



## ***YAKIMA COUNTY TREASURER***

Ilene Thomson  
County Treasurer

# **OPERATING POLICIES**

Effective January 1, 2023

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[www.yakimacounty.us/treasurer](http://www.yakimacounty.us/treasurer)

# Highlights of Major Changes - 2023 Operating Policies

## **Section I. Cash Flow Management and Deposits**

Additions:

- Information related to the submission of deposits with our new receipting software, Teller.
- Information related to check processing with Image Cash Letter (ICL).
- Information related to our process for correcting receipts.
- Receipting location options, to include our new Drive Thru Facility.

## **Section V. Investments**

Additions:

- Request for districts related to the number of investment transactions processed per day.
- Notification related to Certificates of Deposit (CD's)

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## **YAKIMA COUNTY TREASURER'S OFFICE**

### **Calendar Year 2023**

The Yakima County Treasurer's Office will not conduct any cash or investment activity for the following days during Calendar Year 2023 because of Federal banking and/or County holidays.

Monday, January 2	New Year's Day
Monday, January 16	Martin Luther King Jr. Day
Monday, February 20	Presidents' Day
Monday, May 29	Memorial Day
Monday, June 19	Juneteenth
Tuesday, July 4	Independence Day (observed)
Monday, September 4	Labor Day
Monday, October 9	Columbus Day
Friday, November 10	Veteran's Day
Thursday & Friday, November 23/24	Thanksgiving
Monday, December 25	Christmas

# Operating Policies - Yakima County Treasurer's Office

## Introduction

The following Operating Policies Manual has been implemented and updated in order to provide effective and efficient services to districts and departments served by the Yakima County Treasurer's Office. As well, the Operating Policies accommodate the growing number of federal, state and local regulations imposed upon our operations.

The growing concerns for fraud prevention and internal control requirements have been incorporated within these updated Operating Policies. We continue to work closely with the State Auditor's Office to include considerations of protecting the public trust.

Our office has implemented Payee Positive Pay, an additional fraud prevention service which tracks payee information, as well as warrant number, issue date, dollar amount and fund number, for all warrant issuing bank accounts. This process will continue to assist in safeguarding public funds for the districts and departments within Yakima County.

Within these Operating Policies, you will note there are some requirements to conform to improved protections for the public's funds:

1. **Signatures**: We have enclosed a Signature Form that will be required for Investing and Alternate Investing Officer(s); and for the Officer(s) authorized to sign Warrant Registers and Void Warrant Agreements. Note: Please submit a new authorization form, with all signatures, anytime there is a change in Officers for your district, with an updated board-approved resolution, in order for our staff to verify investments, financial transactions, and warrants issued. Please review Section V. Investments and Section III. Warrant Processing, as it outlines the requirements.

2. **Bank Accounts & Charge Card Depository Service Accounts**: Also enclosed is a Qualified Public Depository Form, which will provide the County department or district and this office with the ability to meet the terms of RCW 36.48.010. Refer to Section VIII. Bank Accounts, for specific requirements. This form must be submitted annually and will be returned to you when we have validated that your accounts meet the statutory requirements for public funds. This form should be maintained for your annual audit.

3. **Mailing/Email Address**: We want to make certain we are emailing financial reports and other data to the correct email address and have a valid way to contact you should other issues arise. Please update the enclosed Information for Mailing & Agency Contact form annually.

4. **Warrant Registers and Void Warrant Agreements:** Warrant Registers and Void Warrant Agreements must carry the signatures of the appropriate officer(s). This is the district's authorization to our office to redeem your warrants through the banking system. Please see Section III. Warrant Processing – Issue and Redemption, of the Operating Policies.

5. **Telefax & Email Use:** *Please do not consider a telefax, email or mailed document delivered unless you have confirmed its delivery.* This is a banking standard and also has been used by the State for many years; likewise, legal counsel in numerous instances has advised confirmation when time-sensitive information must be delivered. When you mail or deliver the original of any financial transaction following a fax, please mark it **boldly** that it is a follow-up copy to avoid confusion when it arrives in our office.

6. **Electronic Documentation:** Electronic submission of scanned documents is the preferred option for submitting required documentation to our office. If you electronically transmit scanned original documents for transaction requests, you will no longer be required to provide our Office with the original document. According to the BARS Manual (GAAP) Accounting, Accounting Principles and Internal Controls, Original Supporting Documentation, Scanned Documentation, 3.1.4.40, "Scanned original documents are acceptable to support the receipt; use and disposition of public funds given the controls are in place to ensure their integrity, completeness and accuracy."

**Note:** The County Auditor's Office accepts electronic fund transfer resolutions to process your transfer. The document must be from an official business email to [FinanceAuditor@co.yakima.wa.us](mailto:FinanceAuditor@co.yakima.wa.us), with a copy to [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us). The digital copy must be in original form (unedited) and include the following:

- The date of the transfer
- The dollar amount, including the fund to charge and the fund to receive
- The appropriate signatures of the board or auditing officer approving the transaction

We have published the associated Operating Policy forms on our website for district's reference. Although it is not required, we strongly recommend that you utilize these forms, with the format provided, in order for our office to maintain consistency in the documents we accept. If your district chooses to use forms other than the ones provided, please ensure that the equivalent information is included as we do require this data for our use.

We respect the fact that all of you are coping with budgetary impacts. We, too, are experiencing increasing resource limitations. Our staff has worked hard to keep the timeframes we have maintained in the past for most financial transactions even though the demands and the number of agencies continues to grow, as does the number of tax parcels and subsequent taxpayers. We will continue to review and

refine our work in order to complete our fiduciary obligations for all and to serve our constituency well.

We appreciate your cooperation and your willingness to work with us. If you should need assistance from our staff, please do not hesitate to contact us:

For Property Tax & Assessment Information.....	509-574-2800
For Accounting Operations & Assessment Certification	
Phone.....	509-574-2780
Email address.....	<a href="mailto:Treasacc@co.yakima.wa.us">Treasacc@co.yakima.wa.us</a>
Telefax Number.....	509-574-2801
Website	<a href="http://www.yakimacounty.us/treasurer">www.yakimacounty.us/treasurer</a>
(for property tax information, property transfers, real estate excise taxes, monthly reports, and electronic forms)	
Mailing Address: P.O. Box 22530, Yakima, WA 98907-2530	
We are located in Room 115, Yakima County Courthouse,	
128 North Second Street, Yakima, WA 98901	

Effective date for these operating policies shall be January 1, 2023, and they shall remain in effect until amended.

### ***DOCUMENTATION REQUIRED ANNUALLY***

**FORMS:** Qualified Public Depository, Authorization to Waive 24 Hour Deposit Requirement and Information for Mailing & Agency Contact. Our website has been updated with fillable forms to be completed electronically or printed and completed manually.

**RESOLUTIONS (if necessary):** Any expiring resolutions including the appointment of authorized officers and/or signers.

**BANK SIGNATURE CARDS:** Authorized signers for Key Bank warrant accounts must be updated any time a personnel change impacts this form. Additionally, verification is completed on an annual basis by our office in order to ensure that the signers that Key Bank has on file are up to date.

***Note: The required forms are included within the contents of the Operating Policies, as well as published on our website.*** We require they also be completed at any time there is a personnel change affecting your auditing and/or investing officers or signatories for your Warrant Registers and Void Agreements.

## **Section I. Cash Flow Management and Deposits**

It is the responsibility of each district and department to manage their cash flow needs. The Treasurer's staff will continue to provide current information about taxes/assessments that will be distributed, other revenues that may have been posted, investment interest as available, and debt service schedules if there is a question. Our staff will not calculate or determine a district's or department's investments, since we cannot know your planned cash flow and timing needs. The Treasurer's staff may verify the district's or department's cash to ensure that no funds are carrying a negative balance. If at any time a fund is found to have a deficit balance, appropriate action will be requested of the district or department to resolve the situation.

**Revenue Submissions** completed via our Teller receipting portal or with a General Deposit form, as approved by the County Treasurer's Office must be used for the deposit of cash, warrants, checks, electronic funds transfers, remote deposits, or credit card payments by your district or department. All funds accepted for deposit from departments or districts must be in **U.S. Currency**.

The following information must be completed by the district or department depositing the funds:

1. The "Depositing Agency" field is used when funds are being received by wire. For example, if the IRS is electronically transferring funds to a district or department, IRS would be indicated as the Depositing Agency.
2. The "For Department or District" field is for the district or department making the deposit with the Treasurer's Office.

Please do not use a fund name in this field. Our Accounting Division staff must be able to contact a specific district or department if there is a deposit question.

3. The specification of breakdown of cash, checks, electronic funds transfers, remote deposits, credit card payments or electronic checks.
4. List active fund and account number(s) in the section provided. If you find that an account is not included in your list of available accounts, please email a request to our office with the account number to be added.

If you are completing a Revenue Submission for funds that will be electronically transferred by an agency, please include the date for which you expect the funds to be wired to the County Treasurer's Office in the notes section of the submission. The deposit will be processed through the cashiering operation



when we have validated that the funds have been received or posted to our bank account.

Also available within our Revenue Submission portal is the ability to accept an input file that contains account numbers and amounts to deposit. This feature is available from the import and export options within the Revenue Submission. Please contact our Accounting Division at 509-574-2780 if you would like more details on this feature.

Funds that will be considered for investment and/or warrant issue ***must be receipted no later than 12:00 noon the day prior to the warrant or investment activity*** in order to be considered in the cash balance validation by our staff.

Please alert your staff that they should remain at the cashier window while your agency's deposit is verified and a receipt is provided. If your staff opts to leave before the deposit is verified and receipted, we will not accept any liability for that deposit if errors are discovered and cannot be validated with your staff at that time. This is a fraud prevention mechanism for you as well as our staff.

When leaving documents at our main counter for processing, please remember that we are open to the general public between the hours of 9:00am – 4:00pm daily. Therefore, documents such as EFT Authorization forms should not be left at our counter unattended with sensitive information, such as bank account numbers, in plain sight of the taxpayers in our office. Please wait until an employee of the Treasurer's Office is available to receive the document from you rather than leaving it unattended.

**Note:** Our office uses electronic check deposit processing via Image Cash Letter (ICL) through our Teller receipting software. Any checks deposited in our office are transmitted electronically to our bank on the same day. By utilizing this process, we have improved cash flow and funds availability. This also saves time and eliminates transportation of physical items to the bank.

**Requesting Corrections:** When you receive the Treasurer's Receipt, please verify that all data, including account numbers, are correct. The district or department is the final audit to validate data entry accuracy based upon the deposit and funds type presented. If a correction is required to a receipt in the current year due to an error, the Auditing Officer must submit an email request to [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) referencing the following:

- Receipt number or Revenue Submission number
- Dollar amount
- Incorrect account number
- Correct account number

Our office will process the correction, which will also update the general ledger, within three business days of receiving your request. We will notify you via email once the correction is complete. This will be the supporting documentation for your records. All corrections will be made via this receipt correction process; please do not submit corrections through a general deposit transaction or by a journal requested through the Auditor's Office.

If you are receipting any funds to a new revenue or expenditure fund/account for which there has been no advance notice for our Accounting Division to establish that fund/account number in our automated system (or that of the County Auditor's automated system), your deposit will be set aside until verification and set-up of that data is completed. Please contact the County Auditor's Office at [FinanceAuditor@co.yakima.wa.us](mailto:FinanceAuditor@co.yakima.wa.us) and our Accounting Division at [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) to request the set-up of new accounts.

The same procedure as listed above must be followed if you are making a request of the County Auditor's Office to remove or deactivate an account from the County's Financial Management System.

**Deposits must be made daily** (RCW 43.09.240) with the County Treasurer. If a district wishes to make deposits other than daily, the Auditing Officer must request an exception of this regulation annually by completing the Authorization to Waive 24 Hour Deposit Requirement Form and submit it to the County Treasurer for approval. An exception, not greater than one deposit per week, may be granted by the Treasurer at her discretion. If it is determined that districts are not in compliance with this waiver, the exception will be revoked.

**Drive Thru Location.** We have opened a drive thru facility that may be utilized for districts making deposits. This is available for all individuals who wish to forego entering the courthouse.

**Remote Deposits.** This option was originally established as a convenience for districts that are not located in close proximity to the Courthouse and need to meet the deposit requirement listed above. Due to the courthouse security, we have now expanded this option to any district that would prefer to make remote deposits. If a district wishes to participate in making remote deposits, a written request must be submitted to the County Treasurer for approval. If the request has been approved, our office will provide the district with the information necessary to begin these deposits.

Each district will be required to purchase the first set of deposit slips through the Treasurer's Office. Each district will then be responsible for re-ordering deposit slips when the need arises, utilizing the re-order information listed within their deposit slip booklet. Our bank has allowed for the deposit slips to include specific information to identify each district.

Key Bank also allows for districts to purchase a check scanner to eliminate travel time to a banking institution to complete check deposits. If you are interested in this option, please contact our office for more information.

It is the responsibility of the district to ensure the accuracy of their bank deposit to the Revenue Submission form. Submissions for remote deposits must be received by our office no later than 4:00 p.m. for cashiering. Deposits made during the day that cannot be confirmed as posted to our bank account by 4:00 p.m., will be cashiered on the next business day. However, if the district making the deposit chooses to email a scanned bank transaction receipt together with the Revenue Submission form by 4:00 p.m., those deposits will be cashiered on the same business day.

***Electronic Funds Transfers.*** A specific clearing account has been established with our bank to accommodate remittances from state or federal agencies. Government entities usually require the completion of either Direct Deposit Authorization forms or ACH Payment Enrollment forms. The district or department completes the Agency and Payee Information portion designated on the form. Our office completes the Financial Institution Information and forwards the form to the remitting state or federal agency.

Some Government agencies require an online registration process depending on the type of online payment system they utilize. The district will still be required to complete the Agency and Payee Information section of the online form. Our office will complete the required bank information in order to finalize the registration process.

We request a minimum of 24-hour notice for all incoming funds. A completed Revenue Submission **must** be in our office no later than 12:00 noon the day prior to the funds expected date of receipt into our bank account. In addition, please forward to our Accounting Division all Automated EFT Remittance Advice Notifications received from the originating sender of expected funds (Ex: auto-remit emails received from the State of WA). This allows us to promptly post the funds to your account and consider the funds available cash for the next business day.

We have taken some additional steps and incurred additional services and labor costs to continue to assist in the identification of these funds. If a district or department fails to provide our office with the completed, signed general deposit form, the following steps will occur:

- If there is identifying information provided by the originator of the transfer, our office will notify the contact person on file for that district or department requesting their confirmation by the end of our business day that the fund transfer belongs to them. A Revenue Submission must be completed to

our office no later than 10:00 a.m. the next business day otherwise the funds will be returned to the issuing agency of the EFT.

- If there is not sufficient identifying information provided by the originator of the transfer, our office will notify all agencies for which we have an approved ACH Authorization Form letting them know the dollar amount received, the originator of the transfer, and any other data we may retrieve from the banking record that comes through the Federal Reserve System. This notice will be sent no later than 11:00 a.m. and prompt response would be appreciated.
- If we have not identified the receiver of an EFT by the end of our business day, the funds will be returned the following business day to the issuing agency with a message that it cannot be identified for one of our districts or departments. The bank's cut-off time to process the return is 10:00 a.m.

**Armored Car.** Our armored car service provider has altered the sequence of some routes to reduce the predictability of arrival times. It is recommended that the departments that utilize the armored car service have their sealed deposit bag(s) to our cashier by 9:00 a.m. to be included with the current day pick up.

**Change Requests.** In an effort to streamline the change request process, please ensure all change orders are emailed to [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) a minimum of 30 minutes before the requested change is needed in order to confirm funds and employee availability. The email should include a total dollar amount, breakdown of the denominations, and a requested time for pickup. As a courtesy, our office would like to request advance notice of at least 24 hours for all change orders totaling \$300.00 or more to ensure we have available the denominations.

## **Section II. Tax and Assessment Distribution**

The Treasurer's Office will distribute taxes and assessments through the financial system daily as received; however, those taxes and assessments are not available cash until the first business day of the month following collection. (RCW 84.56.230)

### **Section III. Warrant Processing – Issue and Redemption**

All warrant registers, with applicable approving signatures, total dollar amounts and corresponding electronic warrant issue file, must be delivered to the Treasurer's Office by 12:00 noon the day prior to warrant issue date; or, if the issue date is on an upcoming bank and/or County holiday, the register with signatures, total dollar amount and electronic warrant issue file, is required by 12:00 noon two business days prior to the holiday as applicable. This allows the Treasurer's staff to validate cash availability for the funds affected by warrant issue and to ensure the accuracy of the electronic file compared to the warrant register.

In an effort to standardize the documentation received in our office, we have created a generic Warrant Register form for districts to use when issuing warrants. The form is available on our website at [www.yakimacounty.us/treasurer](http://www.yakimacounty.us/treasurer) under Forms & Policies. If the district chooses to not use this form, please ensure that the same information is included on your districts warrant register as listed on the form provided.

All districts must submit their warrant issue (file from WSIPC uploaded to the sFTP site for school districts or an email file for outside districts) in the accurate format in order to be processed in our system, along with the completed warrant register. Please email your registers to the Treasurer's Office as soon as the file is created in order for us to begin reviewing your documents. For more information on the required file format, please contact our Accounting Division at [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) or call 509-574-2780.

**School Districts** – When multiple files are uploaded to the sFTP site that have the same name, the files are automatically overwritten by the software. To ensure this does not occur, we recommend that the districts assign each file a unique name. Below are examples of unique names that can be used for files that are being processed with the same issue date and fund number:

- SchoolDistrictName\_11302020\_6011230
- SchoolDistrictName\_11302020\_6011230\_2
- SchoolDistrictName\_11302020\_6011230\_3

If a district is submitting scanned original documents for transaction requests, you are no longer required to send a signed original document to the Treasurer's Office. Please use the following format for naming the scanned attachments in order to ensure consistency with the requests:

- Date of Issue – Abbreviated District – Abbreviated Fund  
Example: 033113 WVSD GF

Corrections or alterations should not be done on warrant registers unless they are also reflected in the automated list of warrants and supported by submission

of the proper paperwork (i.e. void warrant agreement). If corrections are made, an authorized signer must sign or initial the corrections.

If a district is issuing warrants from a new fund or a fund from which warrants have never been issued, you must contact our office at least one week in advance. This will allow the necessary account set up to avoid any unnecessary delays in processing and/or redemption of the warrants.

Special Request: Our staff would appreciate receiving your warrant registers at least two business days prior to the issue date. This is especially important during the end of the month when the highest volume of work is processed through our office for the numerous districts that we serve. This request is being made to facilitate the timely processing of your warrants in preparation for redemption. This should allow ample time to accommodate corrections that a district needs to make in order to assure that their warrants are issued as requested.

It is the district's responsibility, prior to sending the electronic file and completed warrant register to our office, to ensure the accuracy of the physical checks compared to the electronic file and warrant register. This will eliminate any issues with processing the file in our system, as well as any rejections from Key Bank when the warrants redeem.

***Voiding Warrants.*** If a warrant needs to be voided, this can be accommodated by submitting a Void Warrant Agreement or a Resolution approved by your Board of Directors. The void requests (with authorized signatures) must be delivered to the Treasurer's Office by 12:00 noon the day prior to the void date of the warrant; or, if the void date is on an upcoming County holiday, they are required by 12:00 noon two business days prior to a County holiday as applicable.

Void Warrant Agreements: Please use the Void Warrant Agreement form available on our website at [www.yakimacounty.us/treasurer](http://www.yakimacounty.us/treasurer) under Forms & Policies. If the original warrant being canceled is in the district's possession, please attach a copy of the warrant to the void agreement to complete the audit trail maintained in the Treasurer's Office. In cases where the original warrant has been lost and a reissue is needed, the original or scanned Application for Duplicate Instrument must accompany the submitted void warrant agreement.

Void by Resolution: If submitting a resolution that has been approved by your Board of Directors, please include the following information: warrant number, original issue date, dollar amount, payee, issuing fund, and reason for voiding. This information will ensure the accuracy of the warrant to be voided. When submitting your annual unclaimed warrant resolution, please allow two business days for our office to complete processing of the voids.

**Approving Signatures.** Warrant Registers and/or Void Warrant Agreements presented for processing will be refused if they do not carry the appropriate authorizing signatures as filed with the Treasurer's Office. Warrant Registers and Void Warrant Agreements submitted to the Treasurer's Office should be signed by the Board President or Chairman, unless your Board has authorized by resolution an approved signer(s).

If you use telefax, do not consider a telefax copy as delivered until you have verified its delivery. The register must be in our office by the above-defined timeframe.

**Warrants should not be released prior to issue date.** If this occurs and the warrant is presented for redemption by the bank, this office will not honor that warrant through our Bank. The Treasurer's Office will notify the district of the warrant that needs to be voided. The district must provide the signed Void Warrant Agreement or Resolution by noon of that business day.

**Payee Positive Pay.** The payee information input into the warrant file will need to EXACTLY reflect the payee information that was printed on the original warrant. If any information is missing or different (including punctuation, middle initials, spelling, etc.) the warrant will be rejected in the redemption process.

**Redeemed Warrants.** Each district and department has appointed individuals within their organization to have direct banking access in order to view copies of redeemed warrants. If there are any changes or additions needed, please contact [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us).

**Changes in warrant layout and warrant numbers.** Some helpful hints in the event your agency is planning changes that will impact the County Treasurer's operations in warrant issue and redemption for accounts payable and payroll:

- When ordering new warrant stock, do not use warrant numbers and/or MICR numbers that your agency has previously used. Do continue from your last sequence number. Your warrant issue will be denied if you begin using numbers that have been previously used.
- If you are changing the layout of your warrants, we recommend completing a MICR Quality Test with Key Bank to ensure that the updated warrants redeem successfully. The MICR Quality Test includes printing and voiding ten warrants to be mailed to a Key Bank processing center for review and approval. Our office will initiate this process, so please contact the Accounting Division at [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) for more information.

Note: We have extended our banking services contract through December 31, 2024.



## **Section IV. Electronic Payment Processing**

Our office processes electronic payments via Automated Clearing House (ACH) to transfer cash to the districts' bank account for activity related to their payroll direct deposit and other payroll expenses. If a district intends to utilize this method of payment or is contemplating a change in existing bank information, a written request should be provided to our office no less than fifteen calendar days prior to the effective date of the first remittance. The submitted request needs to include the Payee Name, Payee ID, Receiving Routing or ABA Number, Account Number and Type of Account on district or department letterhead. A completed Qualified Public Depository form will also need to be submitted to our office for approval. Once the written request is received, our office will confirm the bank information over the phone with a certified district representative.

Please use the Authorization for Electronic Funds Transfer, Direct Deposit Payroll & Other Payroll Expenses form available on our website at [www.yakimacounty.us/treasurer](http://www.yakimacounty.us/treasurer) under Forms & Policies. Our banking services contract requires a two-day window in processing ACH payments. Our office must receive the completed authorization by 12:00 noon, two business days prior to the effective date of the transaction. This form must be signed by an approved Auditing Officer in order for us to complete the transaction. The district initiating the electronic payment is responsible for ensuring the cash availability of their fund(s) affected by this method of payment. If available funds are not reflected in the General Ledger (GL) cash balance when submitting the ACH request two days prior, details of the intended activity to cover the transaction must be provided. For example, investment withdrawal request, details of GL batch, incoming wire or deposit information, etc. must be submitted along with the form.

## Section V. Investments

These procedures will be strictly followed in order to obtain the most competitive interest rates and to meet the rigid standards of statutory, investment banking and securities regulations.

Board Resolutions appointing the Investing Officer(s) for each district and department must specifically state an effective duration period granted by the agency's board of directors or legislative authority. At the conclusion of each duration period, a new resolution must be submitted to the Treasurer's Office. To ensure that accurate information is maintained, our office suggests that this resolution be updated annually. The name of the individual(s) should be used, not a title only. If your Investment Officer should change at any time, you must notify this office immediately and present a new board resolution as well as a new Signature Authorization Form.

***Investment Notification - Treasurer's Investment Pool (TIP).*** The Yakima County Treasurer invests funds collectively in order to better meet investment objectives. RCWs 36.29.020, 36.29.022 and 36.29.024 provide statutory authority for the Treasurer to operate a pooling program. The purpose of the pool is to allow political subdivisions to pool funds available for investments in order to achieve a potentially higher yield.

The Treasurer's Investment Pool (TIP) will offer daily liquidity to the participants. Pool participation is voluntary. All pool participants must submit to the Yakima County Treasurer a signed resolution by their district to participate in a local government investment pool (see form enclosed). The district or department will be responsible for depositing and withdrawing funds based on their cash flow needs, so there is no maturity date for pooled investments as there are for securities and certificates of deposit. For more information, please contact the Treasurer's Office at [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us).

Investment Authorization Forms (investment deposits and withdrawal requests) must be delivered to the Treasurer's Office no later than 12:00 noon the day prior to the desired transaction date. Requests received after the 12:00 noon deadline will be processed on the next business day as long as sufficient funds are still available. Likewise, the lack of available cash balance, including deposits that are receipted after noon the day prior, will be cause for delay. As a courtesy, our office will contact the Investing Officer(s) as soon as all other daily cash activities have been completed.

If you use telefax, *do not consider the telefax delivered until you have verified with our office that it has been received.* In order to continue to allow the districts and departments the option to fax, please immediately mail or deliver the original forms to our office. To avoid confusion or possible duplication of transaction processing, we ask that you clearly note on the document in **bold** print that it is

an original document which was previously submitted via fax. If a district is submitting scanned original documents for transaction requests, you are no longer required to send a signed original document to the Treasurer's Office. We are currently handling a variety of transactions for over 285 funds in the county; therefore, this process will assist in streamlining the paperwork that we receive.

**IMPORTANT:** Instructions must include:

- (a) Investment date;
- (b) Fund and sub-fund numbers;
- (c) Name of your fund;
- (d) Transaction type – (Invest or Withdraw);
- (e) Transaction amount in whole dollars; and
- (f) Signature of Investing Officer.

Our office will not make corrections to or alter investment requests; therefore, if any of the information listed above is omitted, we will contact your district to receive the appropriate corrections prior to processing the request. If a change to an investment request is required, an authorized investing officer will need to initial the correction, or submit a new form with appropriate signatures. Corrections that must be made to investment authorizations will be considered for next day transactions if not submitted within the required timeframe.

If a district or department anticipates a withdrawal of \$5,000,000 or more, they must notify the Treasurer two weeks in advance of the planned withdrawal date.

Additionally, in order to allow for sufficient cash management practice, our office requests that only one investment deposit and/or one withdrawal request transaction be submitted per day.

To remove a fund from participating in the TIP, written notice requesting such a removal from participation must be given to the County Treasurer by the appropriate authority no less than 30 days prior to the effective date.

Participants will not use the TIP for speculative purposes. For this reason, once a fund is removed from the TIP, it cannot be reinvested in this pool without written approval of the County Treasurer. In no case will the removal and reinvestment be approved if such actions negatively impact other participants or, in the judgment of the County Treasurer, such actions are being taken for speculative reasons.

Eligible pool participants may invest certain specified monies outside of the TIP if specific criteria apply; for example, new money received by a district from bond proceeds that will not be immediately used in capital projects. Please contact the County Treasurer for more details.

**Investment Notification – Non-Pool Transactions.** The Treasurer also places individual investments for non-pool political subdivisions.

**Term Investments.** Requirements for original investment notices are the same for non-pool participant requests as pooled participant requests with one addition. Non-pool investment requests for investment transactions with fixed maturity dates must include items (a) through (f) above plus the following information:

- (g) Maturity date—this must be a specific date, not including a weekend, bank or County holiday, and not a number of days only. If no maturity date is listed, your investment will be placed in a savings account or in a pool if you have authorized us to use that method of investment.

After completing the purchase of any term investment, the Treasurer’s Office will confirm your purchase in writing.

Should the district or department find that they have over-invested, please be reminded that the financial institution may charge a penalty when an investment is sold early. The penalty may be up to 90-days of interest and/or potential realized loss due to the change in the current market value of the security, which could result in a reduction on the investment principal. This is a standard requirement of financial institutions, not of the Treasurer’s Office.

Please note: The Treasurer’s Office seeks competitive offers from approved banks and security dealers who are on the County’s approved financial institutions and securities broker/dealer list. We are placing investments with primary brokers as well as secondary market brokers or institutions in order to offer the best possible interest rates available. Because broker trades, including Agency or Treasury issues, have a delayed settlement, we require one additional days notice to place an order. Providing further notice may increase available investment options and increase yield, depending on market conditions.

Investments under \$100,000 and for a term less than 30 days may not always be able to be placed with a bank. We are currently not receiving bids for Certificates of Deposit (CD’s) for public funds. Therefore, pooling monies with other investors through participation in the Treasurer’s Investment Pool is an option to consider for improved financial benefit.

**All Investments.** No written notice with “on-going” instructions will be accepted; that is, a new directive should be provided for each new investment--at maturity for non-pooled transactions or time of withdrawal for pooled transactions.

Departments or districts cannot carry deficit cash balances (RCW 36.29.010). If a fund has a deficit cash balance and we have been unable to reach the Investing Officer(s), we have statutory authority to liquidate an investment without

district or department authorization. The department or district will be notified in writing when their investment(s) have been liquidated by the Treasurer under this rule.

Cash balances, as maintained by the County Auditor's Office within the general ledger, will be verified on the County's business day prior to making any investment. If there are not sufficient funds for your investment, your directive will not be processed until records indicate proper funds are available.

In the event of an error in investment instructions--specifically, that a district or department has over-invested--your investment will be sold. You may, then, make a decision regarding a new investment.

Reminder: If you will be investing cash in a new fund(s), advance notice is required for our Accounting Division to verify and establish the new fund(s) in our automated system. Your investment request will be set aside until that can be done properly. (See requirements within Section I, Cash Flow Management and Deposits.)

***Interest Earnings - Treasurer's Investment Pool (TIP).*** Interest for pool participants is distributed each month based on the average daily balance a fund maintains in the pool, and is calculated using the actual number of days in the prior month, based on a 360-day year. The total interest distributed to pool participants will be the total accrued interest earned on securities held for the pool, during the month of the interest allocation less the administrative fee. Interest earnings will be posted to participants' accounts within five business days after the close of each month.

RCW 36.29.024 allows the County Treasurer to deduct the amounts necessary to reimburse the Treasurer's Office for the actual expenses the office incurs for the initial costs of establishing a pool and for the cost of administering that pool. The investment fee will be calculated based on the participant's average daily balance maintained in the pool. The rate, determined by the actual costs of running the pool, is set by the Treasurer and reviewed no less than annually.

***Interest Earnings – Non-Pool Transactions.*** Investment interest will be calculated within the Treasurer's financial system. Interest for individually placed investments for non-pool participants is distributed to the political subdivision at maturity, sale and/or when periodic interest coupon payments are received, if applicable.

RCW 36.29.020 allows the charging of an investment fee on individually placed investments for providing the service of investing funds. The statutory administrative fee of 5% or the maximum of \$50 per fund shall be charged per transaction against the interest earnings after those earnings have been deposited into the County Treasurer's bank account.

## **Section VI. Registered Warrants**

It is the responsibility of each district and department to manage and plan their cash flow needs. The Treasurer's staff will continue to assist those managers to develop cash flow systems that will offset the need to incur debt such as registered warrants. The use of registered warrants is deficit financing, and as such, they are considered a debt obligation that must follow general guidelines of any financing tool.

If a district or department anticipates the need for registered warrants and determines that this is the financing tool for a short-term period, there are two resources for registered warrants--our current bank contractor and the County Treasurer. Both require a minimum of two weeks prior written notice to the Treasurer with the following information: Dollar amount of the anticipated need, date needed, the period within which they will be paid (this cannot be beyond a calendar year-end timeframe); the notice must be signed by the Auditing Officer or the board of directors as applicable. As well, we require a copy of your latest Annual Comprehensive Financial Report, or your annual financial report if you are on cash-basis reporting, a copy of your most recent audit, and a copy of the current year's annual budget as adopted by the Board of Directors. You will be notified if our banking contractor or the County Treasurer will provide funding and whether there are any other requirements.

Registered warrants cannot be carried for more than one year and are considered short-term financing only. Registered warrants should be used as an emergency and not as on-going need. They are not allowed for the purpose of capital expenditures. If you have a capital expenditure need and do not have sufficient cash, please contact us immediately to determine the appropriate mechanism for financing.

Registered warrants will be redeemed as applicable by law twice monthly--on the 1<sup>st</sup> business day and the 15<sup>th</sup>. If the 1<sup>st</sup> or the 15<sup>th</sup> falls on a weekend, warrants will be redeemed and interest will be calculated to the next business day. Interest will be calculated based upon the current Prime Lending Rate as established by the Federal Reserve Bank.

## **Section VII. Bank-Returned Items**

When our bank returns a check that has been presented to the County Treasurer for deposit, the district or department involved will be charged the current rate as authorized by resolution of the Board of County Commissioners. The current rate for a bank-returned item is \$30 which covers the bank fee and the resources involved to adjust deposits and contact the district or department.

Sometimes it is necessary to contact the district or department for information pertaining to what account and/or receipt our office needs to adjust for the bank returned item. Once our office contacts you, you must respond within the business day. This will assist our office in maintaining the most accurate data when balancing to our banking service provider.

Billings for bank-returned items will be sent to districts and departments upon return of the item(s) by our bank and are payable to the County Treasurer's Office within 30 days of the date of our invoice. Please note - even if you have not recovered the fee from the customer, you are still required to receipt these funds to the Treasurer's Office within 30 days of the date of our invoice. If you experience a high rate of bank-returned checks, we recommend that you require certified funds only (cash, cashier's check or bank-certified check). Please include the last name of the payee on the returned item and identify "BRI" within the description line of your payment.

## **Section VIII. Bank Accounts**

***Qualified Public Depositories.*** Public funds must be deposited in qualified public depositories for which the State Public Deposit Protection Commission validates institutions' financial reports. If you have any public funds in a bank, credit union, thrift or savings and loan association, you should be notifying the County Treasurer's Office; we will validate that the institution is qualified by the State PDPC and provide you with written notice. If you place retainage fees for a construction project into an escrow account, you must place them in a qualified depository. Likewise, check with us and we will provide you with written notice of qualification.

It is the responsibility of each district and department to submit annually, during the month of January, the Qualified Public Depository form notifying this office of the name of the financial institution(s) which are used for the deposit of public funds, the purpose of the account(s), and the applicable statutory citations that authorizes said account(s). This office will review the most recent Public Depository Commission report to validate that the reported financial institution is qualified to be used for public funds. Our office will also submit this listing to the State Auditor's Office as they conduct their annual review of investment and banking activities.

For outside taxing or assessment districts: If your district has funds in a banking account, it should be used as a clearing fund only with all funds being deposited with the County Treasurer's Office as outlined in these policies and procedures (see General Deposits) and according to statutory regulations. County departments will be requested to annually report their banking accounts, so that this office can validate the usage and that the institution is a qualified public depository.

As a reminder, RCW 36.48.010 states the following:

Each county treasurer shall annually at the end of each fiscal year or at such other times as may be deemed necessary, designate one or more financial institutions in the state which are qualified public depositories as set forth by the public deposit protection commission as depository or depositories for all public funds held and required to be kept by the treasurer, and no county treasurer shall deposit any public money in financial institutions, except as herein provided. Public funds of the county or special district for which the county treasurer acts as its treasurer may only be deposited in bank accounts authorized by the treasurer or authorized in statute. All bank card depository service contracts for the county and special districts for which the county treasurer acts as its treasurer must be authorized by the county treasurer.



***Bank Card Depository Services.*** Any district or department, which uses bank card depository services (accepts bank cards, whether debit or credit cards for payment of fees and charges) is required by state law (RCW 36.48.010) to submit the contract to this office for authorization. Our office will review the contract as it applies to current regulations requiring daily deposits with the County Treasurer and to statutory requirements for service fees, and any applicability toward qualified public depositories as prescribed by Washington State law.

## **Section IX. Financing & Debt Service**

When a district is making arrangements for debt service, including the use of the State's LOCAL program, the County Treasurer's Office must be notified in writing as soon as the governing body makes the decision to begin the process. **A minimum of thirty days is required** (RCW 39.46.110). This is the district's responsibility not that of the underwriter or bond counsel. Provision of 1) the name of your underwriter; 2) the name of your bond counsel; 3) the dollar amount; and 4) projected sale date should be made so that our office can provide certified financial information as needed and plan for necessary personnel to be available. As well, the district should contact this office regarding our designation of fiscal agent (RCW 39.46.030).

Copies of all official documents needed for the implementation of the debt service, as well as a debt service schedule, should be provided as soon as they are presented to the district in draft form. This office does review all debt documents thoroughly so that we may have the issues affecting our office and fiscal agent resolved prior to your board's adoption of the bond resolution. We also want to make certain that any creation of funds/accounts may be established in time for your closing.

If your district is planning debt service for November-December and you will require a property tax levy in the upcoming year, it is very critical that the district contact the Board of County Commissioners, the Assessor and the Treasurer to make certain that you can close your debt issue in time to have the levy certified. Should your district have questions about public finance or debt service options, please do not hesitate to contact our office. We maintain portfolios from a number of public finance professionals, or we may be able to answer your questions. We strongly recommend that districts seek the assistance of public finance professionals, rather than to request a loan through your local bank branch. This recommendation is made based upon having secured debt that will meet the legal requirements of public entities, that will be cost-effective, and that will reduce the liability of the present and future directors of the district.

Another financing option is the Local Option Capital Asset Lending Program offered through the Washington State Treasurer's Office. This program is offered by the WSTO to local government agencies of all types to finance equipment or real estate needs, subject to existing debt limitations and financial considerations. Equipment is defined as personal property with the general rule that the property is not permanently affixed to land or a building.

Some examples of equipment and real estate financed through the LOCAL program include: school buses, ambulances, construction projects, fire trucks, HVAC systems, computers, office furniture, copiers, vacant land, portable classrooms and energy projects.

All of the above requirements including a minimum of 30-days notice to the County Treasurer are required based upon general obligation debt statutory regulations. Our staff may be contacted for further information about this lending program offered by the WSTO.

There has been some confusion in the past about the definition of debt or general obligation bond. Any taxing or assessment district is defined as a municipal corporation by law and any debt issuance is defined as general obligation debt or bond (RCW 39.46.020). That district's board of directors must authorize the issuance of any debt and is responsible for insuring that the issuance is an acceptable public financing tool.

**Arbitrage Rebate Calculation.** There has been some question about responsibility for arbitrage rebate calculation for districts that have issued debt. The district, as issuer of the obligation, is responsible for determining whether it is required to rebate any investment earnings on its debt proceeds, bond or note funds or reserve accounts to the Federal government.

You should review the arbitrage certificate in your bond or note transcript to determine whether you are required to calculate your arbitrage earnings and, possibly, rebate earnings and check with your bond counsel if you have any questions. Your investment reports from this office, as well as all financial reports, are important to the analysis of arbitrage rebate.

As a general rule, if you issued less than \$5,000,000 of tax-exempt obligations in a calendar year and you spent your bond or note proceeds within three years of the date of issuance, you likely will not have to rebate any money to the government. However, you may be required to restrict your investment earnings in a reserve account or special assessment guaranty fund. Again, you should review your arbitrage certificate to ensure that you have complied with the regulations applicable to your issue.

Our office maintains a list of businesses that provide arbitrage rebate calculation services, so please do not hesitate to contact us if you have a need for that list.

**On-Going Disclosure - SEC.** There have been recent changes to the United States Security and Exchange Commission which regulates certain debt. Please review your bond resolutions for any such requirements that involve reporting annual financial information, notices and operating data to the Municipal Securities Rulemaking Board (MSRB). Your bond counsel will be most helpful as you determine your responsibilities in this arena.

## **Section X. Reports & Documents**

***Treasurer's Financial Reports.*** The monthly Treasurer's Financial Reports are available online at [www.yakimacounty.us/treasurer](http://www.yakimacounty.us/treasurer). To access the reports referencing cash availability, tax collections, and warrants, please use the Financial Reports tab. All investment reports are now shown on our website under the Investments tab. Our office will continue to provide these monthly reports in a timely manner. Preliminary reports are available online within three business days after close of the month, ensuring that you have your information prior to the general ledger being closed. Final reports are available online within three business days after the close of the general ledger, which is usually by the 10<sup>th</sup> of each month. All monthly reports, including the Treasurer's Financial report, are searchable using your fund number to easily find the page(s) that belong to your district/department. If you have questions or need assistance in accessing your reports online, please contact our Accounting Division at [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) or call 509-574-2780.

Please note – the warrant reports published on our website monthly do not include district payments that are issued via the Auditor's Office. This is a limitation with the reporting in Workday. If you have questions regarding whether a warrant has been reconciled that was issued via the Auditor's Office, you may contact the Auditor's Office directly or email [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) with the associated warrant information.

***Receipts for Deposits.*** Our Teller receipting software has the ability automate email receipts to depositors at the time that deposits are completed. Our recommendation is that you request these receipts to be emailed to a specified distribution group. Additionally, receipts processed via Revenue Submission are retained indefinitely through user access of the portal.

***Accounts Receivable Reports – Assessment Districts.*** Upon request of an assessment district, we will produce a report that shows outstanding receivables by property for each tax year as applicable. Our Accounting Division may be contacted at [Treasacc@co.yakima.wa.us](mailto:Treasacc@co.yakima.wa.us) or 509-574-2780 to request this report.