

1. Receipts

1.1. Collection of Revenue

1.1.1. Property Taxes

The Town of Montreat shall contract with the Buncombe County Tax Department for the administration of property tax collections on its behalf.

1.1.2. Intergovernmental Revenues

All required application forms, reports, and other documents required for the collection of revenues to which the Town of Montreat is legally entitled from Federal, State, or other local units of government shall be filed on a timely and accurate basis.

1.1.3. Permits & Fees

Charges for Building or Zoning Permits, Water Taps, etc. shall be assessed and collected upon application and prior to performance of any related service.

1.1.4. Charges for Services & Fines

All charges for water, sanitation, public safety, or other services and all fines will be assessed in accordance with an adopted rate schedule or negotiated contract. All charges for services will be calculated and billed on a monthly basis. Water meters shall always be read by non-financial employees; meter reading route assignments shall be rotated at least annually. All fines shall be assessed when cited for a violation.

1.1.4.1. Past Due Balances

Charges for Services and Fines that are more than 30 days past due shall be assessed a past due fee equal to one-half of one percent (5%) of the balance due on each successive billing cycle.

1.1.4.2. Past Due Notifications

A letter requesting payment shall be sent to all accounts more than sixty days past due. Should an account become more than ninety days past due, a second letter shall be sent by Certified Mail requesting immediate payment, and notifying the customer that service shall be discontinued if payment is not received within fifteen days following receipt of said letter.

1.1.4.3. Settlement Plans

The Town Administrator or Finance Officer is hereby authorized to negotiate a reasonable payment plan with any customer with a past-due account.

1.1.4.4. Service Discontinuation & Collection For Past-Due Accounts

The Town Administrator is hereby authorized to proceed with discontinuation of service for any customer whose account is more than ninety days past due, who has been fully notified per 1.1.4.2 above, and has declined to avail themselves of the opportunity to negotiate a settlement plan per 1.1.4.3 above. Resumption of service shall not occur until said customer has paid their past due balance in full, plus any reconnection fees assessed per the adopted fee schedule. The Town Administrator is also hereby authorized to utilize any legal recourse available to collect said past due balances.

1.1.4.5. Billing Disputes and Adjustments

A dispute between the Town and a customer may sometimes occur as to whether or not a billed service was or was not fully delivered as billed, e.g. sanitation pick-ups. It also occasionally happens that a water customer is billed for an abnormally high and potentially erroneous amount of consumption. In all such cases, the Town shall undertake an investigation in an attempt to verify the level of billable service that actually was delivered to the customer. Should it be determined that the meter has malfunctioned or an error was made on the part of the Town, the customer's account will be credited by an appropriate adjustment.

1.1.4.5.1. Water & Sewer Leak Adjustments

In the case of water & sewer service, if no error is discovered in the Town's meter readings then it is possible that the abnormal consumption is due to a leak on the customer's premises. It is the responsibility of each customer to maintain the integrity of their water supply piping from their side of the meter, and to promptly inspect their system for leaks should they receive an abnormally high bill. If an abnormally high level of usage can be attributed to a leak on the customer's side, and if the customer can document that the source of the leak has been identified and repaired, then the Town Administrator or Finance Officer is hereby authorized to make an adjustment to the customer's account. Said adjustment shall be made for one episode per year, and shall be based upon the customer's average usage for the past twelve months; in the case of water, said adjustment shall be based

upon no more than twenty-five percent (25%) above the annual average bill; in the case of sewer, said adjustment shall be based upon the average annual bill.

1.1.4.5.2. Appeal

Should the customer dispute the Town's findings, the customer shall have the right to appeal their dispute to the Board of Commissioners.

1.1.5. Sale of Assets

No real property or fixed assets owned by the Town of Montreat shall be disposed of without the prior authorization of the Board of Commissioners and in accordance with relevant North Carolina statutes. No property duly authorized for disposal shall be released from the Town's possession prior to the receipt of payment in full from the acquiring person or entity.

1.2. Methods of Collection

1.2.1. Cash

While payment in cash is not the preferred method for discharging obligations due to the Town of Montreat, as legal tender such must be accepted.

1.2.2. Check or Money Order

Payment of obligations to the Town of Montreat by personal check, cashier's check, or money order will normally be acceptable. Should a personal check be returned for insufficient funds, the Town of Montreat will assess a charge on the payee's account equal to the amount charged the Town, or the amount indicated on the current approved rate schedule, whichever is higher. The Finance Officer is hereby authorized to disallow payment by personal check from any person whose personal checks are repeatedly returned for insufficient funds.

1.2.3. Electronic Drafts

Payment of water bills by electronic draft shall be allowed and encouraged. Written and signed authorization from the customer must be received to set the customer up for electronic draft payment. The Town Administrator or Finance Officer is hereby authorized to suspend a customer's participation in the electronic draft program if problems are encountered in processing the customer's payments.

1.3. Handling Cash Receipts

1.3.1. Daily Collection & Opening of Mail

To maintain proper internal controls and safeguards, a person other than the Finance Officer shall normally be responsible for collecting and opening all incoming mail.

1.3.2. Endorsement of Checks

All checks should be immediately endorsed upon receipt. A standard endorsement stamp shall be maintained at the Town Offices for this purpose.

1.3.3. Receipt of Cash Payments

A person other than the Finance Officer should receive all cash payments. A receipt from a pre-numbered receipt book should be issued for each cash payment received. All cash received should be collected and sealed in an envelope, counted and attested to by at least two people. A copy of said attestation should be made and included with the records for that day's deposit.

1.3.4. Storage of Un-Deposited Checks and Cash

Checks or cash received prior to the processing of the next daily deposit should be stored in a secure, locked fire safe.

1.3.5. Frequency and Time of Deposit

Deposits of received cash and checks shall normally be made on a daily basis. Should the amount of cash and checks collected be less than two hundred fifty dollars (\$250), the Finance Officer may at his/her discretion defer the deposit until the next business day, provided that no moneys received shall remain un-deposited for more than three business days. Furthermore, all received cash and checks must be deposited on the last day of the month, regardless of amount. Every reasonable effort should be made to complete the preparation of the daily deposit and to deliver it to the Town's bank prior to that bank's daily deposit deadline. A person other than the Finance Officer should normally be responsible for transporting the daily deposit to the bank.

1.3.6. Documentary Evidences of Payment

Water bills shall be of a two-part design, and customers shall be encouraged to include the return stub with their payment. For water payments received unaccompanied by a return stub, a blank stub will be created recording the account and amount paid. For all other types of payments received, a check stub or other documentation of the source, reason, and amount of payment shall be retained.

1.3.7. Reconciliation of Monies Deposited with Documentary Evidences of Payment

The total of all monies to be deposited shall be verified by adding machine tape. An adding machine tape shall also be run for all water bill stubs or other documentary evidences of payment. Each tape shall be run in duplicate, and all totals must match.

1.3.8. Daily Collection Report

A Daily Collection Report form shall be prepared for each deposit to allocate amounts received to appropriate account numbers. The total indicated on the Daily Collection Report must match the adding machine tapes per 1.3.7 above.

1.3.9. Filing of Daily Deposit Documents

Each Daily Collection Report, along with all related copies of receipts, adding machine tapes, deposit slips, and other documentary evidences of payments, shall be filed with the Town's accounting records.

1.3.10. Recording of Deposits to Cash Receivable Journal

Deposits shall be posted to the Town's Accounts Receivable and Cash Receivable Journals promptly, or at least weekly at the latest. If the same person that prepared the deposit is also posting these transactions, then Town Administrator or another designated employee should verify and sign off on the cash receivable journal posting.

2. Bank Accounts

2.1. Central Depository Account

The Town of Montreat shall operate with a single depository account, which shall serve as the central depository for all moneys received, and serving all accounting funds maintained by the Town. The central depository account shall be an interest-bearing money market account. No checks shall be printed or issued against the central depository account, and the bank shall be instructed to reject any and all withdrawals and transfers from the central depository account other than authorized transfers to other accounts held by the Town at the same bank.

2.2. Allocation of Interest Earned

Interest earned on balances held in the central depository account shall be credited to each accounting fund proportionate to the amounts due to each fund, per G.S. 159-30(e).

2.3. Disbursement Account(s)

The Town shall maintain at least one disbursement account at the same bank at which the central depository account is maintained. The Town may, at the discretion of the Town Administrator and Finance Officer, maintain separate disbursement accounts for payroll and for non-payroll disbursements. Said

disbursement account(s) shall be operated on an imprest basis, maintaining no balance in excess of that required to cover outstanding checks and electronic disbursements that have been issued against said account(s). Procedures shall be maintained to assure that sufficient funds are transferred into the disbursement account(s) to cover disbursements as they are presented for payment.

2.3.1. Positive Pay

The Town Administrator and Finance Officer shall implement a "Positive Pay" system. The Town's bank shall be provided with an electronic record of all authorized disbursements, and the bank shall be instructed to only honor those disbursements presented for payment that have been so pre-authorized.

2.4. Collateralization

All bank accounts must be properly collateralized in accordance with G.S. 159-31(b).

2.5. Reconciliation

All bank accounts shall be reconciled monthly following the receipt of the bank statement. Reconciliation statements shall be made available to the Town Administrator and to the Board of Commissioners for examination and review.

3. Investment & Cash Flow Management

3.1. Cash Flow Forecasting

The Town shall maintain a forecast of anticipated revenues, disbursements, and cash balances for the next twelve months, updated monthly. Care should be taken to assure that adequate balances are maintained in the central depository account to cover all of the Town's upcoming obligations. The Finance Officer shall promptly notify the Board of Commissioners should exceptional circumstances threaten the Town's ability to retain sufficient central depository account balances to cover upcoming obligations.

3.2. Investment of Surplus or Idle Funds

Cash in excess of the amounts forecasted to be needed to cover upcoming obligations may and should be invested to earn superior rates of interest income for the Town.

3.3. Investment Instruments

All investment instruments utilized by the Town must comply with relevant North Carolina Statutes, including collateralization requirements. The investment of surplus funds in savings accounts, certificates of deposit, or money market deposit accounts with the same bank with which the central depository account is maintained is hereby authorized if such practice will

enable the Town to secure more favorable terms of service from said bank. Investment of surplus funds in the North Carolina Capital Management Trust or in obligations of the U.S. Government or its sponsored institutions is hereby authorized. Investments in other instruments permitted by North Carolina Statute shall not be made without the prior approval of the Board of Commissioners.

3.4. Segregation of Invested Cash by Fund

With the exception of the central depository account, cash from different accounting funds shall not be co-mingled; separate investment accounts shall be used for the investment of surplus cash from each fund.

3.5. Designated, Reserved or Restricted Accounts

The Board of Commissioners may, at its discretion, authorize the further segregation of surplus cash into investment accounts that have been designated or reserved in behalf of specific purposes. However, the Board of Commissioners shall retain the right to revise or revoke said designations or reservations and render the invested cash available for other purposes. On the other hand, unspent cash received from external funding sources and subject to restrictions as to use shall be maintained in segregated investment accounts and may not be reallocated without the express approval of the external funding source.

3.6. Maturity of Investments

Investment instruments utilized by the Town shall not exceed a maturity term of one year without the prior authorization of the Board of Commissioners.

3.7. Reconciliation of Investment Accounts

Each investment account shall be reconciled monthly. Said reconciliations shall be made available for examination by the Town Administrator and the Board of Commissioners.

4. Disbursements

4.1. Justification of Disbursement

No disbursement shall be made absent documentary justification (e.g., invoices, statements of account, etc.) establishing the legality and appropriateness of the disbursement. Payment shall be only from original invoices or other justifying documents, not from photocopies. Said justification documents shall be presented with checks for signature.

4.1.1. Documentary Justification – Payroll

The Town Administrator shall maintain a personnel file for each person on the Town's payroll, documenting that person's authorization for hiring, salary history, hours authorized to work, tax withholding forms,

payroll deduction authorizations, etc. A time sheet shall be submitted and approved by signature for each employee for each time period.

4.2. Budgetary Appropriation Covering Disbursement

In compliance with G.S. 159-28, no disbursement shall be made unless a sufficient budgetary appropriation exists to cover the disbursement.

4.3. Authorization of Disbursement

No disbursement shall be made except by written authorization by the Town Administrator, or by the Mayor in the Town Administrator's absence. Said authorization shall be presented with checks for signature. In the case of payroll, a time sheet with a signed approval shall constitute authorization for payment.

4.4. Timeliness of Disbursement

The Town shall endeavor to discharge its obligations prior to their due date if at all possible, to avoid the incurring of past due charges.

4.5. Method of Disbursement

The Town will normally pay by check. Electronic direct deposit of payroll is hereby authorized. Payment of obligations by wire transfer may only be done with the prior approval of the Board of Commissioners or a designated member.

4.5.1. Purchasing Cards

The Town Administrator is hereby authorized to obtain purchasing cards to be used for small purchases. Purchasing cards shall be issued only to authorized employees. All purchase receipts shall be turned in to the Finance Officer promptly, and all purchase card statements shall be promptly reconciled against purchase receipts.

4.6. Ordering and Securing Checks

All checks shall be pre-printed on bank safety paper with sequential numbers. Payroll and non-payroll checks shall be distinguished by different colors. The supply of unused checks shall be controlled and safeguarded in a locked cabinet. A duplicate, non-negotiable copy of each check issued shall be printed and maintained on file in sequential order. Voided checks shall not be thrown away; voided checks shall be stamped "VOID" and filed in numeric order with all other check copies. Blank checks shall be destroyed only in the case of unused checks being rendered unusable due to a change in bank account number; under such circumstance, the unusable blank checks shall be destroyed securely by

shredder. The use of preprinted and pre-numbered check blanks as stubs for direct deposit transactions is hereby authorized.

4.7. Signature of Checks

All checks shall be signed by two people, one of which will normally be the Mayor or another designated member of the Board of Commissioners, and the other of which will normally be the Town Administrator. Other employees (excepting the Finance Officer) may be authorized to sign checks under exceptional or emergency circumstances. Signature authorization cards shall be renewed with the central depository bank at least annually. Under no circumstances is a signature stamp to be used to sign checks; the procurement or possession of a signature stamp by any authorized signee is hereby prohibited. Under no circumstances shall a blank check be signed in advance, nor shall any check be made out to "CASH" and signed except for reimbursement of the Petty Cash fund.

4.8. Review and Approval of Direct Deposit

The direct deposit file to be transmitted to the bank shall be reviewed and approved by the Town Administrator or by the Mayor or another designated Board of Commissioners member prior to transmission.

4.9. Mailing or Distribution of Signed Checks

Checks that have been signed shall not be returned to the Finance Officer after signing, but shall be sealed and mailed by a signee or their designee.

4.10. Filing of Supporting Documentation

Once a check has been issued, signed, and distributed, all supporting and justifying documentation shall be stamped "PAID" and filed.

4.11. Petty Cash

The Town shall maintain a petty cash fund for urgent and incidental purchases not to exceed \$250. All petty cash disbursements must be documented by a petty cash voucher and supporting documentation, and be approved by the Town Administrator or his/her designee. The Petty Cash Fund shall be reconciled and replenished on at least a quarterly basis. The Petty Cash fund shall be kept in a locked file cabinet.

5. Banking Relations

5.1. Competitive Procurement of Banking Services

The Town shall procure its banking services and establish its banking relationship through a competitive Request for Proposals procurement process. Requests for Proposals for banking services shall be solicited from all banks with branches within a three mile radius of the Town Offices that are also capable of collateralizing deposits per the list of approved institutions maintained by the

N.C. Treasurer's office. Said RFP process shall be repeated at least every five years.