

CITY OF BLUE RIDGE

Policies and Procedures

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City Clerk, City of Blue Ridge

Policies and Procedures

This manual contains instructions regarding policies, procedures, and practices for the financial management of the City of Blue Ridge.

These instructions are for the guidance of all personnel who participate in the actions and decisions relating to City finances and for all other personnel in order to give them a more complete understanding of internal controls, policies and procedures related to the financial administration of the City.

Most of the procedures that follow are basically descriptive of practices and forms, which already exist, having evolved over the years as being most practical and in accordance with generally accepted accounting principles. In some cases, however, no explicit policy has been written. In these instances, the best interests of the City must always be followed.

Accounting Policies

The City shall maintain a system of financial monitoring control and reporting for all operations and funds in order to provide an effective means of ensuring that financial integrity is not compromised. Such practices shall provide City officials with the necessary resources in order to make sound financial decisions.

GENERALLY ACCEPTED ACCOUNTING PRINCIPALS (GAAP)

The City will establish and maintain a high standard of accounting practices to conform to generally accepted accounting principles of the United States as promulgated by the Governmental Accounting Standards Board (GASB). The City also will follow the Financial Accounting Standards Board's pronouncements, as applicable.

FUND STRUCTURE

The City will maintain the minimum number of funds consistent with legal compliance and sound financial administration. The City will adhere to the mandatory fund structure included in the Georgia Department of Community Affairs' (DCA) chart of accounts. Funds shall be classified in conformity with GAAP. Further, all funds shall be reported within the annual financial statements.

The Georgia General Assembly passed the Local Government Uniform Chart of Accounts and Reporting Act in 1997 (House Bill 491). This law required the DCA to prepare and issue a standardized chart of accounts for Georgia governments. The City shall implement and utilize the account classifications as the chart of accounts prescribes.

FUND BALANCE POLICY

The fund balance of governmental funds can be classified into five different categories which are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance are resources that are not in spendable form or are legally or contractually required to be maintained intact, such as inventory or prepaid assets. Some constraints on the use of resources are externally enforceable, imposed by law or enabling legislation and are classified

as restricted. An example includes hotel/motel tax resources. Portions of fund balance can be committed if constraints are formally imposed by the government's highest level of decision-making authority by no later than the end of the reporting period. The Mayor and Council are required to formally commit fund balance by resolution. Assigned fund balance is a resource earmarked for particular purposes and can be designated by the Mayor or City Administrator with written authorization. The remaining fund balance not classified in any of the previous categories is labeled unassigned.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed. When an expenditure is incurred for purposes for which amounts in committed, assigned, or unassigned fund balance could be used, it is the government's policy to first use committed and then assigned fund balance if available. Unassigned fund balance would be used for remaining expenditures from unrestricted fund balance.

CASH AND INVESTMENT POLICY

Georgia law (O.C.G.A. 36-83-4) sets forth acceptable investments for Georgia governmental entities. To limit risks for the City's deposits, the City generally limits investments to certificates of deposit through local financial institutions. However, upon approval of the Mayor and Council, any investment authorized by Georgia code would be acceptable.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be recovered. State statutes require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. It is the City's policy that any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. Obligations. Deposits exceeding FDIC limits secured through the local government investment pool, "Georgia Fund 1," created by O.C.G.A. 36-83-8 or a collateral pool are acceptable securities.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. It is currently the City's policy to not invest in instruments with a variable interest rate.

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to invest in non-negotiable certificates of deposit and money market accounts that are covered by FDIC insurance or pledged collateral.

Auditing and Financial Reporting Policies

Georgia law on local government audits, O.C.G.A. Section 36-81-7, requires an independent annual audit. The audit shall be conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted governmental auditing standards (GAGAS). In addition, the City shall comply with the requirements of the General Accounting Office (GAO) and the Office of Management and Budget (OMB) when audits are conducted relating to federal funding, consistent with the 1996 (and any future) amendments to the Single Audit Act.

The agreement between the independent auditor and the City shall be in the form of a written contract or an engagement letter. A properly licensed Georgia independent public accounting firm shall conduct the audit.

In conjunction with the annual independent audit, the City shall prepare and publish an Annual Financial Report in conformity with GAAP. The City shall make this report available to elected officials, bond rating agencies, creditors and citizens. The City shall report in conformity with O.C.G.A. Section 36-81-7 and a copy of the City's annual audit shall be submitted to the Georgia Department of Audits and Accounts within 180 days of year end, as required. The report shall be published on the website of the Carl Vinson Institute of Government of the University of Georgia in accordance with O.C.G.A 36-80-21. This requires that each local government shall electronically transmit a copy of the audit concurrent with submission of the audit to the state auditor.

Budgetary Policies

The budget process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided within estimated available resources. Budget policy guides this process and directs the City's financial health and stability.

At a minimum, the City shall adopt annual balanced budgets for the general fund, each special revenue fund, and each debt service fund in accordance with the Official Code of Georgia, O.C.G.A. 36-81-3. Georgia law also requires a project-length balanced budget for each capital projects fund.

The annual proposed budgeted should be submitted to the governing authority while being held at City Hall for public review/inspection in accordance with O.C.G.A. 36-81-3. A public hearing will be conducted after proper advertisement prior to the City Council adopting and approving the annual budget document (O.C.G.A. 36-81-5 and 36-81-6).

BUDGET OBJECTIVE BY TYPE OF FUND

The following budget objectives are established for the different funds the City uses:

General Fund

The annual budget for the General Fund shall provide for the general government operations of the City and maintain working capital necessary for financial planning and managing the resources of the City.

Special Revenue Fund(s)

The City adopts annual budget for each special revenue fund that demonstrates any legally restricted revenue sources are used consistent with the applicable laws and/or regulations (i.e. Hotel/Motel Tax Fund).

Capital Project Fund(s)

The City adopts project budgets for each of its capital project funds. These adopted appropriations do not lapse at the end of a fiscal year; rather they remain in effect until project completion or re-appropriation by City Council.

Debt Service Fund(s)

The City adopts annual budgets for any debt service fund. Any remaining fund balances from prior years plus current year's projected revenues shall be sufficient to meet all annual debt service requirements.

Proprietary Funds(s)

Although Generally Accepted Accounting Principles (GAAP) and Georgia statutes do not require the City to adopt budgets for enterprise funds, the City does adopt budget a for enterprise funds in order to monitor revenues and control expenses. The City uses a business approach when budgeting enterprise funds. Enterprise funds shall be self-supporting whenever possible and subsidized losses will be minimized when break-even is not possible.

Additionally, the City classifies funds as either operating funds or non-operating funds. Operating funds are those funds that include appropriations for the payment of salary and benefits and whose maintenance and operating appropriations are necessary to continue the daily operations of the City. The General Fund will always be an operating fund. Non-operating funds are those funds that do not include appropriations for the payment of salary and benefits and whose maintenance and operating appropriations are not critical to the daily operations of the City.

BASIS OF BUDGETING

Neither GAAP nor Georgia statutes address a required basis of budgeting; however, the City shall adopt budgets in conformity with GAAP for all budgeted funds. All governmental funds shall use the modified accrual basis of accounting. Proprietary funds shall use the accrual basis of accounting with the exception that debt principal payments and capital outlay are budgeted and depreciation is not for budgeting cash flow purposes.

BALANCED BUDGET

A balanced budget is defined as one in which total anticipated revenues plus that portion of fund balance in excess of authorized reserves that is designated as a budget-funding source shall equal total estimated expenditures for each fund.

The City shall avoid budgetary procedures that balance current expenditures through the obligation of future resources. The City shall avoid short-term borrowing to meet operating budget requirements, except as authorized by the Mayor and Council.

Revenues include those which are due for the current year. Expenditures appropriated by the annual budget include items for which disbursements are made or incurred during the fiscal year through the payables process.

All operating budget appropriations shall lapse at the end of the fiscal year. Purchases encumbered in the current year, but not received until the following year, must be charged against a department's subsequent year appropriation.

BUDGET ADOPTION AND CONTROL

All budgets shall be adopted at the legal level of budgetary control, which is the department level within each individual fund. The City budget is adopted annually by resolution of the Mayor and Council before the beginning of the new fiscal year. In accordance with O.C.G.A. 36-80-21, as soon as the City has adopted a final budget for an upcoming fiscal year, a copy of the budget shall be electronically transmitted in a PDF file to the Vinson Institute and posted on

the website accessible to the public. The PDF should be transmitted no later than 30 calendar days following the adoption of the budget resolution.

The budget shall be developed based upon "line item" expenditures within each department. This type of budget focuses on categories of expenditures such as personal services, purchased services, supplies, capital outlay, etc. within each department. At a minimum, each department's appropriation in each fund shall be detailed within the budget document (O.C.G.A. 36-81-3 and 36-81-5). Departments are based on function and activity classifications in the Georgia Department of Community Affairs chart of accounts.

A system of budgetary controls shall be maintained to assure adherence to the budget. Timely quarterly reports shall be prepared comparing actual revenues and expenditures/expenses with budgeted amounts to be distributed to the Mayor and Council.

AUTHORIZATION OF BUDGET ADJUSTMENTS AND AMENDMENTS

The budget is a dynamic rather than static plan, which requires adjustments and formal budget amendments as circumstances change. The Mayor and City Council must approve all amendments in total departmental appropriations by resolution.

The budget officer can make reallocation of budgeted amounts within expenditures/ expenses of a department or revenues of a department. The City Administrator shall be the constituted budget officer for the City. Adjustments from appropriations that have been restricted, committed, or assigned for a designated purpose shall not be transferred until a formal de-obligation occurs.

Budget amendments or reallocations are recorded in the general ledger upon approval by the Mayor and Council or City Administrator.

MAINTENANCE AND REPLACEMENT OF CAPITAL EQUIPMENT

The budget for capital expense shall be incorporated with the current year operating budgets for each fund, and shall be funded by current operating revenue to the extent possible. An itemized listing of capital expense, equipment and projects shall be included in the budget document.

BUDGET STABILIZATION & FUND BALANCE POLICY

The City shall strive to establish a fund balance reserve in all operating funds for working capital. The purpose of working capital is to cover the cost of expenditures caused by unforeseen emergencies, cover shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve shall accumulate and then be maintained at an amount that represents no less than three (3) months of operating and debt expenditures (approximately 25% of budgeted expenditures.) Non-operating funds do not need a reserve for working capital.

If necessary, the City may use unrestricted fund balance as a funding source for that fund's budget in any given year. The amount of unrestricted fund balance shall be estimated conservatively, taking into consideration future year needs. The minimum requirement for the reserve for working capital, equal to three (3) months of operating and debt expenditures, must first be met before utilizing the excess fund balance as a funding source for the budget. The utilization of fund balance shall be deemed a use of one-time revenues for budgeting purposes.

CONTINGENCY LINE-ITEM

The City shall establish an appropriated contingency of one percent (1%) of the total annual expenditure appropriation in all operating funds in order to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the City's operations which could not have been reasonably anticipated at the time the budget was prepared. Non-operating funds shall not require a contingency reserve appropriation.

This contingency reserve appropriation will be a separate line-item within the budget. This amount shall be subject to annual appropriation. The approval of the Mayor and Council is required before this appropriation can be expended. If approved, the Finance Director will transfer the appropriation from the contingency line-item to the applicable line item(s) within the applicable department's budget.

CONTRIBUTIONS

Unless authorized by City Council, outside contributions to programs operated by City departments shall be subject to the City's accounting and budgetary policies. The City welcomes both unrestricted and restricted contributions compatible with the City's programs and objectives. Any material contribution shall be appropriated by City Council prior to expenditure. Material contributions shall be defined as one-time contributions exceeding one percent (1%) of the department's annual maintenance and operating expenditure appropriation or \$25,000, whichever is less.

ONE-TIME REVENUE SOURCES

Non-recurring revenues shall be utilized within the appropriate fund for items relating to non-recurring expenses. The purpose of limiting these funding sources is to eliminate the fluctuations in funding operations with non-sustainable resources. One-time revenues shall be distinguished during the budget process so that a match can be made with non-recurring expenditures.

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Internal Control Policies

An effective system of internal control allows management to deal with rapidly changing economic and competitive environments, shifting customer demands and priorities, and restructuring for future growth. Internal control promotes efficiency, reduces risks of asset loss, and helps ensure the reliability of financial statements and compliance with laws and regulations.

We define *internal control* as follows:

Internal control is a process, affected by our Mayor, City Council, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Accounting controls comprise the state of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records, and, consequently are designed to provide reasonable assurance that:

1. Transactions are authorized in accordance with management's general or specific authorization.
2. Transactions are recorded as necessary (a) to permit preparation of financial statements in conformity with Generally Accepted Accounting Principles and other criteria as applicable to such statements and (b) to maintain accountability for assets.
3. Access to assets is permitted only in accordance with management's authorization.

The City of Blue Ridge has established procedures to protect assets, monitor the accuracy and reliability of accounting data for public funds, and provide guidelines that encourage and promote fiscal integrity of open and honest financial reporting necessary to carry out the day-to-day financial affairs of the City. These internal controls are considered cost effective to the City in order to achieve maximum benefits as a direct result of the procedures. The City of Blue Ridge utilizes the following universal controls:

1. Separation of Functional Responsibilities - All procedures are structured to separate responsibilities as needed and to the extent possible with current staffing. The following areas should be noted:
 - a) Preparation of cash deposits separate from posting of cash receipts.
 - b) Approval of checks from processing/posting of cash disbursements.
 - c) Receiving of goods from ordering goods.
 - d) Ordering goods from processing payments.
 - e) Processing paychecks from enrolling new employees or changing pay rates.
 - f) Within the constraints of the department of the City, all duties shall be segregated that could lead to the appearance of a conflict of interest.
 - g) An employee without prior access to records is used to:
 - Reconcile bank statements
 - Open mail

- Intermittent testing of petty cash drawers and change drawers
2. An uncomplicated and adaptable organization plan which clearly places responsibilities for specific activities on specific individuals.
 3. An annual budget prepared in detail and reviewed quarterly by the department heads in conjunction with the finance department and the Mayor and Council in an effort to promote an effective and efficient City administration, which addresses the need for financial constraint and stability.
 4. Sufficient and competent personnel, who receive updated training and education necessary to insure maximum quality and effective financial reporting results.
 5. Centralized purchasing utilizing a purchase order system for the City. Control procedures for purchasing include numerical sequenced purchase orders and check requests.
 6. Cash procedures are strictly maintained and enforced in an effort to insure acceptable checks and balances are adhered to, including the following recommendations:
 - a) All money is to be deposited daily.
 - b) All posting should be from the original document or a copy of the check, if necessary, and cash receipt to allow for the depositing of money daily.
 - c) Documentation of the amount of cash and checks to be deposited to be submitted with paper work pertaining to the deposit and posting of the cash receipt to the general ledger.
 - d) A deposit ticket should be completed; making sure the total is the same on the bottom and down the side. If it is correct, place your initial at the bottom of the deposit ticket and place it in the locked bank bag. The money and the deposit ticket should then be maintained in a locked bank bag for deposit by a separate person, if possible.
 - e) Persons with bank bag keys should not allow anyone else to open or close the bag. The person with the key is responsible for the funds.
 - f) Money should be in a secure place at all times. At no time should money be out on a desk unattended. All funds are placed in a safe or vault at night or when the deposit is completed.
 - g) Each person should have an assigned cash drawer and no access should be allowed to other's drawers, even if staff is manning both the drive-through and teller windows. This can preclude identification of the individual responsible for any shortages.
 - h) Refunds should never be given out of the cash drawer. All refunds will be processed through the Finance Department.
 - i) No one in the Finance Department should handle cash.
 7. The City keeps a complete set of accounting records, the minimum of such is:
 - a) General ledger
 - b) Paid invoice file
 - c) Payroll ledger
 - d) Bank reconciliations
 - e) Accounting work papers
 8. Cash reports are prepared submitted to the Mayor and Council for the regular council meeting each month.

9. General ledgers are reviewed monthly by the Director of Finance and department head's should also review their department's performance according to budget to actual comparisons periodically. Quarterly interim financial statements are prepared and presented to the Mayor and Council on a timely basis.
10. All transactions are properly documented as follows:
 - a) Cash disbursements are documented by either a signed purchase order or approved check request or approved signed contract or bid document, along with an invoice and verification of receipt, if possible.
 - b) Utility cash payments are documented by computer printouts detailing customer payments for the day that tie to the daily deposit for each cash drawer. All payments are posted by the Finance Department after being posted by the designated teller.
 - c) Cash payments are documented by cash receipts in numerical order showing all payments for that day that tie to the daily deposit and cash balance in the drawer.
 - d) At the end of the day, all documentation is reconciled to the total of the cash, checks and other forms of payment received.
11. An independent firm of Certified Public Accountants performs an annual financial audit of the City of Blue Ridge. The City's fiscal year end is December 31st and the audit is due to the Georgia State Department of Audit and Accounts by June 30th each year.
12. Policy and procedure protocol:
 - a) Policies and procedures should be reviewed by the Director of Finance on an annual basis and any changes necessary submitted to the Mayor and Council for approval. If a policy and procedure is revised, a new revision date, month and year, is noted on the policy and procedure.
 - b) New policies and procedures are developed as needed.
 - c) Employees will be given a copy of applicable policies and procedures at time of hire and appropriate training will be provided. Their signature denoting their understanding of said policies will be required after training. As policies are updated, staff will be notified by email or interoffice mail.
 - d) The original adopted policies and procedures of the City will be kept with the Clerk's records at City Hall and in the Finance Department. Electronic files will be maintained on the server.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The system of internal control over the financial reporting includes policies and procedures designed and implemented to provide reasonable assurance that the City's financial statements are fairly presented in accordance with generally accepted accounting principles. The controls are the specific policies and procedures designed and implemented to prevent or detect and correct misstatements that, if not prevented or corrected, would cause the financial statements to not be fairly presented.

A well designed and properly maintained accounting system is necessary to be able to provide all data that is needed to allow for the timely preparation of financial statements in conformity with generally accepted accounting principles. The official source of generally accepted accounting principles for local governments is the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board is an independent, not-for-profit organization that establishes and improves standards of financial accounting for local governments.

Purchasing and Expenditure Policies

To provide for the fair and equitable treatment of all persons involved in public purchasing by the City and in order to maximize the value of public funds and provide safeguards for maintaining a purchasing system of quality, control, and integrity, the following purchasing and expenditure policies should be followed.

Policy pertaining to the amount of a purchase determines how the purchase will be handled. These policies should be followed in all circumstances and shall be applicable to any and all disbursements of any City funds for any City projects or contracts. Listed are general minimums for check requests or purchase orders, quotes, bids and proposal guidelines for supplies, services and capital expenditures other than Public Works and Public Road Contracts (as defined later in this document). All dollar limits are to be applied per transaction or invoice and do not apply to statements or monthly, recurring bills. Dividing a transaction in order to avoid obtaining the proper approval for a purchase is prohibited and will be addressed with disciplinary action. This could be evidenced by a pattern of multiple transactions within a short time period such as timestamps on receipts, multiple purchases of the same item, etc.

Petty Cash may be used for purchases and reimbursements of \$50.00 or less.

Up to \$500.00 Check request can be used for a single transaction and no quotes are required. To be approved by department supervisor or City Clerk.

\$500.01 to \$2,500.00 Check request and one supplier quote (verbal or written) is required. Purchase order to be approved by department supervisor.

\$2,500.01 to \$5,000.00 Purchase order and one written quote and approval of the department supervisor. Written authorization of an elected official should be obtained on the purchase order or by an attached email prior to issuance of a completed purchase order. If an attempt is made, but an elected official does not approve a purchase order, the purchase order should be brought before the entire Council rather than seeking a different elected official for approval. The department head will be responsible for obtaining this proper approval in an effort to not divide the Council.

\$5,000 to \$99,999.99 Purchase order and two written quotes, bids, or proposals are required. Purchases shall be approved by the Council prior to issuance of a purchase order.

Greater than \$100,000.00 Supplies, equipment, and service contracts require a contract and sealed bids or proposals and shall be advertised in the legal organ a minimum of two times, with the first advertisement occurring at least four weeks prior to the opening of sealed bids or proposals. Contracts should be signed by authorized individual upon Council approval. These contracts will require bid, performance, and payment bonds. These requirements may be waived if prior favorable experience justifies allowance of a cash deposit or bank letter of credit in lieu of the bonding requirements. Such allowances are to be approved by the Council.

Invoices for less than \$2,500.01, recurring invoices (i.e. monthly utility bills), or invoices covered by contracts do not require a purchase order. A listing of current invoices classified as monthly recurring payments can be obtained from accounts payable. This listing will be provided to the Council for review at the beginning of each year and they will be notified in writing by email of

any additions during the year. A supervisor can only sign a check request or purchase order for his or her department(s). If an expenditure will be accounted for in the budget of another department, the approval of the applicable supervisor must be obtained. Supervisors include those individuals designated as such by the Mayor and Council. This includes but is not limited to the Mayor, Office Supervisor, Police Chief, Street Supervisor, Water Maintenance Supervisor, Utility Billing Supervisor, Shop Supervisor, Water Plant Supervisor, Sewer Plant Supervisor, and Park Supervisor.

This policy shall apply to all purchases, excluding only (1) the prepaid expense of supplies and materials required for new customer taps and (2) refunds to customers for errors in billing or collections. A copy of the customer payment should be attached to a purchase order approved by the department supervisor as these expenses are reimbursed by new customer tap fees or refunds for prior payment.

Since the budget is approved at the department level by the Council rather than by line item, no expenditures can be assumed to have been approved by the adoption of the budget. A purchase order can be approved by the City Council for multiple purchases of specified items or services from a particular vendor for up to a fiscal year. A total dollar amount limit should be specified and the total purchases cannot exceed this amount for the specified time period without re-approval.

Requests to obtain a check request or purchase order can be done by employees within a department, but must be signed off by the appropriate supervisor and should include sufficient detail to inform the authorizing individuals as to the purpose of the purchase. All bids, quotes or proposals for purchases less than \$99,999.99 should be attached or noted on the requested purchase order, as applicable, and submitted to the City Clerk or Finance Director before payment is made. The department supervisor is responsible for obtaining the appropriate approval for purchase orders up to \$5,000 and for providing all necessary information for requests above \$5,000 to be submitted to the Council for approval. The purchase order should be pre-numbered and should include the name of the vendor, a description of the item(s) or service, the actual or estimated cost and the budgeted line item account number or description. The purchase order should be assigned to a budgeted line item and in the event that there are insufficient funds within the cited account, should have a budget amendment according to the budget policy in a timely fashion. The budget policy allows for an amendment approved by the City Clerk and/or Mayor if within the department or approval by the Council for amendments between departments. If a check request or purchase order requires an increase after the invoice is received, it should be approved according to purchasing policy applicable to the dollar amount of the increase only, unless the increase pushes the total invoice over the \$5,000 threshold requiring Council approval.

Professional services, supplies, repairs and general maintenance should follow the guidelines provided herein; however, it is acknowledged that certain services and supplies or equipment, can only be obtained, purchased, repaired or serviced through authorized service centers or by specially trained personnel or from certain vendors. The public interest is best served by receiving professional services from certain vendors or maintaining such equipment, systems and facilities in accordance with manufacturer's requirements and warranties. For this reason, such services and supplies may be obtained without obtaining bids, quotes or proposals as generally required by this ordinance upon written determination by the appropriate approver according to the dollar amount of the purchase. When two or more quotes, bids, or proposals are not obtainable due to factors such as quality, service, availability, quantity, usability or other matters affecting the best interest of the City, the purchase order, at the time of approval, shall

note when these circumstances exist (for example, standardized items, sole source vendors, professional services, etc.).

Once the invoice is received, it is matched with the correct purchase order or check request and any other supporting documents, such as packing slips and quotes, bids or proposals, and is processed by the finance department by verifying quantity, cost, terms and conditions for payment. Checks will normally be issued every other Thursday, but can be issued at other times at the discretion of the Finance Director. Checks are processed using blank check stock. All documents of the City requiring execution, including but not limited to checks, drafts, money orders and wire transfers shall bear the signature of two City officers or employees as designated on the signature card for the appropriate bank account..

All invoices should be sent directly to accounts payable at City Hall. An invoice number should always be entered for nonrecurring payments to avoid duplicate payments. Invoice number standards include that no leading zeros will be included and the invoice date (in MMDDYYR format) with no dashes, /, or special characters will be used if there is not an invoice number on the document. All invoices should be individually entered if nonrecurring and/or paid by statement to avoid duplicate payment. Only original invoices or vendor copies attached to a statement should be processed. Copies should be requested directly from the vendor if original invoice is not available. The terms of the City are 30 days for payments due to vendors.

The City will not be responsible for a purchase made by a City employee who does not follow the appropriate procedure for a particular purchase. All officials/employees authorized to sign checks shall only be authorized if it is within the realm of this spending policy. If the check is over the spending limit and has not been properly approved by the City Council, the official/employee does not have the authority to sign the check.

Any expenditure to a non-profit organization should be reviewed by the Finance Director for the appearance of a gift or doanation. The Georgia Constitution (article III, section VI, paragraph VI) prohibits making a gift or donation or gratuity to any person, corporation or entity of any public funds. The City, therefore, always needs to receive some service or product as to the expenditure of tax funds. This can typically be documented by way of a contract but also permits an invoice approved by the normal purchasing procedures but should be approved by City Council if the Finance Director determines there is any appearance that the expenditure is a gift or donation. This policy should be applied specifically to the expenditure of hotel/motel tax funds.

PURCHASES ON CREDIT AND CREDIT CARD PURCHASES

Purchases on City credit or with a City issued credit card shall follow all purchasing policies in the same manner as previously outlined. For example, check requests or purchase orders, according to the dollar amount, should be utilized. Furthermore, purchases with a credit card shall further follow the City's purchasing card policy. Supporting receipts and documents should be matched and attached to the statement before payment. Any purchase requiring Council approval should be obtained before the purchase is made. Credit cards should be kept in a secure location and are the sole responsibility of the department head who is issued a credit card. Abuse of any City credit card may result in immediate disciplinary action including, but not limited to, termination and felony criminal prosecution.

CONTRACTS FOR PUBLIC WORKS AND ROAD CONSTRUCTION

For purposes of this section, "public works construction" means the building, altering, repairing, improving, or demolishing of any public structure or building or other public improvements of any

kind to any real property, other than a project covered by federal or state funding whose bid solicitation and contract requirements take precedence over general law found in O.C.G.A. Title 36, Chapter 91. This term does not include the routine operation, repair, or maintenance of existing structures, buildings, or real property, or any energy saving performance contract.

All public works construction contracts entered into by the City of Blue Ridge with private persons or entities shall be in writing and on file in the City Clerk's office, available for public inspection and copying during normal business hours. All public works construction contracts shall be executed and entered in the manner and with the formalities required by the City Charter and other applicable laws.

Unless otherwise required to follow specific procedures set forth in federal or state grant or funding agreements for a specific project, the City shall comply with the sealed competitive bid procedures set forth in O.C.G.A. Title 36, Chapter 91, including the requirements for competitive sealed bids, advertising, and bond and maintenance agreements set forth therein, which by reference are made a part hereof.

The requirements of this section shall apply to all public works construction projects having an estimated cost of \$100,000 or more and projects shall not be subdivided in an effort to evade these requirements. These requirements shall not apply to projects necessitated by an emergency; provided, the nature of the emergency shall be found and described in the minutes of the City Council. The requirements of this section shall not apply to any projects or portions of projects self-performed by the City or when labor is performed by inmates from a state correctional institution. The requirements of this section shall not apply to sole source public works construction projects when the City Council, by resolution in a duly convened public meeting, has found and concluded that competitive procurement is not available or otherwise not feasible.

Furthermore, the requirements of this statute shall not apply to public works construction projects subject to the requirements of Chapter 4 of Title 32, which define procedures for contracting for the construction, reconstruction, or maintenance of all or part of a public road. No contract involving an expenditure of more than \$20,000 but less than \$200,000 shall be awarded without the submission of at least two estimates. Any contract involving the expenditure of more than \$200,000 shall be let by public bid and follow all other requirements of O.C.G.A. Title 32, Chapter 4 set forth therein, which by reference are made a part hereof. Pursuant to State law, road construction contracts of \$5,000 or more must have a performance and payment bond.

EMERGENCY PURCHASES

A bona fide emergency is a situation which arises where it would seriously jeopardize the safety, health and welfare of the City's mission or where it would otherwise adversely affect the work of the City to utilize normal purchasing procedures. The department supervisor and/or Mayor will determine the existence of an emergency situation or condition. Department supervisors will not use the emergency purchase procedure to abuse or otherwise purposely circumvent the established purchasing procedures.

The procedure for an emergency purchase is as follows. Purchase of services, goods, supplies and materials is consummated and receipt obtained. A written statement from the department supervisor explaining the nature of the emergency is prepared, with receipt and/or other necessary paperwork attached and forwarded to the City Clerk or Finance Director the next working day. Advance notice to the Mayor should be attempted but is not required. The

emergency purchase shall be reported to the Mayor and members of the City Council within 48 hours and shall follow the applicable purchasing policies for final approval before payment.

PETTY CASH POLICY AND PROCEDURES

All departments have the opportunity to use the City petty cash fund located at City Hall to purchase items with a total cost of \$50.00 or less.

The Petty Cash Fund shall not be used for personal transactions such as cashing personal checks or temporary loans of any kind. The Petty Cash Fund will maintain a balance of \$500 to be reimbursed from accounts payable as needed. It will be administered by the Office Supervisor and should be maintained in a locked cash box with access limited to the administrator and one other person for back-up. No reimbursements should be made from the cash collections drawers of office personnel.

The City of Blue Ridge is exempt with regard to sales tax and every effort should be made to avoid sales tax reimbursement from petty cash. If a vendor conducting business with the City does not have a Tax Certificate of Exemption form for the City, please contact City Hall to get a copy.

An invoice, statement, receipt, bill of sale, or some other valid form of transaction document must be presented to the Petty Cash administrator before any funds can be disbursed. The petty cash form should be completed and signed by the cash recipient and attached to each receipt or document for reimbursement from accounts payable.

TRAVEL POLICY

It is the policy of the City of Blue Ridge to reimburse any employee, agent, or elected official for any expenses incurred in the performance of their official city duties or scope of services, which have not otherwise been paid, through an "accountable plan," defined by the Internal Revenue Service as follows:

1. Employees must have paid or incurred deductible expenses while performing services as an employee; and
2. Employees must adequately account to the employer for these expenses; and
3. Employees must return any excess reimbursement or allowance.

Conferences, Seminars, Training Sessions

A check request form (or purchase order if the dollar amount necessitates) must be submitted and approved in advance (prior to departure) for any travel, including out of state, common carrier (air/rail/bus), and overnight or other employee travel. The dates you left and returned home for each trip along with the destination and purpose should be indicated on the request. The items of information and proposed expenses should be estimated as accurately as possible and additional expenses actually incurred can be submitted upon return.

The check request/purchase order should include miscellaneous per diem amounts, such as meals and parking, "city standard" (www.mapquest.com) miles or odometer readings, and an agenda of the meeting or conference. Mileage will be paid at the IRS standard mileage rate. The IRS usually adjusts this amount annually, and the City will follow IRS standards. Personal vehicles should only be used if a City vehicle is not available, not in condition for the trip or upon approval of the Mayor. Employees may be reimbursed for the mileage incurred from the point of departure for the travel destination. During the normal work week, the point of departure will be either the employee's residence or work place, whichever is nearer to the destination point.

During weekends and holiday, employees should use the actual point of departure to calculate travel mileage. The Finance Department should be immediately notified if for any reason the employee is unable to attend the event, so that registration may be refunded if possible and per diem's repaid if applicable.

The City will pay directly to the training office, conference headquarters, etc. for the registration for employees or elected officials and spouses of elected officials (where spouse registration is available) for those conferences, seminars, or training sessions approved by the proper authority. The City will also pay/reimburse for registration paid by a personal credit card if required and personal expenses associated with the training or conferences such as mileage, meals, airfare, parking, and lodging, etc.

Meals, Lodging and Incidental Expenses

Reimbursement for meals, lodging and incidental expenses are reimbursable only when "away from home" travel is required. Incidental expenses include costs for parking and tips for services. Employees or elected officials of the City would be deemed to be traveling "away from home" if duties require the individual to be away from the general area of home substantially longer than an ordinary day's work.

Appropriate tax-exempt forms (Hotel/Motel Tax Exempt and Georgia Sales Tax Exemption) should be submitted upon registration/check-in for lodging. It is the responsibility of the employee to see that the forms are submitted correctly and that the City receives all eligible exemptions for travel expenditures. Generally, hotels/motels located within the state of Georgia will recognize and grant the exemption. If the lodging establishment is hesitant at check-in, effort should be made to clear the matter before checkout, so the rates will not include taxes.

Reimbursement for meal expenses when "away from home" travel is required will be made at a rate of \$40 per day. Breakfast (\$10.00) will be provided if the employee is "away from home" before 7:00 am. Lunch (\$15.00) will be provided if the employee "away from home" at 12:00 pm. Dinner (\$15.00) will be provided if the employee is "away from home" at 6:00 pm. Meals provided in conference registration will not be reimbursed.

Employees, elected officials or spouses of elected officials on official business may elect to submit receipts for meals. However, the rates per day should not exceed the rates per city in Georgia as listed at www.gsa.gov. Official conferences that are out of state should not exceed the limits allowed in the Federal Travel Regulations for that particular state/ locality. Conferences, seminars, or training, which do not include lodging for an overnight stay, will not include meal reimbursement unless the meal is a required part of the meeting or the requirements are met for the length of time "away from home". (i.e. leave prior to 7:00 a.m. to receive breakfast and return after 6:00 p.m. to receive dinner.)

UNIFORM POLICY

The City of Blue Ridge provides uniforms to all employees as applicable to their department. The maintenance/plant workers, including but not limited to the street, water, sewer, and park departments are provided semi-annually with shirts and jackets with the City logo and receive \$200 annually for the purchase of pants. Boots can be purchased or reimbursed (with a receipt) up to \$200 annually as determined by the department supervisor. All lifeguards are provided with bathing suits, approved and purchased directly by the City. The police department is supplied with all uniforms and accessories deemed necessary by the Police Chief and purchased directly by the City. The City Hall department is periodically provided with a uniform allowance of \$200 per person, to include any applicable embroidery.

VENDOR FILE AND MAINTENANCE

All vendor files are maintained by the finance department with an annual file containing all invoices and checks for each vendor according to the vendor number automatically assigned by the accounts payable software. A temporary vendor number may be used if it is an expected one-time purchase, with specific temporary vendor numbers for certain categories of purchases such as travel, hotels, reimbursements and refunds. Procedures to control the entering and editing of the master file data include naming standards such as any vendor name beginning with "A" or "The" should drop the first word and any vendor name ending in Inc. or Corp. should include that designation. A vendor should only be added upon approval by the finance department to avoid being entered into the accounting system multiple times. The vendor master file will be reviewed annually to inactivate vendors who have not been used during the past 12 months. Any vendor providing a service will be required to complete a W-9 form and provide the information necessary to issue a 1099, if necessary, prior to the issuance of any checks to that vendor.

FEDERAL WORK AUTHORIZATION PROGRAM

Pursuant to O.C.G.A. § 13-10-91, all contracts for the physical performance of services within this state, to be binding on and enforceable against the City, shall require the contractor to register and participate in the federal work authorization program to verify work eligibility of all newly hired employees and subcontractors. Before an estimate or bid for any such service is considered by the City, the vendor shall provide a signed, notarized affidavit from the contractor attesting to the following:

- (1) The affiant has registered with and is authorized to use the federal work authorization program;
- (2) The user identification number and date of authorization for the affiant; and
- (3) The affiant is using and will continue to use the federal work authorization program throughout the contract period.

No contractor or subcontractor under contract with the City in connection with the physical performance of services within this state shall be entitled to payment from public funds for its services unless such contractor or subcontractor registers and participates in the federal work authorization program. It shall be deemed a breach of contract for any contractor, or subcontractor thereof, who physically performs services within this state under a contract with the City, to fail or refuse to participate in the federal work authorization program throughout the term of such contract. It shall be the duty of the contractor and/or subcontractor(s) to maintain records of federal work authorization verification by all newly hired employees for the term of the contract and to maintain such records for not less than three years from the contract's date of final completion. Such records shall be considered an open public record and made available to the City upon request or in the event of contract audit by a federal or state agency; provided, however, any information in such record protected from public disclosure by federal or state law shall be redacted.

PROHIBITED TRANSACTIONS

It shall be the policy of the City that no employee of the City shall also be a vendor and be allowed to participate in the bidding process or sell goods or services to the City. Purchases shall not be routinely solicited from suppliers in which any elected or public official of the City is known to hold a pecuniary interest of ten percent or greater, or over which he or she exercises significant managerial control, unless it can be demonstrated that no other reliable source of supply is available, and the public officer makes written disclosure of such interest and abstains from participation in the consideration of the purchase. All purchases, regardless of amount,

from suppliers in which a public official holds a pecuniary interest of ten percent or greater, or exercises significant managerial control, shall require the approval of the City Council.

It shall also be the policy of the City to refrain from soliciting or accepting money, loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors or services from present or potential suppliers which might influence, or appear to influence purchasing decisions. Traditional advertising items valued at less than \$25 may be accepted.

BID RETENTION AND AUTHORITY TO REJECT BIDS

All bids for goods or materials of any kind or character purchased by the City shall be kept on file by the City Clerk in accordance with the document retention schedules of the City. After an award has been made, the bids shall be subject to inspection at any time during normal business hours by any citizen of the City.

Except where prohibited by law or by the wording of an advertisement for bids, the authority permitted to accept bids shall be permitted to reject all bids or parts of bids and re-advertise for bids, where the public interest will be served thereby.

REQUEST FOR PROPOSAL

Any item or service which is expected to cost \$100,000 or more, where in the opinion of the City of Blue Ridge, it is considered to be in their best interest not to employ the formal bid process, public notice of a request for proposal shall be publically advertised as provided for in Georgia law. A request for proposal is defined as any solicitation document used in a competitive sealed proposals process. Requests for proposals are basically the same as requests for bids with the exceptions that requests for proposals do not require a public opening, but a public opening may be and is generally used. The distinguishing point is that only the name of each proposer is read aloud, with no other information being disclosed, and the proposals do not become "open records" until after the contract is awarded. These exceptions are instituted to prevent any negative effects on subsequent negotiations between the City and the vendor, as requests for proposals do **allow negotiation** and permit modification to both content and price after submittal while in the evaluation process.

ELECTRONIC TRANSMISSION OF INFORMATION, SIGNATURES AND RECORDS

Electronic commerce shall include but not limited to on-line vendors registration, acceptance of bids and proposals by electronic mail, electronic or virtual purchasing malls and catalogs, notifications of solicitations and download capability and acceptance of electronic (digital) signatures. Notwithstanding any other provisions, this section applies to records generated, stored, processed, communicated, or used for any purpose by the City for purchasing, procurement, acquisition, services, or disposition of personal property. This shall apply to all City contracts except for public works contracts.

The City Clerk and/or the Finance Director or his or her designee is authorized to promulgate procedures to coordinate, create, implement, and facilitate the use of common approaches and technical infrastructure, as appropriate, to enhance the utilization of electronic commerce, electronic records, electronic signatures, and electronic security procedures by and for the City for these purposes. The City Clerk and/or the Finance Director shall be authorized to develop, implement, and facilitate procedures for the use of electronic records, electronic signatures, and security procedures for all other purposes. The City Clerk and/or the Finance Director is authorized to promulgate methods, means, and standards for secure electronic procurement transactions.

An electronic record satisfies any rule requiring a document to be in writing. An electronic signature satisfies any rule of law requiring a signature. Any electronic record is signed as a matter of law if it contains a secure electronic signature. An electronic signature is deemed to be secure if it is created by application of a security procedure that is commercially reasonable and provided the electronic signature can be verified and agreed to by the City. Further, it is considered secure if it can be linked to the electronic record to which it relates in a manner such that, if the record is changed, the electronic signature is invalidated. The electronic record will be deemed secure when it can be verified not to have been altered since a specified point in time.

UNCLAIMED PROPERTY

In accordance with O.C.G.A. 44-12-190 et. seq. all unclaimed property held longer than the dormancy period, will be remitted to the Georgia Department of Revenue. The dormancy period for most property, including accounts payable and customer deposits, is 5-7 years.

Originally adopted July 14, 2015

Updated December 8, 2015

Updated February 13, 2018

Purchasing Card Policy

OVERVIEW

The Georgia General Assembly established guidelines and penalties into the Official Code of Georgia annotated (“O.C.G.A.”) which provides that no municipal corporation shall issue government purchasing cards or government credit cards to elected officials on or after January 1, 2016, until the governing authority of the municipal corporation, by public vote, has authorized the issuance and has promulgated specific policies regarding the use of such government purchasing cards or government credit cards for elected officials of such municipal corporation.

PURPOSE

The purpose of this policy is to set requirements and standards for the City of Blue Ridge Purchasing Card Program. The policy is not intended to replace current State of Georgia statutes but is intended to comply with such state laws and establish more efficient guidelines for elected officials using such purchasing cards. The City Council also finds that the same policy should apply to employees of the City of Blue Ridge who also use City credit cards for City Purchases. At no time should a City issued purchasing card or credit card be used for personal purchases regardless of the circumstances. Utilizing the purchasing card or credit card for personal use or for any item or service not directly related to such official’s or employee’s public duty may result in disciplinary action including, but not limited to, felony criminal prosecution. All purchases utilizing a government purchasing card or government credit card must be in accordance with these guidelines and with state law.

SCOPE

This purchasing card policy, as required by state law under O.C.G.A. § 36-80-24(c), applies to the use of government purchasing cards or government credit cards used by elected officials authorized to be issued such government purchasing cards or government credit cards. The City Council also finds that it is appropriate that the same policy apply to City employees who also use a credit card for City purchases. The Mayor, City Clerk and department supervisors have been authorized by the governing authority of the City to use such government purchasing cards or government credit cards and must abide by all of the applicable state laws and this purchasing card policy.

PUBLIC INSPECTION

In accordance with O.C.G.A. § 36-80-24(b) any documents related to purchases using government purchasing cards or government credit cards incurred by elected officials and City employees shall be available for public inspection.

TRANSACTION LIMITS

Transaction limits are hereby established to insure compliance with state purchasing laws, maintain proper budgetary controls, and to minimize excessive use of any individual credit line. Individual monthly card limits cannot exceed those established by the municipal governing authority. The established single transaction limit for each card must be less than \$1,500. The established monthly card limit is based upon the City’s budgetary constraints and is not to exceed \$3,500 per month. Any exceptions to the standardized limits must have express written approval by the municipal governing authority and must be added to this policy by amendment or addendum.

PURCHASING RESTRICTIONS

Elected Officials and City employees may not use a government purchasing card or government credit card for the following:

1. Any purchases of items for personal use.
2. Cash refunds or advances.
3. Any transaction amount greater than the transaction limits set by this policy.
4. Items specifically restricted by this policy, unless a special exemption is granted by the municipal governing authority.
5. Alcohol or liquor of any kind. Such purchases should not be made with the purchasing card and may not be reimbursed by the City.
6. Purchases or transactions made with the intent to circumvent the City purchasing policy, transactional limits, or state law.

Elected Officials and City employees may use government purchasing cards or government credit cards to purchase goods and/or services not prohibited by this policy or state law. Such purchases include, but are not limited to:

1. Purchases of items for official City use which fall within the transactional restrictions of this policy.
2. Purchase of lodging, fuel, food, non-alcoholic beverages, or education and training materials while on City business.
3. Emergency purchases necessary to protect City property.

ADMINISTRATOR

The City designates the office of City Mayor and the City Clerk, as the program administrator of government purchasing cards or government credit cards. Such administrator shall:

1. Serve as a liaison between the City's cardholders and the issuers of such cards.
2. Maintain the cardholder agreement for all cardholders.
3. Provide instruction, training, and assistance to cardholders
4. Maintain account information and secure all cardholder information.
5. Keep cardholders up-to-date on new or changing information
6. Upon receipt of information indicating fraudulent use or lost/stolen cards immediately report it to appropriate parties, including the issuer.

7. Ensure all card accounts are being utilized properly as set forth by state law and this policy.
8. Define the City's policy and procedures for proper documentation and storage of receipts, logs, and approvals required under this policy.
9. Identify any changes to named persons authorized to use a government purchasing card or government credit card.
10. Any other duties assigned by the municipal governing authority.

The City Clerk subject to the supervision of the Mayor, shall as a part of her duties handle the administrative work necessitated by the use of the City credit cards, but such work shall be subject to the review and supervision of the Mayor in order for the Mayor to perform the duties of the Administrator previously outlined.

ACCOUNTING AND AUDITING

The Mayor as Administrator, in an effort to ensure compliance with City policy and state law, will conduct monthly reviews and audits of all government purchasing card or government credit card transactions. The review is designed to ensure compliance, identify non-compliance issues and misuse, and through corrective measures assist the City with improving compliance. The monthly review and audit should happen within 14 days of the start of a new month or upon receipt of the monthly statement, whichever is earliest. After completing the monthly audit the Mayor as Administrator shall notify cardholders of any violations or questions the Administrator has that occurred within that previous month. Depending on the severity of the violation, the Administrator may suspend or revoke the use of the government purchasing card or government credit card after notification to the cardholder and to the municipal governing authority, but only after consultation with the City attorney. Any unresolved violations should be reported to the municipal governing authority and the City attorney in writing within 7 business days.

VIOLATIONS

The use of a government purchasing card or government credit card may be suspended or revoked when the Mayor as Administrator, after consultation with the City attorney, determines that the cardholder has violated the approved policies or state law regarding the use of the government purchasing card or government credit card. The government purchasing card or government credit card shall be revoked whenever a cardholder is removed from office with the City and shall be suspended if such elected official has been suspended from office.

AGREEMENT

Before being issued a government purchasing card or government credit card under this policy and state law, all authorized users of government purchasing cards or government credit cards shall sign and accept a copy of these policies and procedures indicating that such user will use such cards only in accordance with the policies of the City and with the requirements of state law.

Revenue Policies

The City levies, collects, and records certain taxes, license fees, permit fees, intergovernmental revenues, charges for service, investment income, fines and forfeitures, and other miscellaneous revenues and financing sources. This policy provides direction in the application, acceptance and administration of revenues the City receives.

DIVERSIFICATION AND STABILITY

All revenues have particular characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on the taxpayers and customers. A diversity of revenue sources can improve the City's ability to handle fluctuation in revenues and potentially help to better distribute the cost of providing services. The City shall strive to maintain a diversified and stable revenue structure to shelter it from short-term fluctuations in any primary revenue source. When possible, the revenue mix shall combine elastic and inelastic revenue sources to minimize the effect of economic downturns.

As part of the annual budget process, an objective analytical process will estimate revenues realistically and prudently. The City will estimate revenues of a volatile nature conservatively.

USER BASED FEES AND CHARGES

The level of user fees for cost recovery should consider the community-wide versus special service nature of the program or activity. The use of general-purpose revenues is appropriate for community-wide services, while user fees and charges (exchange revenue) are appropriate for services that are of special benefit to easily identified individuals or groups.

The City's revenue system will strive to maintain equity in its structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances.

Fees will be reviewed on an annual basis and should be updated during the budget process to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery.

For services associated with a user fee or charge, a fee shall offset the costs of that service, where possible. Costs of services include direct and indirect costs such as operating and maintenance costs, administrative costs, and charges for the use of capital (e.g., depreciation and debt service).

ALTERNATIVE REVENUE SOURCES

The City shall seek alternative funding sources whenever possible to reduce the required revenue from non-exchange transactions (e.g., property taxes). Such alternative sources include private and public grants, federal or state assistance, and public and private contributions.

REVENUE COLLECTION

The City will follow an aggressive policy collecting revenues, consistent with state and federal laws. This policy includes charging of penalties and interest, revoking City licenses, and providing for the transferring and assignment of tax executions.

The City collects revenue over-the-counter and through the mail from the general public in the form of cash, personal checks and money orders. The City also offers online payment options and direct debit of customers' bank accounts for repetitive payments such as monthly utility bill payments.

It is the policy of the City to exercise appropriate internal control over all cash received, to ensure that they are collected, documented, recorded and deposited to the correct bank accounts and to detect and deter error and fraud. Suitable controls have been established where payments are received. All funds are placed in a safe or vault at night or when the deposit is completed and deposits are taken to the bank daily in locked bags.

- Revenue received from customers should always be given a receipt for all cash receipts. Utility payments may not have a receipt issued if paid by check or money order since clearing of the document can serve as receipt.
- All checks received should have valid contact information, such as address, telephone, and driver's license number, so returned checks can be collected. Identification should be reviewed for authenticity and if appearance is questionable, the identification should be copied and this should be sent to the City Police Department in adherence with the Red Flag laws.

All cash drawers should be balanced daily to receipts and the beginning drawer balance. Any variance should be examined immediately and identified and corrected before the deposit is remitted to the bank. All supporting paperwork for collections should be submitted to the finance department daily for posting. Any drawer variance that cannot be identified and corrected should be documented and signed by the Office Supervisor. Employees will receive disciplinary action, such as but not limited to a written documentation in the personnel file, for more than three variances greater than \$10.00 within six months.

WRITE-OFFS AND ADJUSTMENTS

The City of Blue Ridge Water & Sewer will only adjust a water bill if the billed amount for the water exceeds the average bill for water by \$1,000. The customer must provide proof that the line has been repaired before an adjustment can be made. The customer must pay at least the City's cost to produce on water that went through their meter. A customer who turns their bill into an insurance company to be reimbursed is not eligible for an adjustment. Sewer adjustments are considered separate and are based upon whether they impacted the City sewer system. Proof must be provided that the leak did not enter the sewer system and the billed amount must exceed the average by \$100. Adjustments for errors on the City's part such as meter reading errors and data entry errors should be at the discretion of the Utility Billing Supervisor. Penalty and cut-off adjustments for Water & Sewer should be at the discretion of the Utility Billing Supervisor. All adjustments should be documented and include periodic review of the Office Supervisor or Finance Director.

Write-offs for Water & Sewer should be at the discretion of the Utility Billing Supervisor for closed accounts where the account holder is deceased or has filed bankruptcy. The Utility Billing Supervisor can write-off any closed accounts with balances over 10 years old. Write-offs made by the Utility Billing Supervisor should include documentation showing review of the Office Supervisor or Finance Director. All other write-offs should be approved by the City Council.

All other adjustments, including but not limited to taxes and business licenses, should be made by the Tax and License Clerk and should be documented and maintained for periodic review by the Finance Director or Office Supervisor.

Originally adopted July 14, 2015