

CITY OF PRESQUE ISLE

Financial Procedures Policy

Approved by the City Council: July 1, 1996

Amended by the City Council: September 21, 1998

Amended: Interest on Past Due Accounts: June 7, 1999

Amended: Checks, Check Cashing: August 7, 2000

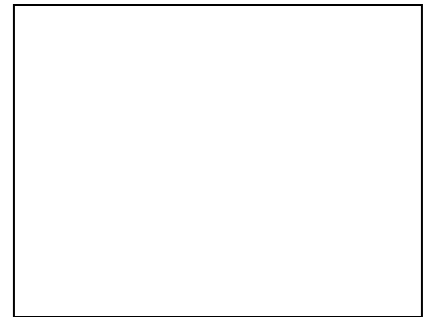
Amended: Use of Credit Cards: March 17, 2003

Amended: Liens of Personal Property: January 22, 2003

Amended: Interest on Past Due Accounts: December 17, 2003

Amended: Use of Credit Cards: June 7, 2004

Attest: _____



Nancy Nichols, City Clerk

CITY OF PRESQUE ISLE
Financial Procedures Policy

Cash Handling and Accountability

Purpose:

The purpose of this Policy is to document the manner in which payments are received by the City of Presque Isle and bank deposits are made. The handling of cash and checks received on behalf of the City of Presque Isle requires standardized practices and segregation of duties to protect the City and the public from the loss of its assets. This Policy is not intended to be all inclusive, and is subject to change as conditions warrant.

Responsibility of the City Treasurer:

The City Treasurer is responsible for overseeing the receipt of payments on behalf of the City of Presque Isle, assuring adequate controls to safeguard the City's assets, timely deposits of monies, investment of funds, and disbursement by warrant.

Payments of real estate and personal property taxes, excise taxes, permits and licenses, accounts receivable, and other fees and charges will be made at the respective departments. Such payment locations include, but are not limited to, City Hall, Recreation and Parks Department, Indoor Swimming Pool, Forum Building, General Aviation, Airport, Library, and Police Station.

The City Treasurer will be knowledgeable of the payment, proof and deposits practices and procedures of each payments location to assure the public's protection.

Responsibility of Other Department Payment Locations:

Each May, departments will provide to the City Treasurer a statement for each payment location they operate on behalf of the City. That statement will include the purpose or nature of those receipts which they collect, the name of the personnel assigned to collect payments, and the controls in place to protect the City's interest.

From time to time annually, the statements will be reviewed by the City Treasurer and verified by utilizing appropriate internal audit testing. These statements will also be available to the

City Auditor for external audit review, and for insurance company review in preparation of bond applications and any claims which the City may file. The information contained on the statements shall be kept up to date and refiled when there are changes in procedures and/or personnel.

The Treasurer, with the approval of the City Manager, may require a change of certain practices to assure segregation of duties and appropriate security levels. The purpose of any change shall be for the protection of public assets.

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Cash Controls:

Each customer who pays monies to the City will be provided a receipt for that payment in those departments where designated. That receipt may be a cash register receipt, a prenumbered receipt or other such receipt forms as may be approved by the City Treasurer. A customer's check will not act as a receipt. Each transaction will be documented and the documentation kept on file in the proper department. No other departments will accept payments without the knowledge and consent of the Treasurer or without a system which tracks and records payments and provides receipts. Access to cash and receipts will be limited to properly identified personnel.

All deposits shall be made intact and at least daily, unless weekly or more often if approved in writing by the Treasurer and within the limits of this policy. A bank deposit will be prepared for all cash and checks, except for the change funds, in those departments that deposit directly to the bank. Overage and shortages will be reviewed by the office supervisor, department head or other designated employee.

The City Treasurer will review the cash handling procedures annually to determine who well they comply. The Treasurer shall insure that safeguards of the City's assets are being met. Certain safeguards shall include, but are not limited to:

1. Limiting public and non-cashier employees access to cash, checks, cash registers, and receipt forms.
2. Recording the start and ending transactions and receipts numbers with each day's work, and verifying that the next day's start number is in sequence with the prior day's end number where applicable.
3. Saving any and all spoiled forms, marking them "VOID" and properly filing.

4. Accurately and completely preparing the daily deposit assuring that each check is listed on the deposit form or a calculator tape of the checks is maintained and that any check which may be returned is traceable to a transaction.
5. That the cash drawers, receipts and related forms are kept under lock and key, especially if the cashier is away from the area, and that change fund and receipts are not left in the cash register overnight, but are secured under lock and key in a limited access area.

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6. That only authorized personnel have access to a safe, locking cabinets or other secure places during and after business hours.
7. That discrepancies, including overages and shortages, are dealt with immediately and not delayed.
8. Documentation is appropriately labeled for each day/weeks work and retained, as are daily/weekly receipts, spread sheets, etc.

Bank Deposit Tickets:

Each appropriate department will be provided with a book of bank deposit tickets by the Department of Finance where applicable. Each check being deposited shall be listed on the deposit ticket or a calculator tape of the checks maintained and the checks and cash totaled as required by the bank. Each deposit ticket shall have the name of the depositing department or office written on the ticket. Where required, deposit tickets shall be prepared in triplicate: original for the bank, one copy for the Department of Finance, and one for the make department. Validated bank deposit tickets may be received at the Department of Finance in lieu of deposit tickets where appropriate. Photocopies may be maintained by the department. If deposits are made over the counter at the bank by a department rather than through night drop, the receipt shall be promptly forwarded to the Department of Finance.

Bank Deposits:

The Department of Finance will maintain a posting of bank deposits made. Deposits made by other departments will be recorded from daily deposit tickets or validated bank deposit tickets.

Checks:

Each cashier will review the check for: name, address, and telephone number, preferably preprinted; check is not post-dated nor staled dated (more than 6 months old); and the payee is "City of Presque Isle." If it is some other variation, the endorsement must reflect the payee indicated, the numbers and written amount are the same and the check is signed. A cross-reference of an account number, transaction or by endorsement shall be written or stamped on the check by the cashier. Third party personal checks shall not be accepted for payment unless approved by the department head or supervisor. Checks will not be cashed. The prohibition on check cashing extends to city payroll, city accounts payable and employee personal checks. Over-payments by mailed check will be refunded by check through the purchase order process. Returned checks will be assessed the current fee as determined by the Department of Finance.

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Returned Checks:

The Department of Finance shall be responsible for collecting returned checks. The Department of Finance will deduct the value of the returned check from the account credited if the check is found to be uncollectable. Collection letters will be sent from the Department of Finance and departments will be advised of deductions to their accounts due to uncollectable returned checks. Departments may be requested to assist in locating or contacting the check writer, but custody of the check will remain with the Department of Finance and not forwarded to another department. Checks will be returned to the check maker when redeemed. A returned check fee will be credited to General Fund revenues.

Data Entry:

No department other than the Tax Office, City Clerk's Office and Department of Finance shall have access to direct entry of cash receipts data into the accounting system. All non-direct posting of cash receipts are to be made by the Department of Finance.

Use of Credit Cards:

City Credit cards shall be held and maintained by each department head or a designee of the City Treasurer or City Manager.

All credit cards issued on behalf of the City shall be approved by both the City Manager and the Finance Director. Only the City Manager and Finance Director shall be authorized to open a new credit card account on behalf of the City.

All credit cards shall be kept in a safe and secure location. Each department head or designee assigned credit cards shall be held responsible for any and all credit cards assigned to them.

All employees who use the City credit card must be presented a copy of this policy and acknowledge that he/she has read and understands the policies and procedures governing the use of a City credit card.

Restricted Use – The use of a City credit card is subject to the following restrictions:

- 撑 No personal or private expenditure shall be charged to a City account.
- 撑 No regular operating expenses (e.g. monthly telephone bills, internet agreement, etc.) shall be charged to a credit card.

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- 撑 Each expense charged must be accompanied by a receipt and brief explanation. (For example, if the expense is for meals or food, note on the receipt if it was for a luncheon meeting and how many meals were included on the bill). In other words, each expense should have the same type of supporting documentation that you would included on a request for reimbursement.
- 撑 Capital purchases shall never be charged to a credit card.
- 撑 Travel expenses (e.g. vehicle, hotel rooms, meals, conference registrations) shall be submitted for payment via a purchase order with an expense log attached.
- 撑 Again, supporting documentation of each expense in detail (e.g. Smythe's IGA prints out a summary invoice and one in detail) shall be submitted with the credit card statement.
- 撑 No cash advances will be permitted on a City credit card.

Card Payments – All statements shall be submitted with required supporting documentation in a timely manner. No late fees or interest payments shall be honored by the City for payment and shall be the responsibility of the cardholder. Expenses without proper supporting documentation will not be paid and shall be the responsibility of the cardholder.

Violations of the City's credit card policy may result in disciplinary action, including termination of employment and/or prosecution.

The City Manager may allow specific changes to this policy in order to facilitate security and accountability.

Interest on Past Due Accounts:

Exclusive of property taxes, the City shall charge interest on all accounts past due in excess of 30 days from the date of invoice at the rate of 1.5% per month, or 18% per annum. A minimum of \$1.00 shall be charged.

Supplementary Information:

The Tax Department and City Clerk's office shall verify their change fund at the end of each day and all excess cash/checks shall be turned into the Treasurer for verification to the daily direct entry of cash receipts. The daily interface as well as a bank deposit for all cash and checks for both

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departments will be prepared and verified by someone other than the Treasurer from the Department of Finance. The deposits will be taken to the bank daily by personnel from the Department of Finance.

The Forum – Box Office Procedures:

All event revenue will be deposited into the box office account. All event expenses will be paid from the box office account. Expenses shall include the replacement or repair of items broken or damaged as a direct consequence of the event and shall not include normal wear and tear. Receipts will be kept for all expenses paid. All expenses will be paid by The Forum box office check unless otherwise specified by contract or event director. A spread sheet will be kept for each event detailing all revenues and expenses. All event records will be available for audit by the City Manager, City Treasurer and/or their appointed representative as required or on request. All Forum box office bank statements will be provided to the City

Treasurer as they are received. Copies of all deposit slips will be provided to the City Treasurer after each deposit is made.

Prenumbered receipts or a daily spread sheet shall be utilized for all monies received by the Recreation and Parks Department, General Aviation, Police Department, Airport Parking, and Indoor Pool.

The Forum shall use prenumbered tickets, inventory, contracts and booking calendar versus the signed pink slips as their receipts. The Library shall maintain a receipts ledger at each location monies are received. The Indoor Pool documentation is to be verified by Recreation and Parks Department, who make the deposit on a daily basis at the bank. The Forum, Airport (parking) and General Aviation shall make deposits directly to the bank by authorized personnel on a weekly basis, or more often if the cash receipts accumulate to more than \$100.00. The Recreation and Parks Department, Police Department, Airport (rentals, commissions and fees) and Library shall turn their monies into the Department of Finance for verification and coding on a weekly basis, or more often if the cash receipts accumulate to more than \$100.00.

All other departments shall not be collecting monies unless they have prior approval by the Treasurer. These departments shall promptly turn any monies received, by mail or otherwise, into the Department of Finance with documentation so it can be properly coded for deposit with the Tax Department. The Code Enforcement Office, Planning and Development Office (Presque Isle Development Fund loans) and Solid Waste Department will turn any monies received by their department into the Tax Department daily with the proper income code.

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The Tax Collector of the City of Presque Isle shall apply tax liens on personal property as set forth in 36 M.R.S.A., section 612.

The Tax Collector shall lien all personal property taxed by the City of Presque Isle with a tax of \$1,500 or greater if still unpaid ten (10) months after commitment. Lien recordings shall be filed with the Office of Secretary of State, UCC Division as well as the county Registry of Deeds. If the Tax Collector has knowledge or acquires knowledge that foreclosure, bankruptcy or other legal action may take place against the taxpayer, prior to the ten (10) month waiting period or for an amount less than the minimum of \$1,500, the Tax Collector may file a lien as set forth within the Statute.

The Treasurer shall review this policy each June, or more often if necessary, and recommend changes as deemed in the best interest of the City.