

SULTAN CITY COUNCIL

AGENDA ITEM COVER SHEET

ITEM NO. C 5

DATE: September 27, 2007

SUBJECT: Ordinance 962-07 Petty Cash and Cash Drawers

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director



ISSUE:

The issue before the City Council is authorizing the Mayor to sign Ordinance 962-07 to amend 1) the Petty Cash fund to increase the Petty Cash fund from \$100 (established in 1983) to \$200 and 2) to establish three cash drawers for the purpose of making change for cash transactions.

STAFF RECOMMENDATION:

Adoption of Ordinance 962-07 to increase the Petty Cash Fund to \$200 and establish three cash drawers with \$100 change in each drawer.

SUMMARY:

Ordinance 962-07 was introduced for a first reading at the September 13, 2007 Council meeting. The Ordinance sets a dollar amount for the Petty Cash fund and establishes dollar amounts for the three change drawers.

Petty Cash:

During the audit it was discovered that the ordinance establishing the Petty Cash Fund was changed in 1983 (Ordinance 445) to set the amount in the fund by resolution. There is no record that action occurred. The Auditor has recommended that the City take action to formally set the amount.

Cash Drawers:

As part of the Finance Department conversion process, staff needed to add an additional cash drawer to the front office and did research on the required process. Staff was unable to determine how the cash drawers were originally established and the Auditor has recommended that the Council take formal action to establish the \$100 change amount in each cash drawer.

There are three cash drawers. One is for utility payments. Utility payments are entered into the computer, the receipt printer generates a receipt and there is an automated cash drawer for money. There is second cash drawer for all other payments (i.e. passports, permits, taxes, etc.). The Police Department also has a cash drawer for payments.

DISCUSSION:

The Petty Cash Fund is used to reimbursement staff members for minor expenses (i.e. parking fees or supplies), postage and other costs that are generally less than \$35.00. The current amount in the fund is \$100 and staff is recommending that it be increased to \$200 to allow for prompt reimbursement to employees. Currently if the fund is low, the employee must wait until the fund has been reimbursed or staff must process through a voucher to pay the employee.

The Springbrook Program allows for "cash drawer" entry and a receipt printer and cash drawer are part of the system. City Staff finalized the installation of the receipt printer and cash drawer earlier this year. Staff members must log on to the system to enter a payment and the payment is post to the account and the general ledger. Prior to the installation of the system, staff members batched the payments for entry. The new method of payment receipting provides for better tracking and reduces the potential for error.

ALTERNATIVES

1. Amend the ordinance to provide for amount of money for the Petty Cash fund and to establish the dollar amounts for the three cash drawers used by the City.
2. Do not adopt the ordinance and adopt by resolution the dollar amount for the Petty Cash fund. This will not provide for the establishment of the cash drawers.

FISCAL IMPACT:

\$100 for the third cash drawer and \$100 to increase the Petty Cash fund.

RECOMMENDED ACTION:

Adoption of Ordinance 962-07, Petty Cash and Cash Drawer funds .

ATTACHMENTS: Attachment A – Ordinance 962-07
Attachment B – SMC 3.36

**CITY OF SULTAN
ORDINANCE 962-07**

**AN ORDINANCE OF THE CITY OF SULTAN, WASHINGTON, AMENDING
SMC CHAPTER 3.36 TO PROVIDE FOR A DOLLAR AMOUNT FOR THE
PETTY CASH FUND AND TO ESTABLISH THREE CASH DRAWERS FOR
THE FINANCE DEPARTMENT**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SULTAN AS FOLLOWS:

Section 1: SMC 3.36 is hereby amended to read as follows:

Chapter 3.36
PETTY CASH FUND AND CASH DRAWERS

Sections:

3.36.010 Establishment.

3.36.020 Allowable expenditures.

3.36.030 Reimbursement.

3.36.040 Recordkeeping.

3.36.010 Establishment.

There is created a petty cash fund in an amount of \$200.00 that will exist as part of the total resources of the city.

There are created three cash receipt drawers for the purpose of receiving city funds that will exist as part of the total resources of the city. Each drawer shall contain \$100.00 for the purpose of making change for cash transactions.

3.36.020 Allowable expenditures.

Payments are to be made from the Petty Cash fund for minimal expenditures in the form of cash and only for expenditures which are ordinary and necessary and allowed by law. The cash drawers shall be used to make change for cash payments. No change shall be provided for payments made by check.

3.36.030 Reimbursement.

A. All expenditures from the Petty Cash fund are to be supported by receipts for such expenditures and reimbursement of said petty cash fund will be by warrants issued against the applicable funds relative to the receipted expenditures in their exact respective amounts.

B. Reimbursement of the petty cash fund will take place when it is convenient for the Finance Department to do so and the reimbursement expenditures will receive the approval of the city council at the time the city council normally gives approval of other warrant expenditures.

3.36.040 Recordkeeping.

Security and the required recordkeeping shall be the responsibility of the Finance Department

Section 2 Severability: This ordinance is severable and if any portion of it shall be declared invalid or unconstitutional, the remaining portion shall remain valid and enforceable.

Section 3. Effective Date: This ordinance shall take effect and be in full force five (5) days after publication as required by law.

REGULARLY adopted this 27th day of September, 2007.

Benjamin Tolson, Mayor

Attest:

Laura J. Koenig, City Clerk

Approved as to form:

Thom Graafstra, City Attorney

Chapter 3.36

PETTY CASH FUND

Sections:

- 3.36.010 Establishment.
 3.36.020 Allowable expenditures.
 3.36.030 Reimbursement.
 3.36.040 Recordkeeping.

3.36.010 Establishment.

There is created a petty cash fund in an amount to be set by resolution by the city council, and will exist as part of the total resources of the city. (Ord. 445 § 4, 1983; Ord. 371 § 1, 1978)

3.36.020 Allowable expenditures.

Payments are to be made from this fund for minimal expenditures in the form of cash and only for expenditures which are ordinary and necessary and allowed by law. (Ord. 371 § 2, 1978)

3.36.030 Reimbursement.

A. All expenditures are to be supported by receipts for such expenditures and reimbursement of said petty cash fund will be by warrants issued against the applicable funds relative to the receipted expenditures in their exact respective amounts.

B. Reimbursement of the petty cash fund will take place when it is convenient for the clerk/treasurer to do so and the reimbursement expenditures will receive the approval of the city council at the time the city council normally gives approval of other warrant expenditures. (Ord. 371 § 3, 1978)

3.36.040 Recordkeeping.

Security and the required recordkeeping shall be the responsibility of the clerk/treasurer. (Ord. 371 § 4, 1978)

Chapter 3.37

POLICE PETTY CASH FUND

Sections:

- 3.37.010 Fund created.
 3.37.020 Allowable expenditures.
 3.37.030 Reimbursement.
 3.37.040 Recordkeeping.

3.37.010 Fund created.

There is hereby created a police petty cash fund in the amount of \$100.00 which will exist as part of the total resources of the city. (Ord. 657-96)

3.37.020 Allowable expenditures.

Payments are to be made from this fund for minimal expenditures in the form of cash and only for expenditures which are ordinary and necessary and allowed by law. (Ord. 657-96)

3.37.030 Reimbursement.

A. All expenditures are to be supported by receipts for such expenditures and reimbursement of said petty cash fund will be by warrants issued against the applicable funds relative to the receipted expenditures in their exact representative amounts.

B. Reimbursement of the petty cash fund will take place when it is convenient for the clerk/treasurer to do so and the reimbursement expenditures will receive the approval of the city council at the time the city council normally gives approval of other warrant expenditures. (Ord. 657-96)

3.37.040 Recordkeeping.

Security and the required recordkeeping shall be the responsibility of the police clerk and shall be subject to audit by the clerk/treasurer. (Ord. 657-96)