records. Any discrepancies will be thoroughly investigated and corrected.

5. Fixed asset acquisitions will be the result of a capital planning process conducted in conjunction with the annual budgeting process. The City Commission will review and approve all capital acquisitions via the annual budgeting cycle. It is possible that additional asset needs will be identified during the year. Such acquisitions need to be justified and approved by the City Commission prior to acquisition.

6. Depreciation on all fixed assets will be calculated using the straight-line method over the expected useful lives of the assets (up to-50 years).

7. Depreciation expense will be recorded in the fixed asset fund for capital assets purchased in the governmental funds.

Policy Number 19 - Travel and Entertainment Expenses

Policy:

1. All travel conducted by City employees with respect to City business must be approved by the Department Director and City Manager. Employees need to make the travel request in writing at least twenty-one (21) days prior to the scheduled trip. The City Manager can grant exceptions to this notice requirement.
2. While traveling on official business, the employee is expected to exercise the same sound judgment in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds.
3. All costs with respect to City business must have the approval of the Director.

Procedures:

1. Travel requests must be in writing, approved by the Department Director and City Manager and should state the following:
 - a. Purpose of Travel
 - b. Travel destination
 - c. Travel accommodations sought
 - d. Mode of Transportation sought
 - e. Travel dates and duration
 - f. All employees required for travel
2. Receipts are to be submitted for all expenses.
3. Transportation:
 - a. Airfare should be at the discounted fares whenever practicable.
 - b. Air class for CITY OF LYNN HAVEN's employees must be coach class. The use of business class or first class is specifically disallowed. An exception may be made in extenuating circumstances, with the prior approval of the City Manager. Use of business class or first class, if necessary, must be documented and justified on the expense report.
 - c. Car travel is encouraged if it is less expensive than air travel, and if time permits.

- d. For business uses of personal vehicles, CITY OF LYNN HAVEN will reimburse the employee at the current (IRS) prevailing rate.
 - e. Toll charges are acceptable expenses. Receipts are to be provided whenever possible.
 - f. Uber/Lyft/Taxi charges are acceptable expenses. Receipts are to be provided for all charges.
 - g. Car rentals are permitted for mid-size or smaller vehicle rentals. Exceptions will be made when employees are travelling together, and one large vehicle is less expensive than two small vehicles. The Director should select the least expensive option. To reduce costs, employees should return cars with full tanks of gas and the collision/liability insurance options should not be used.
- 4. Hotels - Accommodations should be single rooms in moderately priced hotels.
 - 5. Meals - Costs for meals are to be broken out into breakfast, lunch and dinner on the expense report. Not to exceed \$16.00 for breakfast, \$18.00 for lunch and \$28.00 for dinner.
 - 6. Laundry - This is not a generally accepted expense.
 - 7. Entertainment - This is not a generally accepted expense.

Policy Number 20 - Employee Expenses and Advances

Policy:

1. CITY OF LYNN HAVEN's policy is to provide employees per diem in advance for valid business expenses incurred in connection with City activities or on behalf of CITY OF LYNN HAVEN.
2. Willful falsification of employee expense information to defraud CITY OF LYNN HAVEN will be subject to termination and possible prosecution.

Procedures:

1. To obtain per diem, employees must complete and submit a signed check request to the Senior Accounting Specialist.
2. Employees are allowed the following business expenses:
 - a. Lodging, transportation, and food related expenses when on approved business travel.
 - b. Business expenses incurred in relation to conducting business meetings, seminars, or presentations.
 - c. Mileage expenses when an employee uses his/her personal vehicle will be calculated at the current IRS mileage rate.
 - d. Other valid and previously approved business expenses incurred by employees.
3. The Procurement Clerk or Senior Accounting Specialist will review all per diem reports for compliance, completeness, and/or supporting documentation.
4. Properly completed and supported reports will be forwarded to the Director of Finance for approval.
5. Incomplete reports will be returned to the employee with instructions for revisions and/or completion.

Policy Number 21 - Record Retention

Policy:

1. CITY OF LYNN HAVEN shall make every effort to store documents electronically. Paper documents shall be retained for at least 7 years.

Procedures:

2. All prior year's accounting records shall be stored in storage boxes labeled with the following information:
 - a. Time Period
 - b. Contents of Box
3. The following are the exceptions to the 7-year retention rules:
 - a. If any litigation, claim, or audit is started before the expiration of the 7-year period, the records shall be retained until all litigations, claims or audit findings involving the records have been resolved.
 - b. Records for fixed assets shall be retained for 7 years after the fixed asset is disposed of.
4. The record retention period starts with the close of CITY OF LYNN HAVEN's fiscal year.

Policy Number 22 - Personnel Files

Policy: CITY OF LYNN HAVEN shall maintain individual personnel files for all employees, both paper and electronic.

Procedures:

1. The personnel files shall be kept secured by the Human Resources office.
2. The personnel files shall contain at least the following information:
 - a. Application
 - b. Resume
 - c. Letter of Hire
 - d. Documentation of all:
 1. Salary Increases
 2. Job changes
 3. Promotions
 4. Evaluations
 - e. Information regarding fringe benefits chosen by employee.
- f. Other pertinent information and documents related to the employee's employment.